

## THIRTY-SIXTH DAY

St. Paul, Minnesota, Monday, April 4, 2011

The Senate met at 10:00 a.m. and was called to order by the President.

## CALL OF THE SENATE

Senator Koch imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

Prayer was offered by the Chaplain, Pastor Karsten Nelson.

The members of the Senate gave the pledge of allegiance to the flag of the United States of America, led by military service veteran, Capt. Anna Lewicki Long.

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

Bakk	Gazelka	Koch	Nelson	Saxhaug
Benson	Gerlach	Kruse	Newman	Scheid
Berglin	Gimse	Kubly	Nienow	Senjem
Bonoff	Goodwin	Langseth	Olson	Sheran
Brown	Hall	Latz	Ortman	Sieben
Carlson	Hann	Lillie	Pappas	Skoe
Chamberlain	Harrington	Limmer	Parry	Sparks
Cohen	Higgins	Lourey	Pederson	Stumpf
Dahms	Hoffman	Magnus	Pogemiller	Thompson
Daley	Howe	Marty	Reinert	Torres Ray
DeKruif	Ingebrigtsen	Metzen	Rest	Vanderveer
Dibble	Jungbauer	Michel	Robling	Wiger
Fischbach	Kelash	Miller	Rosen	Wolf

The President declared a quorum present.

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

## MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce the passage by the House of the following Senate File, AS AMENDED by the House, in which amendments the concurrence of the Senate is respectfully requested:

**S.F. No. 958:** A bill for an act relating to public safety; acquiring an easement for the correctional facility in Faribault; appropriating money for the courts, public defenders, public safety, corrections,

certain other criminal justice agencies, boards, and commissions; amending Minnesota Statutes 2010, section 297I.06, subdivision 3.

Senate File No. 958 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned March 31, 2011

Senator Limmer moved that the Senate do not concur in the amendments by the House to S.F. No. 958, and that a Conference Committee of 5 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Madam President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 5 members of the House, on the amendments adopted by the House to the following Senate File:

**S.F. No. 1016:** A bill for an act relating to state government; appropriating money for agriculture, the Board of Animal Health, and the Agricultural Utilization Research Institute; modifying certain fees; modifying certain restrictions on farm disposal; clarifying the authority of certain entities; amending Minnesota Statutes 2010, sections 17.135; 18B.03, subdivision 1; 18C.005, by adding a subdivision; 18C.111, by adding a subdivision; 18C.131; 18C.425, by adding a subdivision; 18D.201, subdivision 5, by adding a subdivision; 18E.03, subdivision 4; 27.041, by adding a subdivision; 38.01; 373.01, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 115A.

There has been appointed as such committee on the part of the House:

Hamilton; Anderson, P.; Shimanski; LeMieur and Eken.

Senate File No. 1016 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned March 31, 2011

Madam President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 12:

**H.F. No. 12:** A bill for an act relating to taxation; property; making changes to the green acres and rural preserve programs; amending Minnesota Statutes 2010, sections 273.111, subdivision 9, by adding a subdivision; 273.114, subdivisions 2, 5, 6; repealing Minnesota Statutes 2010, section 273.114, subdivision 1.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

LeMieur, Hamilton, Daudt, Davids and Eken have been appointed as such committee on the part of the House.

House File No. 12 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted March 31, 2011

Senator Miller moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 12, and that a Conference Committee of 5 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Madam President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1010:

**H.F. No. 1010:** A bill for an act relating to state government; appropriating money for environment, natural resources, commerce, and energy; creating accounts; modifying disposition of certain receipts; modifying responsibilities and authorities; creating an advisory committee; modifying Petroleum Tank Release Cleanup Act; modifying cooperative electric association petition provisions; repealing definitions and requirements; requiring rulemaking on wild rice standards; amending Minnesota Statutes 2010, sections 85.052, subdivision 4; 89.21; 97A.055, by adding a subdivision; 97A.071, subdivision 2; 97A.075; 103G.271, subdivision 6; 103G.301, subdivision 2; 103G.615, subdivision 2; 115A.1314; 115A.1320, subdivision 1; 115C.09, subdivision 3c; 115C.13; 116P.04, by adding a subdivision; 116P.05, subdivision 2; 216B.026, subdivision 1; 290.431; 290.432; 357.021, subdivision 7; proposing coding for new law in Minnesota Statutes, chapters 16E; 84; 89; 97A; 103G; repealing Minnesota Statutes 2010, sections 84.02, subdivisions 1, 2, 3, 4, 5, 6, 7, 8; 84.027, subdivision 11; 116P.09, subdivision 4; 116P.14.

The House respectfully requests that a Conference Committee of 5 members be appointed thereon.

McNamara, Hackbarth, Torkelson, Hoppe and Dill have been appointed as such committee on the part of the House.

House File No. 1010 is herewith transmitted to the Senate with the request that the Senate appoint a like committee.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted March 31, 2011

Senator Ingebrigtsen moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1010, and that a Conference Committee of 5 members be appointed by the Subcommittee on Conference Committees on the part of the Senate, to act with a like Conference Committee appointed on the part of the House. The motion prevailed.

Madam President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 460.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted March 31, 2011

### FIRST READING OF HOUSE BILLS

The following bill was read the first time.

**H.F. No. 460:** A bill for an act relating to State Fire Code; prohibiting sprinkler requirements in single-family dwellings; amending Minnesota Statutes 2010, section 299F.011, by adding a subdivision.

Referred to the Committee on Judiciary and Public Safety.

### INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

#### **Senators Michel and Pappas introduced—**

**S.F. No. 1076:** A bill for an act relating to liquor; eliminating certain conditions for a liquor license at TCF Bank Stadium; amending Minnesota Statutes 2010, section 340A.404, subdivision 4a; repealing Minnesota Statutes 2010, section 137.0226.

Referred to the Committee on Commerce and Consumer Protection.

#### **Senators Howe, Wolf, Senjem, Lourey and Sieben introduced—**

**S.F. No. 1077:** A bill for an act relating to transportation; establishing a Mississippi River bikeway trail; modifying description of Veterans Memorial Highway; regulating left turns; authorizing commissioner of transportation to pursue federal financing and local government participation for rail service improvement; amending Minnesota Statutes 2010, sections 161.14, subdivision 66; 169.06, subdivisions 5, 7; 222.50, subdivision 4; 222.51; 222.53; proposing coding for new law in Minnesota Statutes, chapter 160; repealing Minnesota Statutes 2010, section 222.48, subdivision 3a.

Referred to the Committee on Transportation.

#### **Senators Kruse, Gimse, Howe and Reinert introduced—**

**S.F. No. 1078:** A bill for an act relating to transportation; providing for alternative financing and investment in transportation projects; amending Minnesota Statutes 2010, section 174.02, by adding a subdivision.

Referred to the Committee on Transportation.

**Senators Thompson and Bakk introduced—**

**S.F. No. 1079:** A bill for an act relating to municipal tobacco licenses; authorizing alternatives to license suspension for sales to minors upon compliance with certain requirements; amending Minnesota Statutes 2010, section 461.12, subdivision 2.

Referred to the Committee on Local Government and Elections.

**Senators Dahms, Magnus, Skoe, Bakk and Miller introduced—**

**S.F. No. 1080:** A bill for an act relating to natural resources; requiring certain procedures for an entity using state money to acquire land for designation as a wildlife management area or a scientific and natural area; amending Minnesota Statutes 2010, sections 84.033, subdivision 3; 97A.145, subdivision 2.

Referred to the Committee on Environment and Natural Resources.

**Senator Olson introduced—**

**S.F. No. 1081:** A bill for an act relating to arts and culture; appropriating money for the Board of the Arts; proposing coding for new law in Minnesota Statutes, chapter 129D.

Referred to the Committee on Environment and Natural Resources.

