

## NINETY-SEVENTH DAY

St. Paul, Minnesota, Friday, March 30, 2012

The Senate met at 12:00 noon and was called to order by the President.

**CALL OF THE SENATE**

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

Prayer was offered by the Chaplain, Rev. Lonnie Titus.

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:

|             |              |          |          |            |
|-------------|--------------|----------|----------|------------|
| Bakk        | Fischbach    | Kelash   | Miller   | Sheran     |
| Benson      | Gazelka      | Koch     | Nelson   | Sieben     |
| Bonoff      | Gerlach      | Kruse    | Newman   | Skoe       |
| Brown       | Gimse        | Langseth | Nienow   | Sparks     |
| Carlson     | Goodwin      | Latz     | Olson    | Stumpf     |
| Chamberlain | Hall         | Lillie   | Ortman   | Thompson   |
| Cohen       | Hann         | Limmer   | Parry    | Tomassoni  |
| Dahms       | Harrington   | Lourey   | Pederson | Torres Ray |
| Daley       | Hayden       | Magnus   | Rest     | Vandever   |
| DeKruif     | Higgins      | Marty    | Robling  | Wiger      |
| Dibble      | Howe         | McGuire  | Rosen    | Wolf       |
| Dziedzic    | Ingebrigtsen | Metzen   | Saxhaug  |            |
| Eaton       | Jungbauer    | Michel   | Senjem   |            |

The President declared a quorum present.

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

**EXECUTIVE AND OFFICIAL COMMUNICATIONS**

The following communications were received.

March 27, 2012

The Honorable Michelle L. Fischbach  
President of the Senate

Dear President Fischbach:

Pursuant to Rule 10.5 of the Rules of the Senate, we hereby make the following change in committee structure:

Committee on Capital Investment - delete Kubly and add Sieben.

Thank you for your attention to this matter.

Sincerely,

David H. Senjem  
Chair, Committee on Rules and Administration  
Senate District 19

Thomas M. Bakk  
DFL Caucus Leader  
Senate District 6

March 29, 2012

The Honorable Kurt Zellers  
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach  
President of the Senate

I have the honor to inform you that the following enrolled Acts of the 2012 Session of the State Legislature have been received from the Office of the Governor and are deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

| S.F.<br>No. | H.F.<br>No. | Session Laws<br>Chapter No. | Time and<br>Date Approved<br>2012 | Date Filed<br>2012 |
|-------------|-------------|-----------------------------|-----------------------------------|--------------------|
|             | 392         | 137                         | 10:32 a.m. March 29               | March 29           |
|             | 2376        | 138                         | 10:33 a.m. March 29               | March 29           |
|             | 1524        | 139                         | 10:34 a.m. March 29               | March 29           |

Sincerely,  
Mark Ritchie  
Secretary of State

### MESSAGES FROM THE HOUSE

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 3 members of the House, on the amendments adopted by the House to the following Senate File:

**S.F. No. 247:** A bill for an act relating to insurance; regulating service cooperative refunds; requiring local government employees to approve participation in or withdrawal from the public employees insurance program; amending Minnesota Statutes 2010, sections 43A.316, subdivision 5; 123A.21, by adding a subdivision; 471.611, subdivision 2.

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

Hoppe, Brynaert and Greiling.

Senate File No. 247 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned March 29, 2012

Madam President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 1974, 2160, 2373, 2634, 2939, 389, 1992, 2128, 2506, 1175 and 2294.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted March 29, 2012

Madam President:

I have the honor to announce that the House refuses to concur in the Senate amendments to House File No. 1923:

**H.F. No. 1923:** A bill for an act relating to waters; requiring water supply demand reduction measures; amending Minnesota Statutes 2010, section 103G.291, subdivisions 3, 4.

The House respectfully requests that a Conference Committee of 3 members be appointed thereon.

O'Driscoll, Banaian and Hosch have been appointed as such committee on the part of the House.

House File No. 1923 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 30, 2012

Senator Pederson moved that the Senate accede to the request of the House for a Conference Committee on H.F. No. 1923, and that a Conference Committee of 3 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.

### FIRST READING OF HOUSE BILLS

The following bills were read the first time.

**H.F. No. 1974:** A bill for an act relating to public employment; providing that certain contract terms do not continue in effect after expiration of a collective bargaining agreement; amending Minnesota Statutes 2010, section 179A.20, subdivision 6, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2078, now on General Orders.

**H.F. No. 2160:** A bill for an act relating to public safety; permitting law enforcement to take fingerprints of an offender interacting with the criminal justice system for any offense to eliminate a suspense record; amending Minnesota Statutes 2011 Supplement, section 299C.10, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2108, now on General Orders.

**H.F. No. 2373:** A bill for an act relating to public safety; extending the felony of fraudulent or other improper finance statements to include retaliation against a sheriff or county recorder for performance of official duties regarding real property; amending Minnesota Statutes 2010, section 609.7475, subdivision 3.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1874, now on General Orders.

**H.F. No. 2634:** A bill for an act relating to environment; providing for alternative local standards for subsurface sewage treatment systems; requiring rulemaking; amending Minnesota Statutes 2010, section 115.55, subdivision 7.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2260, now on General Orders.

**H.F. No. 2939:** A bill for an act relating to education finance; modifying certain petition requirements for proposals for detachment and annexation; amending Minnesota Statutes 2010, section 123A.45, subdivision 2.

Referred to the Committee on Education.

**H.F. No. 389:** A bill for an act relating to local government; providing for interim zoning; providing for municipal development land dedication and fees; amending Minnesota Statutes 2010, sections 394.25, subdivision 7; 394.34; 462.355, subdivision 4; 462.358, subdivisions 2a, 2c, by adding subdivisions; repealing Minnesota Statutes 2010, section 462.358, subdivision 2b.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 270, now on General Orders.

**H.F. No. 1992:** A bill for an act relating to transportation; motor carriers; prohibiting indemnity

provisions in motor carrier contracts; proposing coding for new law in Minnesota Statutes, chapter 221.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1687, now on General Orders.

**H.F. No. 2128:** A bill for an act relating to health; licensing emergency medical personnel; making changes to the Cooper/Sams volunteer ambulance program; amending Minnesota Statutes 2010, sections 144E.001, subdivisions 1b, 3a, 4a, 4b, 5c, 5d, 5e, 6, 11, 14, by adding subdivisions; 144E.01, subdivision 1; 144E.101, subdivisions 2, 6, 7, 9, 10, 12; 144E.103; 144E.127, subdivision 2; 144E.265, subdivision 2; 144E.27, subdivisions 1, 2, 3, 5, by adding a subdivision; 144E.275, subdivision 3; 144E.28, subdivisions 1, 5, 7; 144E.283; 144E.285; 144E.286, subdivision 3; 144E.29; 144E.30, subdivision 3; 144E.305, subdivision 2; 144E.31; 144E.32, subdivision 2; 144E.35, subdivision 1; 144E.41; 144E.52; Minnesota Statutes 2011 Supplement, sections 144E.001, subdivision 5f; 144E.28, subdivision 9; repealing Minnesota Rules, parts 4690.0100, subparts 16, 17; 4690.1400.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 1876, now on General Orders.

**H.F. No. 2506:** A bill for an act relating to education; striking the requirement to allocate portions of reserved staff development revenue for particular purposes; amending Minnesota Statutes 2010, section 122A.61, subdivision 1.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2059, now on General Orders.

**H.F. No. 1175:** A bill for an act relating to motor vehicles; authorizing additional deputy registrar of motor vehicles for Scott County; providing for provisional reinstatement of the Golden Valley deputy registrar.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 929, now on General Orders.

**H.F. No. 2294:** A bill for an act relating to state government; making adjustments to health and human services appropriations; making changes to provisions related to health care, the Department of Health, children and family services, continuing care, chemical dependency, child support, background studies, homelessness, and vulnerable children and adults; providing for data sharing; requiring eligibility determinations; requiring the University of Minnesota to request funding for rural primary care training; providing for the release of medical assistance liens; requiring reporting of potential welfare fraud; providing penalties; providing appointments; providing grants; requiring studies and reports; appropriating money; amending Minnesota Statutes 2010, sections 62D.02, subdivision 3; 62D.05, subdivision 6; 62D.12, subdivision 1; 62J.496, subdivision 2; 62Q.80; 62U.04, subdivisions 1, 2, 4, 5; 119B.13, subdivision 3a; 144.1222, by adding a subdivision; 144.292, subdivision 6; 144.293, subdivision 2; 144.298, subdivision 2; 144A.351; 144D.04, subdivision 2; 145.906; 245.697, subdivision 1; 245A.03, by adding a subdivision; 245A.10, by adding a subdivision; 245A.11, subdivision 7; 245B.07, subdivision 1; 245C.04, subdivision 6; 245C.05, subdivision 7; 252.27, subdivision 2a; 254A.19, by adding a subdivision; 256.01, by adding subdivisions; 256.9831, subdivision 2; 256B.056, subdivision 1a; 256B.0625, subdivisions 9, 28a, by adding subdivisions; 256B.0659, by adding a subdivision; 256B.0751, by adding a

subdivision; 256B.0754, subdivision 2; 256B.0915, subdivision 3g; 256B.092, subdivisions 1b, 7, by adding subdivisions; 256B.0943, subdivision 9; 256B.431, subdivision 17e, by adding a subdivision; 256B.441, by adding a subdivision; 256B.49, by adding a subdivision; 256B.69, subdivision 9, by adding subdivisions; 256D.06, subdivision 1b; 256D.44, subdivision 5; 256E.37, subdivision 1; 256I.05, subdivision 1e; 256J.08, by adding a subdivision; 256J.26, subdivision 1, by adding a subdivision; 256J.45, subdivision 2; 256J.50, by adding a subdivision; 256J.521, subdivision 2; 256L.07, subdivision 3; 462A.29; 514.981, subdivision 5; 518A.40, subdivision 4; Minnesota Statutes 2011 Supplement, sections 62E.14, subdivision 4g; 62U.04, subdivisions 3, 9; 119B.13, subdivision 7; 245A.03, subdivision 7; 256.045, subdivision 3; 256.987, subdivisions 1, 2, by adding subdivisions; 256B.056, subdivision 3; 256B.057, subdivision 9; 256B.0625, subdivisions 8, 8a, 8b, 38; 256B.0911, subdivisions 3a, 3c; 256B.0915, subdivisions 3e, 3h; 256B.097, subdivision 3; 256B.49, subdivisions 14, 15, 23; 256B.5012, subdivision 13; 256B.69, subdivisions 5a, 5c; 256E.35, subdivisions 5, 6; 256I.05, subdivision 1a; 256J.49, subdivision 13; 256L.031, subdivisions 2, 3, 6; 256L.12, subdivision 9; 256M.40, subdivision 1; Laws 2010, chapter 374, section 1; Laws 2011, First Special Session chapter 9, article 7, sections 52; 54; article 9, section 18; article 10, section 3, subdivisions 1, 3, 4; proposing coding for new law in Minnesota Statutes, chapters 144; 256B; 626.

Senator Senjem moved that H.F. No. 2294 be laid on the table. The motion prevailed.

### REPORTS OF COMMITTEES

Senator Senjem moved that the Committee Reports at the Desk be now adopted. The motion prevailed.

#### **Senator Senjem, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 2149** for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

| GENERAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
|                |          | 2149             | 1657     |          |          |

and that the above Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Report adopted.

#### **Senator Senjem, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 2187** for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

| GENERAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 2187           | 1791     |                  |          |          |          |

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2187 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2187, the second engrossment; and insert the language after the enacting clause of S.F. No. 1791, the second engrossment; further, delete the title of H.F. No. 2187, the second engrossment; and insert the title of S.F. No. 1791, the second engrossment.

And when so amended H.F. No. 2187 will be identical to S.F. No. 1791, and further recommends that H.F. No. 2187 be given its second reading and substituted for S.F. No. 1791, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

**Senator Senjem, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 2239** for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

| GENERAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 2239           | 2202     |                  |          |          |          |

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2239 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2239, the second engrossment; and insert the language after the enacting clause of S.F. No. 2202, the first engrossment; further, delete the title of H.F. No. 2239, the second engrossment; and insert the title of S.F. No. 2202, the first engrossment.

And when so amended H.F. No. 2239 will be identical to S.F. No. 2202, and further recommends that H.F. No. 2239 be given its second reading and substituted for S.F. No. 2202, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

**Senator Senjem, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 2508** for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

| GENERAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 2508           | 2319     |                  |          |          |          |

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2508 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2508; and insert the language after the enacting clause of S.F. No. 2319, the first engrossment; further, delete the title of H.F. No. 2508; and insert the title of S.F. No. 2319, the first engrossment.

And when so amended H.F. No. 2508 will be identical to S.F. No. 2319, and further recommends that H.F. No. 2508 be given its second reading and substituted for S.F. No. 2319, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

**Senator Senjem, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 329** for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

| GENERAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 329            | 577      |                  |          |          |          |

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 329 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 329, the second engrossment; and insert the language after the enacting clause of S.F. No. 577, the first engrossment; further, delete the title of H.F. No. 329, the second engrossment; and insert the title of S.F. No. 577, the first engrossment.

And when so amended H.F. No. 329 will be identical to S.F. No. 577, and further recommends that H.F. No. 329 be given its second reading and substituted for S.F. No. 577, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

**Senator Senjem, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 1816** for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:



| GENERAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1816           | 2125     |                  |          |          |          |

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 1816 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1816, the first engrossment; and insert the language after the enacting clause of S.F. No. 2125, the first engrossment; further, delete the title of H.F. No. 1816, the first engrossment; and insert the title of S.F. No. 2125, the first engrossment.

And when so amended H.F. No. 1816 will be identical to S.F. No. 2125, and further recommends that H.F. No. 1816 be given its second reading and substituted for S.F. No. 2125, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

**Senator Senjem, from the Committee on Rules and Administration, to which was referred**

**H.F. No. 1813** for comparison with companion Senate File, reports the following House File was found not identical with companion Senate File as follows:

| GENERAL ORDERS |          | CONSENT CALENDAR |          | CALENDAR |          |
|----------------|----------|------------------|----------|----------|----------|
| H.F. No.       | S.F. No. | H.F. No.         | S.F. No. | H.F. No. | S.F. No. |
| 1813           | 1650     |                  |          |          |          |

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 1813 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1813, the third engrossment; and insert the language after the enacting clause of S.F. No. 1650, the first engrossment; further, delete the title of H.F. No. 1813, the third engrossment; and insert the title of S.F. No. 1650, the first engrossment.

And when so amended H.F. No. 1813 will be identical to S.F. No. 1650, and further recommends that H.F. No. 1813 be given its second reading and substituted for S.F. No. 1650, and that the Senate File be indefinitely postponed.

Pursuant to Rule 45, this report was prepared and submitted by the Secretary of the Senate on behalf of the Committee on Rules and Administration. Amendments adopted. Report adopted.

**SECOND READING OF HOUSE BILLS**

H.F. Nos. 2149, 2187, 2239, 2508, 329, 1816 and 1813 were read the second time.

**INTRODUCTION AND FIRST READING OF SENATE BILLS**

The following bills were read the first time.

**Senator Dibble introduced—**

**S.F. No. 2586:** A bill for an act relating to taxation; income and franchise; establishing a live theater production partnership credit; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 290.

Referred to the Committee on Taxes.

**Senator Vandever introduced—**

**S.F. No. 2587:** A bill for an act relating to environment; requiring review prior to construction of a new school building on a landfill site; proposing coding for new law in Minnesota Statutes, chapter 115B.

Referred to the Committee on Environment and Natural Resources.

**Senators Harrington, Bakk and Ingebrigtsen introduced—**

**S.F. No. 2588:** A bill for an act relating to courts; authorizing county boards to set and impose court security fee in civil and criminal matters; allotting fee for court security equipment and personnel; amending Minnesota Statutes 2010, section 357.021, by adding a subdivision.

Referred to the Committee on Judiciary and Public Safety.

**Senators Rosen, Miller, Gimse, Bonoff and Rest introduced—**

**S.F. No. 2589:** A bill for an act relating to tax-exempt bonding; modifying the bond allocation carryforward rules; amending Minnesota Statutes 2010, sections 474A.04, subdivision 1a; 474A.062; 474A.091, subdivision 3a.

Referred to the Committee on Taxes.

**Senator Vandever introduced—**

**S.F. No. 2590:** A bill for an act relating to taxation; city of Forest Lake and the Forest Lake Economic Development Authority; authorizing use of tax increment financing; extending authority.

Referred to the Committee on Taxes.

**MOTIONS AND RESOLUTIONS**

Senator Nienow moved that the name of Senator Eaton be added as a co-author to S.F. No. 2565. The motion prevailed.

**Senators Dziejcz, Harrington and Higgins introduced –**

**Senate Resolution No. 144:** A Senate resolution congratulating the DeLaSalle High School boys basketball team on winning the 2012 State High School Class AAA championship.

Referred to the Committee on Rules and Administration.

**Senators Fischbach and Senjem introduced –**

**Senate Concurrent Resolution No. 10:** A Senate concurrent resolution setting a meeting date for a joint committee to meet to recommend nominees for regent of the University of Minnesota.

BE IT RESOLVED by the Senate of the State of Minnesota, the House of Representatives concurring, that for the purposes of Rule 4.01 of the Temporary Joint Rules of the Senate and House, the joint committee under that rule shall meet on April 3, 2012.

Senator Senjem moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

Senator Rosen moved that H.F. No. 2392, No. 81 on General Orders, be stricken and re-referred to the Committee on Finance. The motion prevailed.

Senator Senjem moved that H.F. No. 1983 be taken from the table and given a second reading. The motion prevailed.

**H.F. No. 1983:** A bill for an act relating to education finance; repealing annual management and budget report on fiscal impact of not implementing No Child Left Behind Act; repealing Minnesota Statutes 2010, section 127A.095, subdivision 3.

H.F. No. 1983 was read the second time.

Senator Senjem moved that H.F. No. 1983 be laid on the table. The motion prevailed.

**SPECIAL ORDERS**

Pursuant to Rule 26, Senator Senjem, Chair of the Committee on Rules and Administration, designated the following bills a Special Orders Calendar to be heard immediately:

H.F. No. 2244, S.F. No. 1957 and H.F. No. 2676.

**CALL OF THE SENATE**

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

**SPECIAL ORDER**

**H.F. No. 2244:** A bill for an act relating to the permanent school fund; changing the Permanent School Fund Advisory Committee into a legislative commission; establishing a permanent school fund board; granting the board authority to employ a director to oversee, manage, and administer

school trust lands; amending Minnesota Statutes 2010, sections 16A.06, subdivision 11; 16A.125, subdivision 5; 84.027, subdivision 18; 84.085, subdivision 1; 92.12, subdivision 1; 92.121; 92.13; 93.2236; 94.342, subdivision 5; 127A.30; 477A.11, subdivisions 3, 4, by adding a subdivision; 477A.12, subdivisions 2, 3; Minnesota Statutes 2011 Supplement, section 477A.12, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 127A.

Senator Rest moved to amend H.F. No. 2244, the unofficial engrossment, as follows:

Page 5, delete lines 5 to 9 and insert:

"(4) four members of the senate, two members appointed by the majority leader and two members appointed by the minority leader; and

(5) four members of the house of representatives, two members appointed by the speaker of the house of representatives and two members appointed by the minority leader."

The motion prevailed. So the amendment was adopted.