**Senators Ingebrigtsen, Gimse, Dibble and Limmer introduced—**

**S.F. No. 1082:** A bill for an act relating to public safety; clarifying and conforming provisions regarding driver's license revocation periods for DWI convictions; amending Minnesota Statutes 2010, sections 169A.54, subdivisions 1, 6; 171.30, subdivision 1; 171.306, subdivision 4; repealing Minnesota Statutes 2010, section 169A.54, subdivision 5.

Referred to the Committee on Judiciary and Public Safety.

**Senators Sparks and Parry introduced—**

**S.F. No. 1083:** A bill for an act relating to motor vehicles; modifying definition of public impound lot; amending Minnesota Statutes 2010, section 168B.011, subdivision 12.

Referred to the Committee on Transportation.

**Senators Kruse, Ingebrigtsen, Thompson, Hall and Marty introduced—**

**S.F. No. 1084:** A bill for an act relating to fraudulent transfers; excluding certain transfers to charitable or religious organizations from the fraudulent transfers act; amending Minnesota Statutes 2010, section 513.41.

Referred to the Committee on Commerce and Consumer Protection.

**Senator Jungbauer introduced–**

**S.F. No. 1085:** A bill for an act relating to taxation; providing an alternative fuel infrastructure credit; proposing coding for new law in Minnesota Statutes, chapter 290.

Referred to the Committee on Transportation.

**Senator Jungbauer introduced–**

**S.F. No. 1086:** A bill for an act relating to taxation; exempting qualified plug-in electric drive vehicles from sales tax on motor vehicles; amending Minnesota Statutes 2010, sections 297B.01, by adding a subdivision; 297B.03.

Referred to the Committee on Taxes.

**Senator Jungbauer introduced–**

**S.F. No. 1087:** A bill for an act relating to transportation; allowing use of HOV lanes by electric vehicles; amending Minnesota Statutes 2010, section 160.02, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 160.

Referred to the Committee on Transportation.

**Senators Pappas, Rosen, Chamberlain, Daley and Pogemiller introduced–**

**S.F. No. 1088:** A bill for an act relating to retirement; St. Paul Teachers Retirement Fund Association; revising postretirement adjustment procedures; reducing refund interest rate; terminating interest payments on reemployed annuitant savings accounts; lowering deferred annuity augmentation rate; amending Minnesota Statutes 2010, sections 354A.29, by adding subdivisions; 354A.37; 356.47, subdivision 3; repealing Minnesota Statutes 2010, section 354A.29, subdivision 3.

Referred to the Committee on State Government Innovation and Veterans.

**Senators Sparks, Vandever and Scheid introduced–**

**S.F. No. 1089:** A bill for an act relating to alcohol; creating a primary source law for distilled spirits; amending Minnesota Statutes 2010, section 340A.311.

Referred to the Committee on Commerce and Consumer Protection.

**Senators Marty and Torres Ray introduced–**

**S.F. No. 1090:** A bill for an act relating to human services; reinstating medical assistance coverage of eyeglasses, dentures, prosthetics, physical and occupational therapy, and other services, paid for by .04 of one percent income tax increase on the highest income Minnesotans; amending Minnesota Statutes 2010, section 290.06, subdivisions 2c, 2d.

Referred to the Committee on Taxes.

**Senator Benson introduced—**

**S.F. No. 1091:** A bill for an act relating to liquor; authorizing temporary on-sale licenses for a farm winery at a county fair; amending Minnesota Statutes 2010, section 340A.404, by adding a subdivision.

Referred to the Committee on Commerce and Consumer Protection.

**Senators Hall, Limmer and Nelson introduced—**

**S.F. No. 1092:** A bill for an act relating to controlled substances; adding to the list of Schedule I controlled substances; adding a definition of "analogue" in the controlled substances law; amending Minnesota Statutes 2010, sections 152.01, by adding a subdivision; 152.02, subdivision 2.

Referred to the Committee on Judiciary and Public Safety.

**MOTIONS AND RESOLUTIONS**

Senator Harrington moved that his name be stricken as a co-author to S.F. No. 636. The motion prevailed.

Senator Ingebrigtsen moved that the name of Senator Kubly be added as a co-author to S.F. No. 1001. The motion prevailed.

Senator Marty moved that the name of Senator Kubly be added as a co-author to S.F. No. 1054. The motion prevailed.

Senator Senjem moved that the name of Senator Nelson be added as a co-author to S.F. No. 1071. The motion prevailed.

**Senators Pappas, Koch, Cohen, Fischbach and Limmer introduced –**

**Senate Resolution No. 65:** A Senate resolution proclaiming the month of April as Genocide Awareness and Prevention Month.

Referred to the Committee on Rules and Administration.

**Senator Harrington introduced –**

**Senate Resolution No. 66:** A Senate resolution honoring Commissioner Michael Campion on the occasion of his retirement.

Referred to the Committee on Rules and Administration.

Pursuant to Rule 26, Senator Koch, Chair of the Committee on Rules and Administration, designated H.F. No. 1140 a Special Order to be heard immediately.

**SPECIAL ORDER**

**H.F. No. 1140:** A bill for an act relating to government finance; appropriating money for transportation, Metropolitan Council, and public safety activities and programs; providing for fund transfers and tort claims; authorizing an account and certain contingent appropriations; providing for use of revenues from metropolitan transportation area sales tax; reducing funding for 2010 state road construction; authorizing temporary transfers from metropolitan livable communities fund accounts, right-of-way loan acquisition fund for transit operating deficits, and Metropolitan Council operating budget; establishing direct appropriation from transit assistance fund; establishing an account; modifying various provisions related to transportation finance and policy; modifying provisions related to licensing drivers; mandating and amending legislative reports; making technical and clarifying changes; amending Minnesota Statutes 2010, sections 16A.11, subdivision 3a; 16A.86, subdivision 3a; 16A.88; 162.06, subdivision 1; 162.12, subdivision 1; 168.12, subdivision 5; 171.06, subdivision 2; 171.0701; 171.13, subdivision 1, by adding a subdivision; 174.93; 297A.992, subdivision 5, by adding a subdivision; Laws 2009, chapter 36, article 1, section 3, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 171.

Senator Sheran moved to amend H.F. No. 1140, as amended pursuant to Rule 45, adopted by the Senate March 30, 2011, as follows:

(The text of the amended House File is identical to S.F. No. 898.)

Page 4, delete lines 6 to 14 and insert:

"Notwithstanding Minnesota Statutes, section 297B.09, \$4,000,000 the first year and \$4,000,000 the second year must be transferred by the commissioner of management and budget from the metropolitan area transit account in the transit assistance fund to the greater Minnesota transit account in the transit assistance fund.

**(c) Passenger Rail**500,000500,000

This appropriation is from the general fund for passenger rail system planning, alternatives, analysis, environmental analysis, design, and preliminary engineering under Minnesota Statutes, sections 174.632 to 174.636."

Page 4, line 15, delete "(c)" and insert "(d)"

Page 12, after line 2, insert:

"(1) transfer to its transit operating deficit money saved by reducing financial assistance to replacement service operators with fund balances in excess of fund balance targets



under Minnesota Statutes, section 473.388, subdivision 4, paragraph (c):"

Page 12, line 3, delete "(1)" and insert "(2)"

Page 12, line 6, delete "(2)" and insert "(3)"

Page 12, line 7, delete "29 and 30" and insert "20 and 21"

Page 12, delete lines 8 to 13 and insert:

"The council may not increase fares until all three strategies have been fully deployed and service cuts have been made."

Page 36, after line 17, insert:

"Sec. 20. Minnesota Statutes 2010, section 473.388, subdivision 4, is amended to read:

Subd. 4. **Financial assistance.** (a) The council must grant the requested financial assistance if it determines that the proposed service is intended to replace the service to the applying city or town or combination thereof by the council and that the proposed service will meet the needs of the applicant at least as efficiently and effectively as the existing service.

(b) The amount of assistance ~~which~~ that the council must provide to a system under this section may not be less than the sum of the amounts determined for each municipality comprising the system, except as provided in paragraph (c), as follows:

(1) the transit operating assistance grants received under this subdivision by the municipality in calendar year 2001 or the tax revenues for transit services levied by the municipality for taxes payable in 2001, including that portion of the levy derived from the areawide pool under section 473F.08, subdivision 3, clause (a), plus the portion of the municipality's aid under section 273.1398, subdivision 2, attributable to the transit levy; times

(2) the ratio of (i) an amount equal to 3.74 percent of the state revenues generated from the taxes imposed under chapter 297B for the current fiscal year to (ii) the total transit operating assistance grants received under this subdivision in calendar year 2001 or the tax revenues for transit services levied by all replacement service municipalities under this section for taxes payable in 2001, including that portion of the levy derived from the areawide pool under section 473F.08, subdivision 3, clause (a), plus the portion of homestead and agricultural credit aid under section 273.1398, subdivision 2, attributable to nondebt transit levies, times

(3) the ratio of (i) the municipality's total taxable market value for taxes payable in 2006 divided by the municipality's total taxable market value for taxes payable in 2001, to (ii) the total taxable market value of all property located in replacement service municipalities for taxes payable in 2006 divided by the total taxable market value of all property located in replacement service municipalities for taxes payable in 2001.

(c) "Fund balance target" means an amount equal to 25 percent of a recipient's budgeted expenses for the year in which assistance is payable. A recipient's financial assistance, calculated under paragraph (b), must be reduced by any amount in the recipient's fund balance that exceeds the fund balance target. A recipient shall annually report its fund balance to the council in a manner

and on a schedule determined by the council.

(d) The council shall pay the amount to be provided to the recipient from the funds the council receives in the metropolitan area transit account under section 16A.88."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 31 and nays 33, as follows:

Those who voted in the affirmative were:

Bakk	Kelash	Miller	Rosen	Stumpf
Berglin	Kubly	Nelson	Saxhaug	Torres Ray
Cohen	Langseth	Pappas	Scheid	Wiger
Dibble	Latz	Pederson	Sheran	
Goodwin	Lourey	Pogemiller	Sieben	
Harrington	Marty	Reinert	Skoe	
Higgins	Metzen	Rest	Sparks	

Those who voted in the negative were:

Benson	DeKruif	Hoffman	Limmer	Robling
Bonoff	Fischbach	Howe	Magnus	Senjem
Brown	Gazelka	Ingebrigtsen	Michel	Thompson
Carlson	Gerlach	Jungbauer	Newman	Vandever
Chamberlain	Gimse	Koch	Nienow	Wolf
Dahms	Hall	Kruse	Olson	
Daley	Hann	Lillie	Parry	

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

Senator Dibble moved to amend H.F. No. 1140, as amended pursuant to Rule 45, adopted by the Senate March 30, 2011, as follows:

(The text of the amended House File is identical to S.F. No. 898.)

Page 12, after line 2, insert:

"(1) transfer to its transit operating deficit money saved by reducing financial assistance to replacement service operators with fund balances in excess of fund balance targets under Minnesota Statutes, section 473.388, subdivision 4, paragraph (c);"

Page 12, line 3, delete "(1)" and insert "(2)"

Page 12, line 6, delete "(2)" and insert "(3)"

Page 12, line 7, delete "29 and 30" and insert "20 and 21"

Page 12, delete lines 8 to 13 and insert:

"The council may not increase fares until all three strategies have been fully deployed and

service cuts have been made."

Page 36, after line 17, insert:

"Sec. 20. Minnesota Statutes 2010, section 473.388, subdivision 4, is amended to read:

**Subd. 4. Financial assistance.** (a) The council must grant the requested financial assistance if it determines that the proposed service is intended to replace the service to the applying city or town or combination thereof by the council and that the proposed service will meet the needs of the applicant at least as efficiently and effectively as the existing service.

(b) The amount of assistance ~~which~~ that the council must provide to a system under this section may not be less than the sum of the amounts determined for each municipality comprising the system, except as provided in paragraph (c), as follows:

(1) the transit operating assistance grants received under this subdivision by the municipality in calendar year 2001 or the tax revenues for transit services levied by the municipality for taxes payable in 2001, including that portion of the levy derived from the areawide pool under section 473F.08, subdivision 3, clause (a), plus the portion of the municipality's aid under section 273.1398, subdivision 2, attributable to the transit levy; times

(2) the ratio of (i) an amount equal to 3.74 percent of the state revenues generated from the taxes imposed under chapter 297B for the current fiscal year to (ii) the total transit operating assistance grants received under this subdivision in calendar year 2001 or the tax revenues for transit services levied by all replacement service municipalities under this section for taxes payable in 2001, including that portion of the levy derived from the areawide pool under section 473F.08, subdivision 3, clause (a), plus the portion of homestead and agricultural credit aid under section 273.1398, subdivision 2, attributable to nondebt transit levies, times

(3) the ratio of (i) the municipality's total taxable market value for taxes payable in 2006 divided by the municipality's total taxable market value for taxes payable in 2001, to (ii) the total taxable market value of all property located in replacement service municipalities for taxes payable in 2006 divided by the total taxable market value of all property located in replacement service municipalities for taxes payable in 2001.

(c) "Fund balance target" means an amount equal to 25 percent of a recipient's budgeted expenses for the year in which assistance is payable. A recipient's financial assistance, calculated under paragraph (b), must be reduced by any amount in the recipient's fund balance that exceeds the fund balance target. A recipient shall annually report its fund balance to the council in a manner and on a schedule determined by the council.

~~(e)~~ (d) The council shall pay the amount to be provided to the recipient from the funds the council receives in the metropolitan area transit account under section 16A.88."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 37, as follows:

Those who voted in the affirmative were:

Bakk	Higgins	Marty	Saxhaug	Stumpf
Berglin	Kelash	Metzen	Scheid	Torres Ray
Cohen	Kubly	Pappas	Sheran	Wiger
Dibble	Langseth	Pogemiller	Sieben	
Goodwin	Latz	Reinert	Skoe	
Harrington	Lourey	Rest	Sparks	

Those who voted in the negative were:

Benson	Fischbach	Ingebrigtsen	Miller	Rosen
Bonoff	Gazelka	Jungbauer	Nelson	Senjem
Brown	Gerlach	Koch	Newman	Thompson
Carlson	Gimse	Kruse	Nienow	Vandever
Chamberlain	Hall	Lillie	Olson	Wolf
Dahms	Hann	Limmer	Parry	
Daley	Hoffman	Magnus	Pederson	
DeKruif	Howe	Michel	Robling	

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

Senator Sheran moved to amend H.F. No. 1140, as amended pursuant to Rule 45, adopted by the Senate March 30, 2011, as follows:

(The text of the amended House File is identical to S.F. No. 898.)

Page 4, delete lines 6 to 14 and insert:

"Notwithstanding Minnesota Statutes, section 297B.09, \$4,000,000 the first year and \$4,000,000 the second year must be transferred by the commissioner of management and budget from the metropolitan area transit account in the transit assistance fund to the greater Minnesota transit account in the transit assistance fund."

Page 36, after line 17, insert:

"Sec. 20. Minnesota Statutes 2010, section 473.388, subdivision 4, is amended to read:

Subd. 4. **Financial assistance.** (a) The council must grant the requested financial assistance if it determines that the proposed service is intended to replace the service to the applying city or town or combination thereof by the council and that the proposed service will meet the needs of the applicant at least as efficiently and effectively as the existing service.