H.F. No. 2244 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 54 and nays 8, as follows:

Those who voted in the affirmative were:

|             |              |          |          |            |
|-------------|--------------|----------|----------|------------|
| Bakk        | Fischbach    | Koch     | Nelson   | Sheran     |
| Benson      | Gazelka      | Kruse    | Newman   | Sieben     |
| Bonoff      | Gerlach      | Langseth | Nienow   | Skoe       |
| Brown       | Gimse        | Latz     | Olson    | Sparks     |
| Carlson     | Goodwin      | Lillie   | Ortman   | Stumpf     |
| Chamberlain | Hall         | Limmer   | Pederson | Thompson   |
| Cohen       | Hann         | Lourey   | Rest     | Tomassoni  |
| Dahms       | Howe         | Magnus   | Robling  | Vanderveer |
| Daley       | Ingebrigtsen | Metzen   | Rosen    | Wiger      |
| DeKruif     | Jungbauer    | Michel   | Saxhaug  | Wolf       |
| Dziedzic    | Kelash       | Miller   | Senjem   |            |

Those who voted in the negative were:

|        |            |         |            |
|--------|------------|---------|------------|
| Dibble | Harrington | Higgins | McGuire    |
| Eaton  | Hayden     | Marty   | Torres Ray |

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

### SPECIAL ORDER

**S.F. No. 1957:** A bill for an act relating to job creation; providing for permit management and coordination; requiring centralized electronic accessibility to permit applications and documentation; proposing coding for new law in Minnesota Statutes, chapter 116J.

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 45 and nays 17, as follows:

Those who voted in the affirmative were:

|             |              |          |          |          |
|-------------|--------------|----------|----------|----------|
| Benson      | Gazelka      | Kruse    | Newman   | Sheran   |
| Bonoff      | Gerlach      | Langseth | Nienow   | Sieben   |
| Brown       | Gimse        | Lillie   | Olson    | Skoe     |
| Carlson     | Hall         | Limmer   | Ortman   | Sparks   |
| Chamberlain | Hann         | Lourey   | Pederson | Stumpf   |
| Dahms       | Howe         | Magnus   | Robling  | Thompson |
| Daley       | Ingebrigtsen | Michel   | Rosen    | Vandever |
| DeKruif     | Jungbauer    | Miller   | Saxhaug  | Wiger    |
| Fischbach   | Koch         | Nelson   | Senjem   | Wolf     |

Those who voted in the negative were:

|          |            |         |           |            |
|----------|------------|---------|-----------|------------|
| Bakk     | Eaton      | Higgins | McGuire   | Torres Ray |
| Cohen    | Goodwin    | Kelash  | Metzen    |            |
| Dibble   | Harrington | Latz    | Rest      |            |
| Dziedzic | Hayden     | Marty   | Tomassoni |            |

So the bill passed and its title was agreed to.

### SPECIAL ORDER

**H.F. No. 2676:** A bill for an act relating to health; modifying eligibility for grants; amending Minnesota Statutes 2010, section 145.4235, subdivision 2.

Senator Goodwin moved to amend H.F. No. 2676 as follows:

Page 1, line 14, after "care" insert ", including medically accurate contraceptive counseling"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 20 and nays 40, as follows:

Those who voted in the affirmative were:

|          |            |        |         |            |
|----------|------------|--------|---------|------------|
| Cohen    | Goodwin    | Kelash | McGuire | Skoe       |
| Dibble   | Harrington | Latz   | Saxhaug | Tomassoni  |
| Dziedzic | Hayden     | Lourey | Sheran  | Torres Ray |
| Eaton    | Higgins    | Marty  | Sieben  | Wiger      |

Those who voted in the negative were:

|             |              |          |          |          |
|-------------|--------------|----------|----------|----------|
| Benson      | Gazelka      | Koch     | Miller   | Robling  |
| Brown       | Gerlach      | Kruse    | Nelson   | Rosen    |
| Carlson     | Gimse        | Langseth | Newman   | Senjem   |
| Chamberlain | Hall         | Lillie   | Nienow   | Sparks   |
| Dahms       | Hann         | Limmer   | Olson    | Stumpf   |
| Daley       | Howe         | Magnus   | Ortman   | Thompson |
| DeKruif     | Ingebrigtsen | Metzen   | Pederson | Vandever |
| Fischbach   | Jungbauer    | Michel   | Rest     | Wolf     |

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

H.F. No. 2676 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 53 and nays 9, as follows:

Those who voted in the affirmative were:

|             |              |          |          |           |
|-------------|--------------|----------|----------|-----------|
| Bakk        | Gazelka      | Koch     | Newman   | Sieben    |
| Benson      | Gerlach      | Kruse    | Nienow   | Skoe      |
| Bonoff      | Gimse        | Langseth | Olson    | Sparks    |
| Brown       | Hall         | Latz     | Ortman   | Stumpf    |
| Carlson     | Hann         | Lillie   | Pederson | Thompson  |
| Chamberlain | Harrington   | Limmer   | Rest     | Tomassoni |
| Cohen       | Higgins      | Magnus   | Robling  | Vandever  |
| Dahms       | Howe         | Metzen   | Rosen    | Wiger     |
| Daley       | Ingebrigtsen | Michel   | Saxhaug  | Wolf      |
| DeKruif     | Jungbauer    | Miller   | Senjem   |           |
| Fischbach   | Kelash       | Nelson   | Sheran   |           |

Those who voted in the negative were:

|          |         |        |         |            |
|----------|---------|--------|---------|------------|
| Dibble   | Eaton   | Hayden | Marty   | Torres Ray |
| Dziedzic | Goodwin | Lourey | McGuire |            |

So the bill passed and its title was agreed to.

### RECESS

Senator Senjem moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

### CALL OF THE SENATE

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

### MOTIONS AND RESOLUTIONS - CONTINUED

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Messages From the House and First Reading of House Bills.

### MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce the adoption by the House of the following Senate Concurrent Resolution, herewith returned:

**Senate Concurrent Resolution No. 10:** A Senate concurrent resolution setting a meeting date for a joint committee to meet to recommend nominees for regent of the University of Minnesota.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned March 30, 2012

Madam President:

I have the honor to inform the Senate that the House of Representatives invites and is ready to meet with the Senate in Joint Convention on Wednesday, April 4, 2012, at 6:00 p.m., in the chamber of the House of Representatives for the purpose of electing a member to the Board of Regents of the University of Minnesota.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted March 30, 2012

Senator Senjem moved that the Senate accept the invitation of the House of Representatives to meet in Joint Convention in the House Chamber at 6:00 p.m., Wednesday, April 4, 2012, to elect a member to the Board of Regents of the University of Minnesota. The motion prevailed.

Madam President:

I have the honor to announce the adoption by the House of the following House Concurrent Resolution, herewith transmitted:

**House Concurrent Resolution No. 6:** A House concurrent resolution relating to adjournment for more than three days.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted March 30, 2012

**House Concurrent Resolution No. 6:** A House concurrent resolution relating to adjournment for more than three days.

BE IT RESOLVED, by the House of Representatives of the State of Minnesota, the Senate concurring:

1. Upon their adjournments on April 5, 2012, the House of Representatives and Senate may each set its next day of meeting for Monday, April 16, 2012.
2. Each house consents to the adjournment of the other house for more than three days.

Senator Senjem moved the adoption of the foregoing resolution. The motion prevailed. So the resolution was adopted.

Madam President:

I have the honor to announce the passage by the House of the following House File, herewith transmitted: H.F. No. 2398.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted March 30, 2012

**FIRST READING OF HOUSE BILLS**

The following bill was read the first time.

**H.F. No. 2398:** A bill for an act relating to agriculture; modifying provisions related to pesticides, plants, nursery law, inspections, enforcements, seeds, commercial feed, food, animals, grain, and weights and measures; establishing Dairy Research, Teaching, and Consumer Education Authority; providing for food law enforcement; making technical and conforming changes; repealing obsolete provisions; extending certain exceptions to the minimum content requirements for biodiesel; imposing penalties; providing certain counties capital improvement plan authority; modifying treatment of certain secured or guaranteed loans; requiring reports; amending Minnesota Statutes 2010, sections 17.114, subdivisions 3, 4; 17.982, subdivision 1; 17.983; 18B.065, subdivision 2a; 18B.316, subdivision 6; 18G.02, subdivision 14; 18G.10, subdivision 7, by adding a subdivision; 18H.02, subdivision 14, by adding a subdivision; 18H.10; 18H.14; 18J.01; 18J.02; 18J.04, subdivisions 1, 2, 3, 4; 18J.05, subdivisions 1, 2, 6; 18J.06; 18J.07, subdivisions 3, 4, 5; 21.82, subdivisions 7, 8; 25.33, subdivisions 5, 13, 14; 25.36; 25.37; 28A.03, subdivisions 3, 5, 6; 28A.21, subdivision 6; 31.01, subdivisions 2, 3, 4, 21, 25, 28; 31.121; 31.123; 31.13; 31.94; 31A.02, subdivisions 13, 14, 15, 16; 31A.23; 32.01, subdivisions 11, 12; 35.0661, subdivisions 2, 3; 40A.17; 41A.12, subdivisions 2, 4; 48.24, subdivision 5; 223.16, subdivision 12; 223.17, subdivisions 1, 4, 9; 232.21, subdivisions 2, 6, 12; 232.22, subdivisions 3, 4, 5, 7; 232.23, subdivisions 2, 10; 232.24, subdivisions 1, 2; 239.092; 239.093; 239.77, subdivision 3; Laws 2010, chapter 228, section 4; Laws 2010, Second Special Session chapter 1, article 1, section 11; Laws 2011, chapter 14, section 6; proposing coding for new law as Minnesota Statutes, chapters 32C; 34A; repealing Minnesota Statutes 2010, sections 17.984; 17B.01; 17B.02; 17B.03; 17B.04; 17B.041; 17B.0451; 17B.048; 17B.05; 17B.06; 17B.07; 17B.10; 17B.11; 17B.12; 17B.13; 17B.14; 17B.15, subdivisions 1, 3; 17B.16; 17B.17; 17B.18; 17B.20; 17B.22, subdivisions 1, 2; 17B.28; 17B.29; 28.15; 28A.12; 28A.13; 29.28; 31.031; 31.041; 31.05; 31.14; 31.393; 31.58; 31.592; 31.621, subdivision 5; 31.631, subdivision 4; 31.633, subdivision 2; 31.681; 31.74, subdivision 3; 31.91; 31A.24; 31A.26; 32.078; 32.475, subdivision 7; 32.61; 32.90; 34.113; 35.243; 35.255; 35.67; 35.72, subdivisions 1, 2, 3, 4, 5; 223.16, subdivision 7; 223.18; 232.21, subdivision 4; 232.24, subdivision 3; 232.25; 233.01; 233.015; 233.017; 233.02; 233.03; 233.05; 233.06; 233.07; 233.08; 233.09; 233.10; 233.11; 233.12; 233.22; 233.23; 233.24; 233.33; 234.01; 234.03; 234.04; 234.05; 234.06; 234.08; 234.09; 234.10; 234.11; 234.12; 234.13; 234.14; 234.15; 234.16; 234.17; 234.18; 234.19; 234.20; 234.21; 234.22; 234.23; 234.24; 234.25; 234.27; 235.01; 235.02; 235.04; 235.05; 235.06; 235.07; 235.08; 235.09; 235.10; 235.13; 235.18; 236.01; 236.02; 236.03; 236.04; 236.05; 236.06; 236.07; 236.08; 236.09; 395.14; 395.15; 395.16; 395.17; 395.18; 395.19; 395.20; 395.21; 395.22; 395.23; 395.24; Minnesota Rules, parts 1505.0780; 1505.0810; 1511.0100; 1511.0110; 1511.0120; 1511.0130; 1511.0140; 1511.0150; 1511.0160; 1511.0170; 1540.0010, subpart 26; 1550.0930, subparts 3, 4, 5, 6, 7; 1550.1040, subparts 3, 4, 5, 6; 1550.1260, subparts 6, 7; 1562.0100, subparts 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25; 1562.0200; 1562.0400; 1562.0700; 1562.0900; 1562.1300; 1562.1800.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2061, now on General Orders.



**MOTIONS AND RESOLUTIONS - CONTINUED**

Senator Senjem moved that H.F. No. 2337 be taken from the table. The motion prevailed.

Pursuant to Rule 26, Senator Senjem, Chair of the Committee on Rules and Administration, designated H.F. No. 2337 a Special Order to be heard immediately.

**SPECIAL ORDER**

**H.F. No. 2337:** A bill for an act relating to financing of state and local government; making changes to individual income, corporate franchise, property, sales and use, mineral, liquor, aggregate materials, local, and other taxes and tax-related provisions; changing and providing income and franchise tax credits, exemptions, and deductions; providing for taxation of foreign operating companies; providing a corporate tax benefit transfer program; changing certain mining tax rates and allocation of tax proceeds; changing property tax interest, credits, and exemptions, and providing for use of a local levy; phasing out the state general levy; modifying the renter property tax refund and providing a supplemental targeting refund; modifying city aid payments; modifying tax increment financing district requirements; authorizing, changing, and extending tax increment financing districts in certain local governments; changing sales and use tax payment requirements and changing and providing exemptions; modifying use of revenues and authorizing extension of certain sales and lodging taxes for certain cities; changing liquor tax reporting and credits; allocating funds to border city enterprise zones; authorizing certain local governments to issue public debt; establishing a truth in taxation task force; establishing a tax reform action committee; establishing a greater Minnesota internship program; requiring reports; requiring a funds transfer appropriating money; amending Minnesota Statutes 2010, sections 116J.8737, subdivisions 5, 8, by adding a subdivision; 273.113; 275.025, subdivisions 1, 2, 4; 279.03, subdivisions 1a, 2; 289A.08, subdivision 3; 289A.20, subdivision 4; 290.01, subdivisions 19d, 29; 290.06, by adding subdivisions; 290.068, subdivision 1; 290.17, subdivision 4; 290.21, subdivision 4; 290A.04, subdivision 2a, by adding a subdivision; 290A.23, subdivision 1; 290B.07; 290B.08, subdivision 2; 297A.68, subdivision 5; 297A.70, subdivision 4, by adding a subdivision; 297A.8155; 297G.04, subdivision 2; 298.018, subdivision 1; 298.28, subdivision 4; 298.75, by adding a subdivision; 469.169, by adding a subdivision; 477A.011, subdivision 36; 477A.013, by adding a subdivision; Minnesota Statutes 2011 Supplement, sections 116J.8737, subdivisions 1, 2; 290.01, subdivision 19c; 290A.03, subdivisions 11, 13; 290A.04, subdivision 4; 298.01, subdivision 3; 298.015, subdivision 1; 298.28, subdivision 2; 469.176, subdivisions 4c, 4m; 469.1763, subdivision 2; 477A.013, subdivision 9; Laws 1971, chapter 773, section 1, subdivision 2, as amended; Laws 1988, chapter 645, section 3, as amended; Laws 1998, chapter 389, article 8, section 43, subdivision 3, as amended; Laws 2002, chapter 377, article 3, section 25, as amended; Laws 2003, chapter 127, article 12, section 28; Laws 2005, First Special Session chapter 3, article 5, section 37, subdivisions 2, 4; Laws 2008, chapter 366, article 5, section 34, as amended; article 7, section 19, subdivision 3, as amended; Laws 2010, chapter 389, article 1, section 12; proposing coding for new law in Minnesota Statutes, chapters 116J; 136A; repealing Minnesota Statutes 2010, section 290.0921, subdivision 7; Minnesota Statutes 2011 Supplement, section 289A.60, subdivision 31; Laws 2009, chapter 88, article 4, section 23, as amended.

Senator Ortman moved to amend H.F. No. 2337 as follows:

Delete everything after the enacting clause, and delete the title, of H.F. No. 2337, and insert the language after the enacting clause, and the title, of S.F. No. 1972, the first engrossment.

The motion prevailed. So the amendment was adopted.

Senator Ortman moved to amend H.F. No. 2337, as amended by the Senate March 30, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1972.)

Page 5, line 30, strike the second "and"

Page 5, line 32, strike "2015" and insert "2012, and must not allocate more than \$14,000,000 in credits per year for taxable years beginning after December 31, 2011, and before January 1, 2015"

Page 20, line 20, delete "2011" and insert "2012"

The motion prevailed. So the amendment was adopted.

Senator Bakk moved to amend H.F. No. 2337, as amended by the Senate March 30, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1972.)

Page 19, line 20, delete "55" and insert "46"

Page 19, line 23, before the period, insert ", not including any credit received in previous years for credit allowed under section 290.0677, subdivision 1"

Page 20, after line 1, insert:

"Sec. 13. Minnesota Statutes 2010, section 290.0677, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed; current military service.** (a) An individual is allowed a credit against the tax due under this chapter equal to \$59 for each month or portion thereof that the individual was in active military service in a designated area after September 11, 2001, and before January 1, 2009, while a Minnesota domiciliary.

(b) An individual is allowed a credit against the tax due under this chapter equal to ~~\$120~~ \$240 for each month or portion thereof that the individual was in active military service in a designated area after December 31, 2008, while a Minnesota domiciliary.

(c) For active service performed after September 11, 2001, and before December 31, 2006, the individual may claim the credit in the taxable year beginning after December 31, 2005, and before January 1, 2007.

(d) For active service performed after December 31, 2006, the individual may claim the credit for the taxable year in which the active service was performed.

(e) If an individual entitled to the credit died prior to January 1, 2006, the individual's estate or heirs at law, if the individual's probate estate has closed or the estate was not probated, may claim the credit.

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

2012."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

### CALL OF THE SENATE

Senator Marty imposed a call of the Senate for the balance of the proceedings on H.F. No. 2337. The Sergeant at Arms was instructed to bring in the absent members.

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

The roll was called, and there were yeas 61 and nays 0, as follows:

Those who voted in the affirmative were:

|             |              |          |          |            |
|-------------|--------------|----------|----------|------------|
| Bakk        | Gazelka      | Koch     | Nelson   | Sieben     |
| Benson      | Gerlach      | Kruse    | Newman   | Skoe       |
| Bonoff      | Gimse        | Langseth | Nienow   | Sparks     |
| Brown       | Goodwin      | Latz     | Olson    | Stumpf     |
| Carlson     | Hall         | Lillie   | Ortman   | Thompson   |
| Chamberlain | Hann         | Limmer   | Parry    | Tomassoni  |
| Dahms       | Harrington   | Lourey   | Pederson | Vanderveer |
| Daley       | Hayden       | Magnus   | Rest     | Wiger      |
| DeKruif     | Higgins      | Marty    | Robling  | Wolf       |
| Dibble      | Howe         | McGuire  | Rosen    |            |
| Dziedzic    | Ingebrigtsen | Metzen   | Saxhaug  |            |
| Eaton       | Jungbauer    | Michel   | Senjem   |            |
| Fischbach   | Kelash       | Miller   | Sheran   |            |

The motion prevailed. So the amendment was adopted.

Senator Sieben moved to amend H.F. No. 2337, as amended by the Senate March 30, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1972.)