(b) The amount of assistance ~~which~~ that the council must provide to a system under this section may not be less than the sum of the amounts determined for each municipality comprising the system, except as provided in paragraph (c), as follows:

(1) the transit operating assistance grants received under this subdivision by the municipality in calendar year 2001 or the tax revenues for transit services levied by the municipality for taxes payable in 2001, including that portion of the levy derived from the areawide pool under section 473F.08, subdivision 3, clause (a), plus the portion of the municipality's aid under section 273.1398, subdivision 2, attributable to the transit levy; times

(2) the ratio of (i) an amount equal to 3.74 percent of the state revenues generated from the taxes imposed under chapter 297B for the current fiscal year to (ii) the total transit operating assistance grants received under this subdivision in calendar year 2001 or the tax revenues for transit services levied by all replacement service municipalities under this section for taxes payable in 2001, including that portion of the levy derived from the areawide pool under section 473F.08, subdivision 3, clause (a), plus the portion of homestead and agricultural credit aid under section 273.1398, subdivision 2, attributable to nondebt transit levies, times

(3) the ratio of (i) the municipality's total taxable market value for taxes payable in 2006 divided by the municipality's total taxable market value for taxes payable in 2001, to (ii) the total taxable market value of all property located in replacement service municipalities for taxes payable in 2006 divided by the total taxable market value of all property located in replacement service municipalities for taxes payable in 2001.

(c) The amount of financial assistance calculated under paragraph (b) for each system must be reduced proportionally in fiscal year 2012 and 2013 so that the total financial assistance paid by the council to recipients is reduced by \$4,000,000 in each year.

(d) The council shall pay the amount to be provided to the recipient from the funds the council receives in the metropolitan area transit account under section 16A.88."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 34 and nays 30, as follows:

Those who voted in the affirmative were:

Bakk	Harrington	Lourey	Pappas	Sieben
Berglin	Higgins	Magnus	Pogemiller	Skoe
Carlson	Ingebrigtsen	Marty	Reinert	Sparks
Cohen	Kelash	Metzen	Rest	Stumpf
Dahms	Kubly	Miller	Saxhaug	Torres Ray
Dibble	Langseth	Nelson	Scheid	Wiger
Goodwin	Latz	Newman	Sheran	

Those who voted in the negative were:

Benson	Fischbach	Hoffman	Limmer	Robling
Bonoff	Gazelka	Howe	Michel	Rosen
Brown	Gerlach	Jungbauer	Nienow	Senjem
Chamberlain	Gimse	Koch	Olson	Thompson
Daley	Hall	Kruse	Parry	Vandever
DeKruif	Hann	Lillie	Pederson	Wolf

The motion prevailed. So the amendment was adopted.

Senator Sieben moved to amend H.F. No. 1140, as amended pursuant to Rule 45, adopted by the Senate March 30, 2011, as follows:

(The text of the amended House File is identical to S.F. No. 898.)

Page 4, after line 14, insert:

"(c) Passenger Rail500,000500,000

This appropriation is from the general fund for passenger rail system planning, alternatives, analysis, environmental analysis, design, and preliminary engineering under Minnesota Statutes, sections 174.632 to 174.636."

Page 4, line 15, delete "(c)" and insert "(d)"

Correct the subdivision and section totals and the appropriations by fund accordingly

Pursuant to Rule 7.4, Senator Nienow questioned whether the Sieben amendment was in order. The President ruled the amendment was in order.

Senator Howe moved to amend the Sieben amendment to H.F. No. 1140 as follows:

Page 1, line 5, delete "500,000" and insert "300,000" and delete "500,000" and insert "300,000"

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

The question recurred on the Sieben amendment, as amended.

The roll was called, and there were yeas 36 and nays 27, as follows:

Those who voted in the affirmative were:

Bakk	Howe	Magnus	Reinert	Sparks
Berglin	Jungbauer	Marty	Rest	Stumpf
Bonoff	Kelash	Metzen	Rosen	Torres Ray
Cohen	Kruse	Michel	Saxhaug	Wiger
Dibble	Kubly	Miller	Senjem	
Goodwin	Langseth	Nelson	Sheran	
Harrington	Latz	Pappas	Sieben	
Higgins	Lourey	Pogemiller	Skoe	

Those who voted in the negative were:

Benson	DeKruif	Hann	Newman	Thompson
Brown	Fischbach	Hoffman	Nienow	Vandever
Carlson	Gazelka	Ingebrigtsen	Olson	Wolf
Chamberlain	Gerlach	Koch	Parry	
Dahms	Gimse	Lillie	Pederson	
Daley	Hall	Limmer	Robling	

The motion prevailed. So the Sieben amendment, as amended, was adopted.

Senator Vandever moved to amend H.F. No. 1140, as amended pursuant to Rule 45, adopted by the Senate March 30, 2011, as follows:

(The text of the amended House File is identical to S.F. No. 898.)

Page 36, after line 17, insert:

"Sec. 20. Minnesota Statutes 2010, section 297A.99, subdivision 1, is amended to read:

Subdivision 1. **Authorization; scope.** (a) A political subdivision of this state may impose a

general sales tax ~~(1) under section 297A.992, (2) under section 297A.993, (3)~~ if permitted by special law enacted prior to May 20, 2008, or (4) if the political subdivision enacted and imposed the tax before January 1, 1982, and its predecessor provision.

(b) This section governs the imposition of a general sales tax by the political subdivision. The provisions of this section preempt the provisions of any special law:

(1) enacted before June 2, 1997, or

(2) enacted on or after June 2, 1997, that does not explicitly exempt the special law provision from this section's rules by reference.

(c) This section does not apply to or preempt a sales tax on motor vehicles or a special excise tax on motor vehicles.

(d) Until after May 31, 2010, a political subdivision may not advertise, promote, expend funds, or hold a referendum to support imposing a local option sales tax unless it is for extension of an existing tax or the tax was authorized by a special law enacted prior to May 20, 2008.

**EFFECTIVE DATE.** This section is effective the day after the taxes imposed under sections 297A.992 and 297A.993 terminate under section 24."

Page 37, after line 14, insert:

"Sec. 24. **TAXES TERMINATED.**

The taxes imposed under Minnesota Statutes, sections 297A.992 and 297A.993, shall terminate when all outstanding bonds, notes, and obligations are satisfied.

Sec. 25. **REPEALER.**

Minnesota Statutes 2010, sections 297A.992; and 297A.993, are repealed."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

H.F. No. 1140 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 38 and nays 25, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Jungbauer	Newman	Senjem
Brown	Gerlach	Koch	Nienow	Sheran
Carlson	Gimse	Kruse	Olson	Sparks
Chamberlain	Hall	Lillie	Ortman	Thompson
Dahms	Hann	Magnus	Parry	Vandever
Daley	Hoffman	Michel	Pederson	Wolf
DeKruif	Howe	Miller	Robling	
Fischbach	Ingebrigtsen	Nelson	Rosen	

Those who voted in the negative were:

Bakk  
Berglin  
Bonoff  
Cohen  
Dibble

Goodwin  
Harrington  
Higgins  
Kelash  
Kubly

Langseth  
Latz  
Limmer  
Lourey  
Metzen

Pappas  
Pogemiller  
Reinert  
Rest  
Saxhaug

Sieben  
Skoe  
Stumpf  
Torres Ray  
Wiger

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

### RECESS

Senator Koch moved that the Senate do now recess until 1:45 p.m. The motion prevailed.

The hour of 1:45 p.m. having arrived, the President called the Senate to order.

### CALL OF THE SENATE

Senator Fischbach imposed a call of the Senate. The Sergeant at Arms was instructed to bring in the absent members.

### MOTIONS AND RESOLUTIONS - CONTINUED

Senator Koch moved that H.F. No. 1101 be taken from the table. The motion prevailed.

Pursuant to Rule 26, Senator Koch, Chair of the Committee on Rules and Administration, designated H.F. No. 1101 a Special Order to be heard immediately.

### SPECIAL ORDER

**H.F. No. 1101:** A bill for an act relating to higher education; amending postsecondary education provisions; requiring reports; changing Minnesota college savings plan matching grants; making technical changes; modifying definitions; setting requirements for credit transfer; providing stable undergraduate tuition rates; modifying achieve scholarship program; modifying contract and salary provisions; prohibiting use of certain public funds to support human cloning; requiring a study of graduate education in for-profit sector; repealing certain provisions related to equipment and apparel; appropriating money; amending Minnesota Statutes 2010, sections 15A.081, subdivision 7c; 135A.51, subdivision 2; 136A.121, subdivision 6; 136F.40, subdivision 2; 136G.01; 136G.03, subdivisions 1, 18, 27; 136G.05, subdivisions 1, 6, 8; proposing coding for new law in Minnesota Statutes, chapters 136F; 137; 145; repealing Minnesota Statutes 2010, sections 135A.26; 136G.11, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10; 181.986; Laws 2009, chapter 95, article 2, section 39.