Page 10, after line 8, insert:

"Sec. 8. Minnesota Statutes 2010, section 289A.08, subdivision 3, is amended to read:

Subd. 3. **Corporations.** (a) A corporation that is subject to the state's jurisdiction to tax under section 290.014, subdivision 5, must file a return, ~~except that a foreign operating corporation as defined in section 290.01, subdivision 6b, is not required to file a return.~~

(b) Members of a unitary business that are required to file a combined report on one return must designate a member of the unitary business to be responsible for tax matters, including the filing of returns, the payment of taxes, additions to tax, penalties, interest, or any other payment, and for the receipt of refunds of taxes or interest paid in excess of taxes lawfully due. The designated member must be a member of the unitary business that is filing the single combined report and either:

(1) a corporation that is subject to the taxes imposed by chapter 290; or

(2) a corporation that is not subject to the taxes imposed by chapter 290:

(i) Such corporation consents by filing the return as a designated member under this clause to

remit taxes, penalties, interest, or additions to tax due from the members of the unitary business subject to tax, and receive refunds or other payments on behalf of other members of the unitary business. The member designated under this clause is a "taxpayer" for the purposes of this chapter and chapter 270C, and is liable for any liability imposed on the unitary business under this chapter and chapter 290.

(ii) If the state does not otherwise have the jurisdiction to tax the member designated under this clause, consenting to be the designated member does not create the jurisdiction to impose tax on the designated member, other than as described in item (i).

(iii) The member designated under this clause must apply for a business tax account identification number.

(c) The commissioner shall adopt rules for the filing of one return on behalf of the members of an affiliated group of corporations that are required to file a combined report. All members of an affiliated group that are required to file a combined report must file one return on behalf of the members of the group under rules adopted by the commissioner.

(d) If a corporation claims on a return that it has paid tax in excess of the amount of taxes lawfully due, that corporation must include on that return information necessary for payment of the tax in excess of the amount lawfully due by electronic means.

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

Page 11, after line 11, insert:

"Sec. 10. Minnesota Statutes 2010, section 290.01, subdivision 5, is amended to read:

Subd. 5. **Domestic corporation.** The term "domestic" when applied to a corporation means a corporation:

(1) created or organized in the United States, or under the laws of the United States or of any state, the District of Columbia, or any political subdivision of any of the foregoing but not including the Commonwealth of Puerto Rico, or any possession of the United States;

(2) ~~which~~ that qualifies as a DISC, as defined in section 992(a) of the Internal Revenue Code; ~~or~~

(3) ~~which~~ that qualifies as a FSC, as defined in section 922 of the Internal Revenue Code;

(4) that is incorporated in a tax haven;

(5) that is engaged in activity in a tax haven sufficient for the tax haven to impose a net income tax under United States constitutional standards and section 290.015, and that reports that 20 percent or more of its income is attributable to business in the tax haven; or

(6) that has 20 percent or more of the average of its property, payroll, and sales factors, as defined under section 290.191, within the 50 states of the United States and the District of Columbia.

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

Sec. 11. Minnesota Statutes 2010, section 290.01, is amended by adding a subdivision to read:

Subd. 5c. **Tax haven.** (a) "Tax haven" means the following foreign jurisdictions, unless the listing of the jurisdiction does not apply under paragraph (b):

- (1) Andorra;
- (2) Anguilla;
- (3) Antigua and Barbuda;
- (4) Aruba;
- (5) Bahamas;
- (6) Bahrain;
- (7) Belize;
- (8) British Virgin Islands;
- (9) Cayman Islands;
- (10) Cook Islands;
- (11) Costa Rica;
- (12) Dominica;
- (13) Gibraltar;
- (14) Grenada;
- (15) Guernsey-Sark-Alderney;
- (16) Jersey;
- (17) Jordan;
- (18) Lebanon;
- (19) Liberia;
- (20) Liechtenstein;
- (21) Maldives;
- (22) Marshall Islands;
- (23) Monaco;
- (24) Montserrat;
- (25) Nauru;
- (26) Netherlands Antilles;
- (27) Niue;

- (28) Panama;
- (29) St. Kitts and Nevis;
- (30) St. Lucia;
- (31) St. Vincent and Grenadines;
- (32) Tonga;
- (33) Turks and Caicos; and
- (34) Vanuatu.

(b) A foreign jurisdiction's listing under paragraph (a) does not apply to the first taxable year after the United States enters into a tax treaty or other agreement with the foreign jurisdiction that provides for prompt, obligatory, and automatic exchange of information with the United States government relevant to enforcing the provisions of federal tax laws and the treaty or other agreement was in effect for the taxable year.

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

Page 19, after line 25, insert:

"Sec. 15. Minnesota Statutes 2011 Supplement, 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 and 965 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). The deemed dividend shall be reduced by the amount of the addition to income required by clauses (20), (21), (22), and (23);~~

~~(12) 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;~~

~~(13)~~ (12) the amount of net income excluded under section 114 of the Internal Revenue Code;

~~(14)~~ (13) 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 Division C, title III, section 303(b) of Public Law 110-343;

~~(15)~~ (14) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A) and (k)(4)(A) 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)(1)(A) and (k)(4)(A) 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)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) 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)(1)(A) and (k)(4)(A) is allowed;

~~(16)~~ (15) 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;

~~(17)~~ (16) to the extent deducted in computing federal taxable income, the amount of the deduction allowable under section 199 of the Internal Revenue Code;

~~(18)~~ (17) for taxable years beginning before January 1, 2013, the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

~~(19)~~ (18) the amount of expenses disallowed under section 290.10, subdivision 2;

~~(20) an amount equal to the interest and intangible expenses, losses, and costs paid, accrued, or incurred by any member of the taxpayer's unitary group to or for the benefit of a corporation that is a member of the taxpayer's unitary business group that qualifies as a foreign operating corporation. For purposes of this clause, intangible expenses and costs include:~~

~~(i) expenses, losses, and costs for, or related to, the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;~~

~~(ii) losses incurred, directly or indirectly, from factoring transactions or discounting transactions;~~

~~(iii) royalty, patent, technical, and copyright fees;~~

~~(iv) licensing fees; and~~

~~(v) other similar expenses and costs.~~

~~For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.~~

~~This clause does not apply to any item of interest or intangible expenses or costs paid, accrued, or incurred, directly or indirectly, to a foreign operating corporation with respect to such item of income to the extent that the income to the foreign operating corporation is income from sources without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;~~

~~(21) except as already included in the taxpayer's taxable income pursuant to clause (20), any interest income and income generated from intangible property received or accrued by a foreign operating corporation that is a member of the taxpayer's unitary group. For purposes of this clause, income generated from intangible property includes:~~

~~(i) income related to the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;~~

~~(ii) income from factoring transactions or discounting transactions;~~

~~(iii) royalty, patent, technical, and copyright fees;~~

~~(iv) licensing fees; and~~

~~(v) other similar income.~~

~~For purposes of this clause, "intangible property" includes stocks, bonds, patents, patent applications, trade names, trademarks, service marks, copyrights, mask works, trade secrets, and similar types of intangible assets.~~

~~This clause does not apply to any item of interest or intangible income received or accrued by a foreign operating corporation with respect to such item of income to the extent that the income is income from sources without the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;~~

~~(22) the dividends attributable to the income of a foreign operating corporation that is a member~~



of the taxpayer's unitary group in an amount that is equal to the dividends paid deduction of a real estate investment trust under section 561(a) of the Internal Revenue Code for amounts paid or accrued by the real estate investment trust to the foreign operating corporation;

~~(23)~~ the income of a foreign operating corporation that is a member of the taxpayer's unitary group in an amount that is equal to gains derived from the sale of real or personal property located in the United States;

~~(24)~~ (19) for taxable years beginning before January 1, 2010, the additional amount allowed as a deduction for donation of computer technology and equipment under section 170(e)(6) of the Internal Revenue Code, to the extent deducted from taxable income; and

~~(25)~~ (20) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code.

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

Sec. 16. Minnesota Statutes 2010, section 290.01, subdivision 19d, is amended to read:

Subd. 19d. **Corporations; modifications decreasing federal taxable income.** For corporations, there shall be subtracted from federal taxable income after the increases provided in subdivision 19c:

(1) the amount of foreign dividend gross-up added to gross income for federal income tax purposes under section 78 of the Internal Revenue Code;

(2) the amount of salary expense not allowed for federal income tax purposes due to claiming the work opportunity credit under section 51 of the Internal Revenue Code;

(3) any dividend (not including any distribution in liquidation) paid within the taxable year by a national or state bank to the United States, or to any instrumentality of the United States exempt from federal income taxes, on the preferred stock of the bank owned by the United States or the instrumentality;

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

(i) to the extent the disallowed costs are represented by physical property, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7, subject to the modifications contained in subdivision 19e; and

(ii) to the extent the disallowed costs are not represented by physical property, an amount equal to the allowance for cost depletion under Minnesota Statutes 1986, section 290.09, subdivision 8;

(5) 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 (9), 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 19e~~ 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, unless the income resulting from such payments or accruals is income from sources within the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;~~

~~(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)~~ (11) the amount of disability access expenditures in the taxable year which are not allowed to be deducted or capitalized under section 44(d)(7) of the Internal Revenue Code;

~~(13)~~ (12) 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)~~ (13) 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)~~ (14) 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;

~~(16)~~ (15) any decrease in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

~~(17)~~ (16) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause ~~(15)~~ (14), 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 ~~(15)~~ (14). The resulting delayed depreciation cannot be less than zero;

~~(18)~~ (17) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause ~~(16)~~ (15), an amount equal to one-fifth of the amount of the addition; and

~~(19)~~ (18) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under section 290.01, subdivision 19c, clause ~~(25)~~ (20).

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

Page 24, after line 4, insert:

"Sec. 24. Minnesota Statutes 2010, section 290.0921, subdivision 3, is amended to read:

Subd. 3. **Alternative minimum taxable income.** "Alternative minimum taxable income" is Minnesota net income as defined in section 290.01, subdivision 19, and includes the adjustments and tax preference items in sections 56, 57, 58, and 59(d), (e), (f), and (h) of the Internal Revenue Code. If a corporation files a separate company Minnesota tax return, the minimum tax must be computed on a separate company basis. If a corporation is part of a tax group filing a unitary return, the minimum tax must be computed on a unitary basis. The following adjustments must be made.