Senator Fischbach moved to amend H.F. No. 1101 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 1101, and insert the language after the enacting clause, and the title, of S.F. No. 924, the second engrossment.

The motion prevailed. So the amendment was adopted.

H.F. No. 1101 was read the third time, as amended, and placed on its final passage.



**CALL OF THE SENATE**

Senator Rest imposed a call of the Senate for the balance of the proceedings on H.F. No. 1101. The Sergeant at Arms was instructed to bring in the absent members.

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

The roll was called, and there were yeas 36 and nays 27, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Koch	Newman	Senjem
Brown	Gerlach	Kruse	Nienow	Thompson
Carlson	Gimse	Lillie	Olson	Vandever
Chamberlain	Hall	Limmer	Ortman	Wolf
Dahms	Hann	Magnus	Parry	
Daley	Hoffman	Michel	Pederson	
DeKruif	Howe	Miller	Robling	
Fischbach	Ingebrigtsen	Nelson	Rosen	

Those who voted in the negative were:

Bakk	Harrington	Marty	Saxhaug	Stumpf
Berglin	Higgins	Metzen	Scheid	Torres Ray
Bonoff	Kelash	Pappas	Sheran	Wiger
Cohen	Kubly	Pogemiller	Sieben	
Dibble	Latz	Reinert	Skoe	
Goodwin	Lourey	Rest	Sparks	

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

**MOTIONS AND RESOLUTIONS - CONTINUED**

Senator Koch moved that H.F. No. 934 be taken from the table. The motion prevailed.

Pursuant to Rule 26, Senator Koch, Chair of the Committee on Rules and Administration, designated H.F. No. 934 a Special Order to be heard immediately.

**SPECIAL ORDER**

**H.F. No. 934:** A bill for an act relating to education; providing for policy and funding for family, adult, and prekindergarten through grade 12 education including general education, academic excellence, special education, facilities and technology, nutrition and accounting, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, state agencies, and forecast adjustments; requiring reports; requiring studies; appropriating money; amending Minnesota Statutes 2010, sections 13D.02, by adding a subdivision; 16A.152, subdivision 2; 93.22, subdivision 1; 93.2236; 120A.41; 120B.023, subdivision 2; 120B.07; 120B.30, subdivision 1, by adding a subdivision; 120B.35, subdivision 1; 120B.36, subdivision 1; 122A.40, subdivisions 5, 6, 7, 8, 9, 10, 11, by adding subdivisions; 122A.41, subdivisions 2, 3, 4, 5, 6, 14, by adding a subdivision; 122A.414, subdivisions 1a, 2, 2a, 2b, 4; 122A.416; 122A.60; 122A.61, subdivision 1; 123A.55; 123B.02, subdivision 15; 123B.09, subdivision 8; 123B.143, subdivision 1; 123B.54; 123B.59, subdivision 5; 123B.75, subdivision 5; 124D.10, subdivision 3; 124D.19, subdivision 3; 124D.531, subdivision 1; 124D.86, subdivision 3; 125A.07; 125A.21, subdivisions 2, 3, 5, 7;

125A.515, by adding a subdivision; 125A.69, subdivision 1; 125A.76, subdivision 1; 125A.79, subdivision 1; 126C.10, subdivisions 1, 2, 2a, 3, 7, 8, 8a, 13a, 14, by adding a subdivision; 126C.126; 126C.20; 126C.40, subdivision 1; 126C.44; 127A.33; 127A.441; 127A.45, subdivision 2; 179A.16, subdivision 1; 179A.18, subdivisions 1, 3; 298.28, subdivisions 2, 4; Laws 2009, chapter 79, article 5, section 60, as amended; Laws 2009, chapter 96, article 1, section 24, subdivisions 2, as amended, 3, 4, as amended, 5, as amended, 6, as amended, 7, as amended; article 2, section 67, subdivisions 2, as amended, 3, as amended, 4, as amended, 6, 9, as amended; article 3, section 21, subdivisions 3, 4, as amended; article 4, section 12, subdivision 6, as amended; article 5, section 13, subdivisions 2, 3, 4, as amended; article 6, section 11, subdivisions 3, as amended, 4, as amended, 8, as amended, 12, as amended; proposing coding for new law in Minnesota Statutes, chapters 120B; 122A; 124D; 179A; repealing Minnesota Statutes 2010, sections 122A.61; 123B.05; 123B.59, subdivisions 6, 7; 124D.86, subdivisions 1, 1a, 2, 4, 5, 6; 126C.10, subdivision 5; 127A.46; 129C.10, subdivisions 1, 2, 3, 3a, 4, 6, 7, 8; 129C.105; 129C.15; 129C.20; 129C.25; 129C.26; 179A.18, subdivision 2; Laws 2009, chapter 88, article 12, section 23.

Senator Olson moved to amend H.F. No. 934 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 934, and insert the language after the enacting clause, and the title, of S.F. No. 1030, the third engrossment.

The motion prevailed. So the amendment was adopted.

H.F. No. 934 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 36 and nays 27, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Koch	Newman	Senjem
Brown	Gerlach	Kruse	Nienow	Thompson
Carlson	Gimse	Lillie	Olson	Vanderveer
Chamberlain	Hall	Limmer	Ortman	Wolf
Dahms	Hann	Magnus	Parry	
Daley	Hoffman	Michel	Pederson	
DeKruif	Howe	Miller	Robling	
Fischbach	Ingebrigtsen	Nelson	Rosen	

Those who voted in the negative were:

Bakk	Harrington	Marty	Saxhaug	Stumpf
Berglin	Higgins	Metzen	Scheid	Torres Ray
Bonoff	Kelash	Pappas	Sheran	Wiger
Cohen	Kubly	Pogemiller	Sieben	
Dibble	Latz	Reinert	Skoe	
Goodwin	Lourey	Rest	Sparks	

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Koch, Chair of the Committee on Rules and Administration, designated H.F. No. 42 a Special Order to be heard immediately.