(1) For purposes of the depreciation adjustments under section 56(a)(1) and 56(g)(4)(A) of the Internal Revenue Code, the basis for depreciable property placed in service in a taxable year beginning before January 1, 1990, is the adjusted basis for federal income tax purposes, including any modification made in a taxable year under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c).

For taxable years beginning after December 31, 2000, the amount of any remaining modification made under section 290.01, subdivision 19e, or Minnesota Statutes 1986, section 290.09, subdivision 7, paragraph (c), not previously deducted is a depreciation allowance in the first taxable year after December 31, 2000.

(2) The portion of the depreciation deduction allowed for federal income tax purposes under section 168(k) of the Internal Revenue Code that is required as an addition under section 290.01, subdivision 19c, clause (15), is disallowed in determining alternative minimum taxable income.

(3) The subtraction for depreciation allowed under section 290.01, subdivision 19d, clause (17), is allowed as a depreciation deduction in determining alternative minimum taxable income.

(4) The alternative tax net operating loss deduction under sections 56(a)(4) and 56(d) of the Internal Revenue Code does not apply.

(5) The special rule for certain dividends under section 56(g)(4)(C)(ii) of the Internal Revenue Code does not apply.

(6) The special rule for dividends from section 936 companies under section 56(g)(4)(C)(iii) does not apply.

(7) The tax preference for depletion under section 57(a)(1) of the Internal Revenue Code does not apply.

(8) The tax preference for intangible drilling costs under section 57(a)(2) of the Internal Revenue Code must be calculated without regard to subparagraph (E) and the subtraction under section 290.01, subdivision 19d, clause (4).

(9) The tax preference for tax exempt interest under section 57(a)(5) of the Internal Revenue Code does not apply.

(10) The tax preference for charitable contributions of appreciated property under section 57(a)(6) of the Internal Revenue Code does not apply.

(11) For purposes of calculating the tax preference for accelerated depreciation or amortization on certain property placed in service before January 1, 1987, under section 57(a)(7) of the Internal Revenue Code, the deduction allowable for the taxable year is the deduction allowed under section 290.01, subdivision 19e.

For taxable years beginning after December 31, 2000, the amount of any remaining modification made under section 290.01, subdivision 19e, not previously deducted is a depreciation or amortization allowance in the first taxable year after December 31, 2004.

(12) For purposes of calculating the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code, the term "alternative minimum taxable income" as it is used in section 56(g) of the Internal Revenue Code, means alternative minimum taxable income as defined in this subdivision, determined without regard to the adjustment for adjusted current earnings in section 56(g) of the Internal Revenue Code.

(13) For purposes of determining the amount of adjusted current earnings under section 56(g)(3) of the Internal Revenue Code, no adjustment shall be made under section 56(g)(4) of the Internal Revenue Code with respect to (i) the amount of foreign dividend gross-up subtracted as provided in section 290.01, subdivision 19d, clause (1), or (ii) the amount of refunds of income, excise, or franchise taxes subtracted as provided in section 290.01, subdivision 19d, clause (9); ~~or (iii) the amount of royalties, fees or other like income subtracted as provided in section 290.01, subdivision 19d, clause (10).~~

(14) Alternative minimum taxable income excludes the income from operating in a job opportunity building zone as provided under section 469.317.

(15) Alternative minimum taxable income excludes the income from operating in a biotechnology and health sciences industry zone as provided under section 469.337.

(16) Alternative minimum taxable income excludes the income from operating in an international economic development zone as provided under section 469.326.

Items of tax preference must not be reduced below zero as a result of the modifications in this subdivision.

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

Sec. 25. Minnesota Statutes 2010, section 290.17, subdivision 4, is amended to read:

Subd. 4. **Unitary business principle.** (a) If a trade or business conducted wholly within this state or partly within and partly without this state is part of a unitary business, the entire income of the unitary business is subject to apportionment pursuant to section 290.191. Notwithstanding subdivision 2, paragraph (c), none of the income of a unitary business is considered to be derived from any particular source and none may be allocated to a particular place except as provided by the applicable apportionment formula. The provisions of this subdivision do not apply to business income subject to subdivision 5, income of an insurance company, or income of an investment company determined under section 290.36.

(b) The term "unitary business" means business activities or operations which result in a flow of value between them. The term may be applied within a single legal entity or between multiple entities and without regard to whether each entity is a sole proprietorship, a corporation, a partnership or a trust.

(c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other controlled interaction, but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity is also presumed when business activities or operations are of mutual benefit, dependent upon or contributory to one another, either individually or as a group.

(d) Where a business operation conducted in Minnesota is owned by a business entity that carries on business activity outside the state different in kind from that conducted within this state, and the other business is conducted entirely outside the state, it is presumed that the two business operations are unitary in nature, interrelated, connected, and interdependent unless it can be shown to the contrary.

(e) Unity of ownership is not deemed to exist when a corporation is involved unless that corporation is a member of a group of two or more business entities and more than 50 percent of the voting stock of each member of the group is directly or indirectly owned by a common owner or by common owners, either corporate or noncorporate, or by one or more of the member corporations of the group. For this purpose, the term "voting stock" shall include membership interests of mutual insurance holding companies formed under section 66A.40.

(f) The net income and apportionment factors under section 290.191 or 290.20 of foreign

corporations and other foreign entities which are part of a unitary business shall not be included in the net income or the apportionment factors of the unitary business. A foreign corporation or other foreign entity which is required to file a return under this chapter shall file on a separate return basis. The net income and apportionment factors under section 290.191 or 290.20 of foreign operating corporations shall not be included in the net income or the apportionment factors of the unitary business except as provided in paragraph (g). The provisions of this paragraph are not severable from the provisions of section 290.01, subdivision 5, clauses (4) to (6); if any of those provisions are found to be unconstitutional, the provisions of this paragraph are void for the respective taxable years.

~~(g)~~ The adjusted net income of a foreign operating corporation shall be deemed to be paid as a dividend on the last day of its taxable year to each shareholder thereof, in proportion to each shareholder's ownership, with which such corporation is engaged in a unitary business. Such deemed dividend shall be treated as a dividend under section 290.21, subdivision 4.

Dividends actually paid by a foreign operating corporation to a corporate shareholder which is a member of the same unitary business as the foreign operating corporation shall be eliminated from the net income of the unitary business in preparing a combined report for the unitary business. The adjusted net income of a foreign operating corporation shall be its net income adjusted as follows:

(1) any taxes paid or accrued to a foreign country, the commonwealth of Puerto Rico, or a United States possession or political subdivision of any of the foregoing shall be a deduction; and

(2) the subtraction from federal taxable income for payments received from foreign corporations or foreign operating corporations under section 290.01, subdivision 19d, clause (10), shall not be allowed.

If a foreign operating corporation incurs a net loss, neither income nor deduction from that corporation shall be included in determining the net income of the unitary business.

~~(h)~~ (g) For purposes of determining the net income of a unitary business and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there must be included only the income and apportionment factors of domestic corporations or other domestic entities ~~other than foreign operating corporations~~ that are determined to be part of the unitary business pursuant to this subdivision, notwithstanding that foreign corporations or other foreign entities might be included in the unitary business, except that foreign corporations or other foreign entities that are included on a federal income tax return must be included on the combined report. Income of a foreign partnership or other foreign entity treated as a partnership included in federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended, through the date named in section 290.01, subdivision 19, and the proportionate amount of apportionment factors, must be included in the combined report.

~~(i)~~ (h) Deductions for expenses, interest, or taxes otherwise allowable under this chapter that are connected with or allocable against dividends, ~~deemed dividends described in paragraph (g), or royalties, fees, or other like income described in section 290.01, subdivision 19d, clause (10),~~ shall not be disallowed.

~~(j)~~ (i) Each corporation or other entity, except a sole proprietorship, that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph ~~(h)~~ (g) must be

eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph ~~(h)~~ (g) in the denominators of the apportionment formula. All sales of the unitary business made within Minnesota as provided in section 290.191 or 290.20 must be included on the separate combined report of a corporation that is a member of the unitary business and is subject to the jurisdiction of this state to impose tax under this chapter.

~~(k)~~ (j) If a corporation has been divested from a unitary business and is included in a combined report for a fractional part of the common accounting period of the combined report:

(1) its income includable in the combined report is its income incurred for that part of the year determined by proration or separate accounting; and

(2) its sales, property, and payroll included in the apportionment formula must be prorated or accounted for separately.

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

Sec. 26. Minnesota Statutes 2010, section 290.191, subdivision 5, is amended to read:

Subd. 5. **Determination of sales factor.** For purposes of this section, the following rules apply in determining the sales factor.

(a) The sales factor includes all sales, gross earnings, or receipts received in the ordinary course of the business, except that the following types of income are not included in the sales factor:

(1) interest;

(2) dividends;

(3) sales of capital assets as defined in section 1221 of the Internal Revenue Code;

(4) sales of property used in the trade or business, except sales of leased property of a type which is regularly sold as well as leased; and

(5) sales of debt instruments as defined in section 1275(a)(1) of the Internal Revenue Code or sales of stock; and

~~(6) royalties, fees, or other like income of a type which qualify for a subtraction from federal taxable income under section 290.01, subdivision 19d(10).~~

(b) Sales of tangible personal property are made within this state if the property is received by a purchaser at a point within this state, and the taxpayer is taxable in this state, regardless of the f.o.b. point, other conditions of the sale, or the ultimate destination of the property.

(c) Tangible personal property delivered to a common or contract carrier or foreign vessel for delivery to a purchaser in another state or nation is a sale in that state or nation, regardless of f.o.b. point or other conditions of the sale.

(d) Notwithstanding paragraphs (b) and (c), when intoxicating liquor, wine, fermented malt

beverages, cigarettes, or tobacco products are sold to a purchaser who is licensed by a state or political subdivision to resell this property only within the state of ultimate destination, the sale is made in that state.

(e) Sales made by or through a corporation that is qualified as a domestic international sales corporation under section 992 of the Internal Revenue Code are not considered to have been made within this state.

(f) Sales, rents, royalties, and other income in connection with real property is attributed to the state in which the property is located.

(g) Receipts from the lease or rental of tangible personal property, including finance leases and true leases, must be attributed to this state if the property is located in this state and to other states if the property is not located in this state. Receipts from the lease or rental of moving property including, but not limited to, motor vehicles, rolling stock, aircraft, vessels, or mobile equipment are included in the numerator of the receipts factor to the extent that the property is used in this state. The extent of the use of moving property is determined as follows:

(1) A motor vehicle is used wholly in the state in which it is registered.

(2) The extent that rolling stock is used in this state is determined by multiplying the receipts from the lease or rental of the rolling stock by a fraction, the numerator of which is the miles traveled within this state by the leased or rented rolling stock and the denominator of which is the total miles traveled by the leased or rented rolling stock.

(3) The extent that an aircraft is used in this state is determined by multiplying the receipts from the lease or rental of the aircraft by a fraction, the numerator of which is the number of landings of the aircraft in this state and the denominator of which is the total number of landings of the aircraft.

(4) The extent that a vessel, mobile equipment, or other mobile property is used in the state is determined by multiplying the receipts from the lease or rental of the property by a fraction, the numerator of which is the number of days during the taxable year the property was in this state and the denominator of which is the total days in the taxable year.

(h) Royalties and other income not described in paragraph (a), clause (6), received for the use of or for the privilege of using intangible property, including patents, know-how, formulas, designs, processes, patterns, copyrights, trade names, service names, franchises, licenses, contracts, customer lists, or similar items, must be attributed to the state in which the property is used by the purchaser. If the property is used in more than one state, the royalties or other income must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the royalties or other income must be excluded from both the numerator and the denominator. Intangible property is used in this state if the purchaser uses the intangible property or the rights therein in the regular course of its business operations in this state, regardless of the location of the purchaser's customers.

(i) Sales of intangible property are made within the state in which the property is used by the purchaser. If the property is used in more than one state, the sales must be apportioned to this state pro rata according to the portion of use in this state. If the portion of use in this state cannot be determined, the sale must be excluded from both the numerator and the denominator of the sales factor. Intangible property is used in this state if the purchaser used the intangible property in the



regular course of its business operations in this state.

(j) Receipts from the performance of services must be attributed to the state where the services are received. For the purposes of this section, receipts from the performance of services provided to a corporation, partnership, or trust may only be attributed to a state where it has a fixed place of doing business. If the state where the services are received is not readily determinable or is a state where the corporation, partnership, or trust receiving the service does not have a fixed place of doing business, the services shall be deemed to be received at the location of the office of the customer from which the services were ordered in the regular course of the customer's trade or business. If the ordering office cannot be determined, the services shall be deemed to be received at the office of the customer to which the services are billed.

(k) For the purposes of this subdivision and subdivision 6, paragraph (l), receipts from management, distribution, or administrative services performed by a corporation or trust for a fund of a corporation or trust regulated under United States Code, title 15, sections 80a-1 through 80a-64, must be attributed to the state where the shareholder of the fund resides. Under this paragraph, receipts for services attributed to shareholders are determined on the basis of the ratio of: (1) the average of the outstanding shares in the fund owned by shareholders residing within Minnesota at the beginning and end of each year; and (2) the average of the total number of outstanding shares in the fund at the beginning and end of each year. Residence of the shareholder, in the case of an individual, is determined by the mailing address furnished by the shareholder to the fund. Residence of the shareholder, when the shares are held by an insurance company as a depositor for the insurance company policyholders, is the mailing address of the policyholders. In the case of an insurance company holding the shares as a depositor for the insurance company policyholders, if the mailing address of the policyholders cannot be determined by the taxpayer, the receipts must be excluded from both the numerator and denominator. Residence of other shareholders is the mailing address of the shareholder.

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

Sec. 27. Minnesota Statutes 2010, section 290.21, subdivision 4, is amended to read:

Subd. 4. **Dividends received from another corporation.** (a)(1) Eighty percent of dividends received by a corporation during the taxable year from another corporation, in which the recipient owns 20 percent or more of the stock, by vote and value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer or would not be included in the inventory of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of the income and gains therefrom; and

(2)(i) the remaining 20 percent of dividends if the dividends received are the stock in an affiliated company transferred in an overall plan of reorganization and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989;

(ii) the remaining 20 percent of dividends if the dividends are received from a corporation which is subject to tax under section 290.36 and which is a member of an affiliated group of corporations as

defined by the Internal Revenue Code and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989, or is deducted under an election under section 243(b) of the Internal Revenue Code; or

(iii) the remaining 20 percent of the dividends if the dividends are received from a property and casualty insurer as defined under section 60A.60, subdivision 8, which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and either: (A) the dividend is eliminated in consolidation under Treasury Regulation 1.1502-14(a), as amended through December 31, 1989; or (B) the dividend is deducted under an election under section 243(b) of the Internal Revenue Code.

(b) Seventy percent of dividends received by a corporation during the taxable year from another corporation in which the recipient owns less than 20 percent of the stock, by vote or value, not including stock described in section 1504(a)(4) of the Internal Revenue Code when the corporate stock with respect to which dividends are paid does not constitute the stock in trade of the taxpayer, or does not constitute property held by the taxpayer primarily for sale to customers in the ordinary course of the taxpayer's trade or business, or when the trade or business of the taxpayer does not consist principally of the holding of the stocks and the collection of income and gain therefrom.

(c) The dividend deduction provided in this subdivision shall be allowed only with respect to dividends that are included in a corporation's Minnesota taxable net income for the taxable year.

The dividend deduction provided in this subdivision does not apply to a dividend from a corporation which, for the taxable year of the corporation in which the distribution is made or for the next preceding taxable year of the corporation, is a corporation exempt from tax under section 501 of the Internal Revenue Code.

The dividend deduction provided in this subdivision does not apply to a dividend received from a real estate investment trust, as defined in section 856 of the Internal Revenue Code.

The dividend deduction provided in this subdivision applies to the amount of regulated investment company dividends only to the extent determined under section 854(b) of the Internal Revenue Code.

The dividend deduction provided in this subdivision shall not be allowed with respect to any dividend for which a deduction is not allowed under the provisions of section 246(c) of the Internal Revenue Code.

(d) If dividends received by a corporation that does not have nexus with Minnesota under the provisions of Public Law 86-272 are included as income on the return of an affiliated corporation permitted or required to file a combined report under section 290.17, subdivision 4, or 290.34, subdivision 2, then for purposes of this subdivision the determination as to whether the trade or business of the corporation consists principally of the holding of stocks and the collection of income and gains therefrom shall be made with reference to the trade or business of the affiliated corporation having a nexus with Minnesota.

(e) The deduction provided by this subdivision does not apply if the dividends are paid by a FSC as defined in section 922 of the Internal Revenue Code.

(f) If one or more of the members of the unitary group whose income is included on the combined report received a dividend, the deduction under this subdivision for each member of the unitary

business required to file a return under this chapter is the product of: (1) 100 percent of the dividends received by members of the group; (2) the percentage allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income apportionable to this state for the taxable year under section 290.191 or 290.20.

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

Page 26, delete section 22 and insert:

"Sec. 31. **REPEALER.**

(a) Minnesota Statutes 2010, section 290.0677, subdivision 1a, is repealed.

(b) Minnesota Statutes 2010, section 290.92, subdivision 31, is repealed.

(c) Minnesota Statutes 2010, section 290.01, subdivision 6b, is repealed.

(d) Minnesota Statutes 2010, section 290.0921, subdivision 7, is repealed.

**EFFECTIVE DATE.** Paragraph (a) is effective for taxable years beginning after December 31, 2012. Paragraph (b) is effective for payments made after June 30, 2012. Paragraphs (c) and (d) are effective for taxable years beginning after December 31, 2011."

Page 45, after line 12, insert:

"Sec. 2. Minnesota Statutes 2011 Supplement, section 123B.75, subdivision 5, is amended to read:

Subd. 5. **Levy recognition.** ~~(a) For fiscal years 2009 and 2010, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:~~

~~(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or~~

~~(2) the sum of:~~

~~(i) 31 percent of the referendum levy certified according to section 126C.17, in calendar year 2000; and~~

~~(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; 126C.457; and 126C.48, subdivision 6; plus~~

~~(iii) zero percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, not including the levy portions that are assumed by the state, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to item (ii).~~

~~(b)(a) For fiscal year 2011 and later years, in June of each year, the school district must recognize as revenue, in the fund for which the levy was made, the lesser of:~~

(1) the sum of May, June, and July school district tax settlement revenue received in that calendar year, plus general education aid according to section 126C.13, subdivision 4, received in July and August of that calendar year; or

(2) the sum of:

(i) the greater of 48.6 percent of the referendum levy certified according to section 126C.17 in the prior calendar year, or 31 percent of the referendum levy certified according to section 126C.17 in calendar year 2000; plus

(ii) the entire amount of the levy certified in the prior calendar year according to section 124D.4531, 124D.86, subdivision 4, for school districts receiving revenue under sections 124D.86, subdivision 3, clauses (1), (2), and (3); 126C.41, subdivisions 1, 2, paragraph (a), and 3, paragraphs (b), (c), and (d); 126C.43, subdivision 2; and 126C.48, subdivision 6; plus

(iii) 48.6 percent of the amount of the levy certified in the prior calendar year for the school district's general and community service funds, plus or minus auditor's adjustments, that remains after subtracting the referendum levy certified according to section 126C.17 and the amount recognized according to item (ii).