**SPECIAL ORDER**

**H.F. No. 42:** A bill for an act relating to the financing and operation of state and local government; making changes to individual income, corporate franchise, property, aids, credits, payments, refunds, sales and use, tax increment financing, aggregate material, minerals, local, and other taxes and tax-related provisions; making changes to the green acres and rural preserve programs; authorizing border city development zone powers and local taxes; extending levy limits; modifying regional railroad authority provisions; repealing sustainable forest resource management incentive; authorizing grants to local governments for cooperation, consolidation, and service innovation; providing a science and technology program; reducing certain income rates; allowing capital equipment exemption at time of purchase; directing commissioner of revenue to negotiate a reciprocity agreement with state of Wisconsin and permitting its termination only by law; requiring studies; requiring reports; canceling amounts in the cash flow account; appropriating money; amending Minnesota Statutes 2010, sections 97A.061, subdivisions 1, 3; 126C.01, subdivision 3; 270A.03, subdivision 7; 270B.12, by adding a subdivision; 270C.13, subdivision 1; 272.02, by adding a subdivision; 273.111, subdivision 9, by adding a subdivision; 273.114, subdivisions 2, 5, 6; 273.121, subdivision 1; 273.13, subdivisions 21b, 25, 34; 273.1384, subdivisions 1, 3, 4; 273.1393; 273.1398, subdivision 3; 275.025, subdivisions 1, 3, 4; 275.066; 275.08, subdivisions 1a, 1d; 275.70, subdivision 5; 275.71, subdivisions 2, 4, 5; 276.04, subdivision 2; 279.01, subdivision 1; 289A.20, subdivision 4; 289A.50, subdivision 1; 290.01, subdivisions 6, 19b; 290.06, subdivision 2c; 290.068, subdivision 1; 290.081; 290.091, subdivision 2; 290A.03, subdivisions 11, 13; 297A.61, subdivision 3; 297A.62, by adding a subdivision; 297A.63, by adding a subdivision; 297A.668, subdivision 7, by adding a subdivision; 297A.68, subdivision 5; 297A.70, subdivision 3; 297A.75; 297A.99, subdivision 1; 298.01, subdivision 3; 298.015, subdivision 1; 298.018, subdivision 1; 298.28, subdivision 3; 298.75, by adding a subdivision; 398A.04, subdivision 8; 398A.07, subdivision 2; 469.1763, subdivision 2; 473.757, subdivisions 2, 11; 477A.011, by adding a subdivision; 477A.0124, by adding a subdivision; 477A.013, subdivisions 8, 9, by adding a subdivision; 477A.03; 477A.11, subdivision 1; 477A.12, subdivision 1; 477A.14, subdivision 1; 477A.17; Laws 1996, chapter 471, article 2, section 29, subdivision 1, as amended; Laws 1998, chapter 389, article 8, section 43, subdivisions 3, as amended, 4, as amended, 5, as amended; Laws 2008, chapter 366, article 7, section 19, subdivision 3; Laws 2010, chapter 389, article 7, section 22; proposing coding for new law in Minnesota Statutes, chapters 116W; 275; 373; repealing Minnesota Statutes 2010, sections 10A.322, subdivision 4; 13.4967, subdivision 2; 273.114, subdivision 1; 273.1384, subdivision 6; 279.01, subdivision 4; 289A.60, subdivision 31; 290.06, subdivision 23; 290C.01; 290C.02; 290C.03; 290C.04; 290C.05; 290C.055; 290C.06; 290C.07; 290C.08; 290C.09; 290C.10; 290C.11; 290C.12; 290C.13; 477A.145.

Senator Carlson moved to amend H.F. No. 42, as amended pursuant to Rule 45, adopted by the Senate March 30, 2011, as follows:

(The text of the amended House File is identical to S.F. No. 27.)

Page 38, line 1, delete "29.75" and insert "30.8"

Page 38, line 3, delete "42.5" and insert "44"

Page 38, line 5, delete ".6375" and insert ".66"

Page 38, line 21, delete "85" and insert "88"

Page 59, line 13, delete "\$4.363" and insert "\$4.517"

Page 59, line 14, delete "0.6375" and insert "0.66"

Page 59, line 16, delete "\$1.091" and insert "\$1.129"

Page 59, line 18, delete "\$1.091" and insert "\$1.129"

Page 59, line 20, delete "54.5" and insert "56.5"

Page 60, line 3, delete "54.5" and insert "56.5"

Page 60, line 12, delete "43.6" and insert "45.2"

Page 60, line 14, delete "10.9" and insert "11.3"

Page 61, line 3, delete "1.275" and insert "1.32"

Pursuant to Rule 7, Senator Pogemiller questioned whether the Carlson amendment was in order. The President ruled the amendment was in order.

The question was taken on the adoption of the Carlson amendment. The motion prevailed. So the amendment was adopted.

Senator Ingebrigtsen moved to amend H.F. No. 42, as amended pursuant to Rule 45, adopted by the Senate March 30, 2011, as follows:

(The text of the amended House File is identical to S.F. No. 27.)

Page 61, after line 30, insert:

**"Sec. 32. REPORT ON PAYMENT IN LIEU OF TAXES FOR STATE NATURAL RESOURCE LANDS.**

By December 1, 2011, the commissioner of natural resources, after consultation with the commissioners of revenue and management and budget, and stakeholders, including representatives from affected local units of government and other interested parties, shall report to the chairs and ranking minority caucus members of the senate and house of representatives natural resources and tax policy and finance committees with recommended changes to payment in lieu of taxes for natural resource lands under Minnesota Statutes, sections 97A.061 and 477A.11 to 477A.145. The report shall include an analysis of the current payment and distribution system, and any recommended changes to:

- (1) the purpose of the payment system and the criteria for payments;
- (2) the rate of payments for specific classes of natural resource lands; and
- (3) the formula for distribution of the payments to local units of government."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Ortman moved to amend H.F. No. 42, as amended pursuant to Rule 45, adopted by the Senate March 30, 2011, as follows:

(The text of the amended House File is identical to S.F. No. 27.)

Page 15, after line 26, insert:

"Section 1. Minnesota Statutes 2010, section 297A.61, subdivision 3, is amended to read:

Subd. 3. **Sale and purchase.** (a) "Sale" and "purchase" include, but are not limited to, each of the transactions listed in this subdivision.

(b) Sale and purchase include:

(1) any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, for a consideration in money or by exchange or barter; and

(2) the leasing of or the granting of a license to use or consume, for a consideration in money or by exchange or barter, tangible personal property, other than a manufactured home used for residential purposes for a continuous period of 30 days or more.

(c) Sale and purchase include the production, fabrication, printing, or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing, or processing.

(d) Sale and purchase include the preparing for a consideration of food. Notwithstanding section 297A.67, subdivision 2, taxable food includes, but is not limited to, the following:

(1) prepared food sold by the retailer;

(2) soft drinks;

(3) candy;

(4) dietary supplements; and

(5) all food sold through vending machines.

(e) A sale and a purchase includes the furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state.

(f) A sale and a purchase includes the transfer for a consideration of prewritten computer software whether delivered electronically, by load and leave, or otherwise. A sale and purchase also includes the right to access and use prewritten computer software for a consideration, where possession of the software is maintained by the seller or third party, regardless of whether the consideration is paid on a per use, per user, per license, subscription, or some other basis.

(g) A sale and a purchase includes the furnishing for a consideration of the following services:

(1) the privilege of admission to places of amusement, recreational areas, or athletic events, and the making available of amusement devices, tanning facilities, reducing salons, steam baths, Turkish baths, health clubs, and spas or athletic facilities;

(2) lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer

camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice;

(3) nonresidential parking services, whether on a contractual, hourly, or other periodic basis, except for parking at a meter;

(4) the granting of membership in a club, association, or other organization if:

(i) the club, association, or other organization makes available for the use of its members sports and athletic facilities, without regard to whether a separate charge is assessed for use of the facilities; and

(ii) use of the sports and athletic facility is not made available to the general public on the same basis as it is made available to members.

Granting of membership means both onetime initiation fees and periodic membership dues. Sports and athletic facilities include golf courses; tennis, racquetball, handball, and squash courts; basketball and volleyball facilities; running tracks; exercise equipment; swimming pools; and other similar athletic or sports facilities;

(5) delivery of aggregate materials by a third party, excluding delivery of aggregate material used in road construction, and delivery of concrete block by a third party if the delivery would be subject to the sales tax if provided by the seller of the concrete block; and

(6) services as provided in this clause:

(i) laundry and dry cleaning services including cleaning, pressing, repairing, altering, and storing clothes, linen services and supply, cleaning and blocking hats, and carpet, drapery, upholstery, and industrial cleaning. Laundry and dry cleaning services do not include services provided by coin operated facilities operated by the customer;

(ii) motor vehicle washing, waxing, and cleaning services, including services provided by coin operated facilities operated by the customer, and rustproofing, undercoating, and towing of motor vehicles;

(iii) building and residential cleaning, maintenance, and disinfecting services and pest control and exterminating services;

(iv) detective, security, burglar, fire alarm, and armored car services; but not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit organization for monitoring and electronic surveillance of persons placed on in-home detention pursuant to court order or under the direction of the Minnesota Department of Corrections;

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility lines. Services

performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

(vii) massages, except when provided by a licensed health care facility or professional or upon written referral from a licensed health care facility or professional for treatment of illness, injury, or disease; and

(viii) the furnishing of lodging, board, and care services for animals in kennels and other similar arrangements, but excluding veterinary and horse boarding services.

In applying the provisions of this chapter, the terms "tangible personal property" and "retail sale" include taxable services listed in clause (6), items (i) to (vi) and (viii), and the provision of these taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable. Services performed by a partnership or association for another partnership or association are not taxable if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable.

For purposes of the preceding sentence, "affiliated group of corporations" means those entities that would be classified as members of an affiliated group as defined under United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

For purposes of clause (5), "road construction" means construction of (1) public roads, (2) cartways, and (3) private roads in townships located outside of the seven-county metropolitan area up to the point of the emergency response location sign.

(h) A sale and a purchase includes the furnishing for a consideration of tangible personal property or taxable services by the United States or any of its agencies or instrumentalities, or the state of Minnesota, its agencies, instrumentalities, or political subdivisions.

(i) A sale and a purchase includes the furnishing for a consideration of telecommunications services, ancillary services associated with telecommunication services, cable television services, and direct satellite services, and ring tones. Telecommunication services include, but are not limited to, the following services, as defined in section 297A.669: air-to-ground radiotelephone service, mobile telecommunication service, postpaid calling service, prepaid calling service, prepaid wireless calling service, and private communication services. The services in this paragraph are taxed to the extent allowed under federal law.

(j) A sale and a purchase includes the furnishing for a consideration of installation if the installation charges would be subject to the sales tax if the installation were provided by the seller of the item being installed.

(k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section 59B.02, subdivision 11.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2011."

Page 83, line 20, delete the new language

Page 83, line 27, reinstate the stricken language and delete the new language

Page 84, delete lines 10 to 23

Page 85, after line 4, insert:

"Sec. 6. Minnesota Statutes 2010, section 298.01, subdivision 4, is amended to read:

**Subd. 4. Occupation tax; iron ore; taconite concentrates.** (a) A person engaged in the business of mining or producing of iron ore, taconite concentrates or direct reduced ore in this state shall pay an occupation tax to the state of Minnesota. The tax is determined in the same manner as the tax imposed by section 290.02, except that sections 290.05, subdivision 1, clause (a), 290.17, subdivision 4, and 290.191, subdivision 2, do not apply, and the occupation tax shall be computed by applying to taxable income the rate of ~~2.45 percent~~ set in paragraph (b). A person subject to occupation tax under this section shall apportion its net income on the basis of the percentage obtained by taking the sum of:

(1) 75 percent of the percentage which the sales made within this state in connection with the trade or business during the tax period are of the total sales wherever made in connection with the trade or business during the tax period;

(2) 12.5 percent of the percentage which the total tangible property used by the taxpayer in this state in connection with the trade or business during the tax period is of the total tangible property, wherever located, used by the taxpayer in connection with the trade or business during the tax period; and

(3) 12.5 percent of the percentage which the taxpayer's total payrolls paid or incurred in this state or paid in respect to labor performed in this state in connection with the trade or business during the tax period are of the taxpayer's total payrolls paid or incurred in connection with the trade or business during the tax period.

The tax is in addition to all other taxes.

(b) The rate of the tax imposed under this subdivision is as provided in this paragraph for the following taxable years:

(1) for 2012 and 2013, 2.45 percent;

(2) for 2014, 2.23 percent;

(3) for 2015, 2.11 percent;

(4) for 2016, 1.99 percent;

(5) for 2017, 1.74 percent;

(6) for 2018, 1.50 percent;

(7) for 2019, 1.26 percent;

(8) for 2020, 1.02 percent;



(9) for 2021, .78 percent;

(10) for 2022, .54 percent;

(11) for 2023, .30 percent; and

(12) for 2024 and subsequent years, .06 percent.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2010."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Ortman moved to amend H.F. No. 42, as amended pursuant to Rule 45, adopted by the Senate March 30, 2011, as follows:

(The text of the amended House File is identical to S.F. No. 27.)

Page 25, lines 27 and 28, delete the new language

Page 26, delete section 13

Page 28, delete sections 15 and 16

Page 29, delete section 17

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 57 and nays 5, as follows:

Those who voted in the affirmative were:

Bakk	Gazelka	Kruse	Nienow	Sieben
Benson	Gerlach	Kubly	Olson	Skoe
Bonoff	Gimse	Langseth	Ortman	Sparks
Brown	Goodwin	Latz	Pappas	Stumpf
Carlson	Hall	Lillie	Parry	Thompson
Chamberlain	Hann	Lourey	Pederson	Torres Ray
Cohen	Harrington	Magnus	Pogemiller	Vandever
Dahms	Higgins	Marty	Rest	Wiger
Daley	Hoffman	Metzen	Robling	Wolf
DeKruif	Ingebrigtsen	Michel	Saxhaug	
Dibble	Kelash	Nelson	Senjem	
Fischbach	Koch	Newman	Sheran	

Those who voted in the negative were:

Howe	Limmer	Miller	Reinert	Rosen
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The motion prevailed. So the amendment was adopted.

Senator Pogemiller moved to amend H.F. No. 42, as amended pursuant to Rule 45, adopted by the Senate March 30, 2011, as follows:

(The text of the amended House File is identical to S.F. No. 27.)

Page 5, after line 26, insert:

"Sec. 3. Minnesota Statutes 2010, 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~~ \$33,770, 5.35 percent;
- (2) On all over ~~\$25,680~~ \$33,770, but not over ~~\$102,030~~ \$134,170, 7.05 percent;
- (3) On all over ~~\$102,030~~ \$134,170, but not over \$250,000, 7.85 percent-;
- (4) On all over \$250,000, 8.47 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~~ \$23,100, 5.35 percent;
- (2) On all over ~~\$17,570~~ \$23,100, but not over ~~\$57,710~~ \$75,890, 7.05 percent;
- (3) On all over ~~\$57,710~~ \$75,890, but not over \$141,250, 7.85 percent-;
- (4) On all over \$141,250, 8.47 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~~ \$28,440, 5.35 percent;
- (2) On all over ~~\$21,630~~ \$28,440, but not over ~~\$86,910~~ \$114,290, 7.05 percent;
- (3) On all over ~~\$86,910~~ \$114,290, but not over \$212,500, 7.85 percent-;
- (4) On all over \$212,500, 8.47 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), (6), (7), (8), (9), (12), (13), (16), and (17), and reduced by the Minnesota assignable portion of the subtraction for United States government interest under section 290.01, subdivision 19b, clause (1), and the subtractions under section 290.01, subdivision 19b, clauses (8), (9), (13), (14), (15), and (17), 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), (6), (7), (8), (9), (12), (13), (16), and (17), and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1), (8), (9), (13), (14), (15), and (17).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2010.

Sec. 4. Minnesota Statutes 2010, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after December 31, ~~2000~~ 2011, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, ~~1999~~ 2010, and before January 1, ~~2001~~ 2012. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~1999~~" "2010" shall be substituted for the word "1992." For ~~2001~~ 2012, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1999~~ 2010, to the 12 months ending on August 31, ~~2000~~ 2011, and in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2010, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.

No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2011."

Page 37, delete section 1

Page 38, delete section 2

Pages 56 to 60, delete sections 22 to 29

Page 63, line 4, delete "sections 275.295; and 477A.145, are" and insert "section 275.295, is"

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Ortman moved to amend the Pogemiller amendment to H.F. No. 42 as follows:

Page 1, delete section 3

Page 2, delete section 4

Renumber the sections in sequence and correct the internal references

Pursuant to Rule 7, Senator Pogemiller questioned whether the Ortman amendment to the Pogemiller amendment was in order. The President ruled the amendment to the amendment was in order.

Senator Rest appealed the decision of the President.

The question was taken on "Shall the decision of the President be the judgment of the Senate?"