(b) The levy recognition percentage under paragraph (a), clause (2), must be lowered to the nearest one-tenth of a percentage allowed by the amount of the certified revenue remaining after the application of revenue under section 127A.45, subdivision 18, until such time as the levy recognition percentage is lowered to zero.

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

Page 124, after line 27, insert:

"Section 1. Minnesota Statutes 2010, section 127A.45, is amended by adding a subdivision to read:

Subd. 18. **Shift repayment; appropriations.** On July 1 of each year, the commissioner of revenue must certify to the commissioner of education the estimated amount of revenue raised under this act during the current calendar year. The certified amount is annually appropriated from the general fund to the Department of Education. The commissioner of education must increase the aid payment percentage under subdivision 2 to the lesser of 90 or the amount funded by the certified revenue amount. Once the aid payment percentage is restored to 90, any additional certified revenue amount must be used to lower the property tax recognition shift under section 123B.75, subdivision 5.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Ortman questioned whether the amendment was germane.

The President ruled that the amendment was germane.

The question was taken on the adoption of the Sieben amendment.

The roll was called, and there were yeas 26 and nays 36, as follows:

Those who voted in the affirmative were:

|          |            |         |           |            |
|----------|------------|---------|-----------|------------|
| Bakk     | Harrington | Lourey  | Sheran    | Torres Ray |
| Cohen    | Hayden     | Marty   | Sieben    | Wiger      |
| Dibble   | Higgins    | McGuire | Skoe      |            |
| Dziedzic | Kelash     | Metzen  | Sparks    |            |
| Eaton    | Latz       | Rest    | Stumpf    |            |
| Goodwin  | Limmer     | Saxhaug | Tomassoni |            |

Those who voted in the negative were:

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

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

Senator Rest moved to amend H.F. No. 2337, as amended by the Senate March 30, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1972.)

Page 28, after line 21, insert:

"Sec. 2. Minnesota Statutes 2010, section 289A.50, is amended by adding a subdivision to read:

**Subd. 2d. Refunds for Canadian purchases.** (a) The commissioner shall issue a refund of sales tax paid by Canadian residents or Canadian businesses on purchases made in Minnesota if:

(1) the Canadian purchaser was in Minnesota expressly to make the purchase, and not for recreational or tourism purposes;

(2) the items purchased were removed from Minnesota within 30 days of purchase for permanent use outside Minnesota;

(3) gross receipts from each individual sales transaction, which may include one or more items, equal \$25 or more; and

(4) the amount of the refund, based on qualifying sales made within one calendar year of the first qualifying purchase, is \$15 or more.

(b) Claims for refunds authorized under this subdivision shall be made in the form and manner prescribed by the commissioner and shall include a description of the purchase, the seller's name, the amount paid, the date of purchase, and the original sales receipt. Individuals living in the same household may make a joint refund request.

(c) This subdivision does not apply to sales tax paid on taxable services as defined in section 297A.61, subdivision 3, paragraph (g).

(d) The amount required to make the refunds is annually appropriated to the commissioner.

**EFFECTIVE DATE.** This section is effective retroactively for sales and purchases made after December 31, 2010, and for refunds issued after June 30, 2012."

Page 32, after line 9, insert:

"Sec. 5. Minnesota Statutes 2010, section 297A.66, is amended by adding a subdivision to read:

Subd. 4a. **Solicitor.** (a) "Solicitor," for purposes of subdivision 1, paragraph (a), means a person, whether an independent contractor or other representative, who directly or indirectly solicits business for the retailer.

(b) A retailer is presumed to have a solicitor in this state if it enters into an agreement with a resident under which the resident, for a commission or other consideration, directly or indirectly refers potential customers, whether by a link on an Internet Web site, or otherwise to the seller. This paragraph only applies if the total gross receipts from sales to customers located in this state who were referred to the retailer by all residents with this type of agreement with the retailer are at least \$10,000 in the 12-month period ending on the last day of the most recent calendar quarter before the calendar quarter in which the sale is made.

(c) The presumption under paragraph (a) may be rebutted by proof that the resident with whom the retailer has an agreement did not engage in any solicitation in this state on behalf of the retailer that would satisfy the nexus requirements of the United States Constitution during the 12-month period in question. Nothing in this section shall be construed to narrow the scope of the terms affiliate, agent, salesperson, canvasser, or other representative for purposes of subdivision 1, paragraph (a).

(d) For purposes of this paragraph, "resident" includes an individual who is a resident of this state, as defined in section 290.01, or a business that owns tangible personal property located in this state or has one or more employees providing services for it in this state.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2012."

Page 39, after line 11, insert:

"Sec. 10. Minnesota Statutes 2010, section 297A.71, is amended by adding a subdivision to read:

Subd. 43. **Chemical cellulose production facility.** Materials and supplies used or consumed in, and capital equipment incorporated into, the construction, improvement, or expansion of, a chemical cellulose production facility are exempt if:

(1) the purpose of the construction, improvement, or expansion of the facility is the production of chemical cellulose;

(2) the total capital investment needed for the facility is at least \$150,000,000; and

(3) for each year this subdivision is effective, the facility receives certification from the Department of Employment and Economic Development that the facility employs no fewer than 700 full-time equivalent workers in the state.

**EFFECTIVE DATE.** This section is effective the day following final enactment and applies to sales and purchases made before July 1, 2013."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Ortman moved to amend the Rest amendment to H.F. No. 2337 as follows:

Page 1, delete lines 4 to 35

Page 2, delete lines 1 to 32

Page 2, after line 32, insert:

"Page 44, after line 19, insert:

"Sec. 13. **SOLICITOR NEXUS STUDY.**

(a) The Department of Revenue shall conduct a study on solicitor nexus, which must include: a review of similar laws proposed and enacted in other states and if enacted, their revenue impacts; a discussion of the legal questions raised by state solicitor nexus laws; the impact of Internet sales in Minnesota; the status and potential impact to states of federal legislation on the issue; and any other information applicable to solicitor nexus laws.

(b) By January 15, 2013, the commissioner shall submit a report on the study required under this section to the chairs and ranking minority members of the house of representatives and senate committees with jurisdiction over taxation, of the findings of the study and identification of issues for policy makers to consider in whether to adopt a solicitor nexus provision.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Rest questioned whether the amendment to the amendment was germane.

The President ruled that the amendment to the amendment was germane.

Senator Rest requested division of the Ortman amendment to the amendment as follows:

First portion:

Page 2, after line 32, insert:

"Page 44, after line 19, insert:

"Sec. 13. **SOLICITOR NEXUS STUDY.**

(a) The Department of Revenue shall conduct a study on solicitor nexus, which must include: a review of similar laws proposed and enacted in other states and if enacted, their revenue impacts; a discussion of the legal questions raised by state solicitor nexus laws; the impact of Internet sales in Minnesota; the status and potential impact to states of federal legislation on the issue; and any other information applicable to solicitor nexus laws.

(b) By January 15, 2013, the commissioner shall submit a report on the study required under this section to the chairs and ranking minority members of the house of representatives and senate

committees with jurisdiction over taxation, of the findings of the study and identification of issues for policy makers to consider in whether to adopt a solicitor nexus provision.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the first portion of the amendment to the amendment.

The roll was called, and there were yeas 42 and nays 20, as follows:

Those who voted in the affirmative were:

|             |              |         |          |            |
|-------------|--------------|---------|----------|------------|
| Benson      | Fischbach    | Kelash  | Miller   | Rosen      |
| Brown       | Gazelka      | Koch    | Nelson   | Senjem     |
| Carlson     | Gerlach      | Lillie  | Newman   | Stumpf     |
| Chamberlain | Gimse        | Limmer  | Nienow   | Thompson   |
| Dahms       | Hall         | Magnus  | Olson    | Torres Ray |
| Daley       | Hann         | Marty   | Ortman   | Wolf       |
| DeKruif     | Howe         | McGuire | Parry    |            |
| Dziedzic    | Ingebrigtsen | Metzen  | Pederson |            |
| Eaton       | Jungbauer    | Michel  | Robling  |            |

Those who voted in the negative were:

|        |            |        |         |           |
|--------|------------|--------|---------|-----------|
| Bakk   | Goodwin    | Kruse  | Saxhaug | Sparks    |
| Bonoff | Harrington | Latz   | Sheran  | Tomassoni |
| Cohen  | Hayden     | Lourey | Sieben  | Vandever  |
| Dibble | Higgins    | Rest   | Skoe    | Wiger     |

The motion prevailed. So the first portion of the amendment to the amendment was adopted.

Second portion:

Page 1, delete lines 4 to 35

Page 2, delete lines 1 to 32

The question was taken on the adoption of the second portion of the amendment to the amendment.

The roll was called, and there were yeas 36 and nays 26, 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       | Howe         | Michel | Pederson |          |
| DeKruif     | Ingebrigtsen | Miller | Robling  |          |
| Fischbach   | Jungbauer    | Nelson | Rosen    |          |

Those who voted in the negative were:

|        |            |         |         |         |
|--------|------------|---------|---------|---------|
| Bakk   | Dziedzic   | Hayden  | Lourey  | Rest    |
| Bonoff | Eaton      | Higgins | Marty   | Saxhaug |
| Cohen  | Goodwin    | Kelash  | McGuire | Sheran  |
| Dibble | Harrington | Latz    | Metzen  | Sieben  |



Skoe  
Sparks

Stumpf  
Tomassoni

Torres Ray  
Wiger

The motion prevailed. So the second portion of the amendment to the amendment was adopted.  
Senator Rest withdrew her amendment, as amended.

Senator Skoe moved to amend H.F. No. 2337, as amended by the Senate March 30, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1972.)

Page 44, delete section