The roll was called, and there were yeas 36 and nays 27, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Koch	Newman	Senjem
Brown	Gerlach	Kruse	Nienow	Thompson
Carlson	Gimse	Lillie	Olson	Vanderveer
Chamberlain	Hall	Limmer	Ortman	Wolf
Dahms	Hann	Magnus	Parry	
Daley	Hoffman	Michel	Pederson	
DeKruif	Howe	Miller	Robling	
Fischbach	Ingebrigtsen	Nelson	Rosen	

Those who voted in the negative were:

Bakk	Harrington	Lourey	Rest	Stumpf
Berglin	Higgins	Marty	Saxhaug	Torres Ray
Bonoff	Kelash	Metzen	Sheran	Wiger
Cohen	Kubly	Pappas	Sieben	
Dibble	Langseth	Pogemiller	Skoe	
Goodwin	Latz	Reinert	Sparks	

So the decision of the President was sustained.

Senator Pogemiller withdrew his amendment.

Senator Berglin moved to amend H.F. No. 42, as amended pursuant to Rule 45, adopted by the Senate March 30, 2011, as follows:

(The text of the amended House File is identical to S.F. No. 27.)

Page 5, after line 26, insert:

"Sec. 3. Minnesota Statutes 2010, 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~~ \$33,770, 5.35 percent;
- (2) On all over ~~\$25,680~~ \$33,770, but not over ~~\$102,030~~ \$134,170, 7.05 percent;
- (3) On all over ~~\$102,030~~ \$134,170, but not over \$250,000, 7.85 percent-;
- (4) On all over \$250,000, 8.02 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~~ \$23,100, 5.35 percent;
- (2) On all over ~~\$17,570~~ \$23,100, but not over ~~\$57,710~~ \$75,890, 7.05 percent;
- (3) On all over ~~\$57,710~~ \$75,890, but not over \$141,250, 7.85 percent-;
- (4) On all over \$141,250, 8.02 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~~ \$28,440, 5.35 percent;
- (2) On all over ~~\$21,630~~ \$28,440, but not over ~~\$86,910~~ \$114,290, 7.05 percent;
- (3) On all over ~~\$86,910~~ \$114,290, but not over \$212,500, 7.85 percent-;
- (4) On all over \$212,500, 8.02 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), (6), (7), (8), (9), (12), (13), (16), and (17), and reduced

by the Minnesota assignable portion of the subtraction for United States government interest under section 290.01, subdivision 19b, clause (1), and the subtractions under section 290.01, subdivision 19b, clauses (8), (9), (13), (14), (15), and (17), 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), (6), (7), (8), (9), (12), (13), (16), and (17), and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1), (8), (9), (13), (14), (15), and (17).

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2010.

Sec. 4. Minnesota Statutes 2010, section 290.06, subdivision 2d, is amended to read:

Subd. 2d. **Inflation adjustment of brackets.** (a) For taxable years beginning after December 31, ~~2000~~ 2011, the minimum and maximum dollar amounts for each rate bracket for which a tax is imposed in subdivision 2c shall be adjusted for inflation by the percentage determined under paragraph (b). For the purpose of making the adjustment as provided in this subdivision all of the rate brackets provided in subdivision 2c shall be the rate brackets as they existed for taxable years beginning after December 31, ~~1999~~ 2010, and before January 1, ~~2001~~ 2012. The rate applicable to any rate bracket must not be changed. The dollar amounts setting forth the tax shall be adjusted to reflect the changes in the rate brackets. The rate brackets as adjusted must be rounded to the nearest \$10 amount. If the rate bracket ends in \$5, it must be rounded up to the nearest \$10 amount.

(b) The commissioner shall adjust the rate brackets and by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "~~1999~~" "2010" shall be substituted for the word "1992." For ~~2001~~ 2012, the commissioner shall then determine the percent change from the 12 months ending on August 31, ~~1999~~ 2010, to the 12 months ending on August 31, ~~2000~~ 2011, and in each subsequent year, from the 12 months ending on August 31, ~~1999~~ 2010, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision shall not be considered a "rule" and shall not be subject to the Administrative Procedure Act contained in chapter 14.

No later than December 15 of each year, the commissioner shall announce the specific percentage that will be used to adjust the tax rate brackets.

**EFFECTIVE DATE.** This section is effective for taxable years beginning after December 31, 2011."

Page 15, after line 15, insert:

**"Sec. 16. VOIDING PROVISIONS RELATED TO FUNDING REDUCTIONS TO COUNTIES IN S.F. NO. 760.**

If the provisions in 2011 S.F. No. 760 related to:

- (1) the reduction in children and community services grants;
- (2) the reduction in adult mental health grants;
- (3) the elimination of child support incentive grants under Minnesota Statutes, sections 256.979

and 256.9791;

- (4) the elimination of the Indian Child Welfare Act grants;
- (5) the reduction of fraud prevention investigation grants;
- (6) the elimination of children's mental health screening grants;
- (7) the increase in the county share of chemical dependency treatment costs;
- (8) the elimination of the home visiting services grants;
- (9) the elimination of the family planning grants; and
- (10) the elimination of the lead abatement grants

are enacted, those amendments and repealers to the laws and grants listed in this section are void, notwithstanding the order of enactment of that act and this act."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Pursuant to Rule 7.6, Senator Ortman questioned whether the Berglin amendment was in order.

Senator Bakk moved that the Senate do now adjourn until 10:00 a.m., Tuesday, April 5, 2011.

The question was taken on the adoption of the Bakk motion.

The roll was called, and there were yeas 27 and nays 36, as follows:

Those who voted in the affirmative were:

Bakk	Harrington	Lourey	Rest	Stumpf
Berglin	Higgins	Marty	Saxhaug	Torres Ray
Bonoff	Kelash	Metzen	Sheran	Wiger
Cohen	Kubly	Pappas	Sieben	
Dibble	Langseth	Pogemiller	Skoe	
Goodwin	Latz	Reinert	Sparks	

Those who voted in the negative were:

Benson	Gazelka	Koch	Newman	Senjem
Brown	Gerlach	Kruse	Nienow	Thompson
Carlson	Gimse	Lillie	Olson	Vandever
Chamberlain	Hall	Limmer	Ortman	Wolf
Dahms	Hann	Magnus	Parry	
Daley	Hoffman	Michel	Pederson	
DeKruif	Howe	Miller	Robling	
Fischbach	Ingebrigtsen	Nelson	Rosen	

The motion did not prevail.

The President submitted the question on the Ortman point of order to the body.

The question was taken on the Ortman point of order.

The roll was called, and there were yeas 36 and nays 27, as follows:

Those who voted in the affirmative were:

Benson	Gazelka	Koch	Newman	Senjem
Brown	Gerlach	Kruse	Nienow	Thompson
Carlson	Gimse	Lillie	Olson	Vandever
Chamberlain	Hall	Limmer	Ortman	Wolf
Dahms	Hann	Magnus	Parry	
Daley	Hoffman	Michel	Pederson	
DeKruif	Howe	Miller	Robling	
Fischbach	Ingebrigtsen	Nelson	Rosen	

Those who voted in the negative were:

Bakk	Harrington	Lourey	Rest	Stumpf
Berglin	Higgins	Marty	Saxhaug	Torres Ray
Bonoff	Kelash	Metzen	Sheran	Wiger
Cohen	Kubly	Pappas	Sieben	
Dibble	Langseth	Pogemiller	Skoe	
Goodwin	Latz	Reinert	Sparks	

By a vote of the body, the point of order was well taken, and the Berglin amendment was ruled out of order.

Senator Koch moved that H.F. No. 42 be laid on the table. The motion prevailed.

#### **MEMBERS EXCUSED**

Senator Tomassoni was excused from the Session of today. Senator Ortman was excused from the Session of today from 10:00 a.m. to 12:15 p.m. Senator Scheid was excused from the Session today from 11:50 a.m. to 1:45 p.m. and at 2:40 p.m. Senator Marty was excused from the Session of today from 12:15 to 12:30 p.m. Senator Langseth was excused from the Session of today from 1:45 to 2:15 p.m. Senator Jungbauer was excused from the Session of today at 1:45 p.m.

#### **ADJOURNMENT**

Senator Koch moved that the Senate do now adjourn until 9:30 a.m., Tuesday, April 5, 2011. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate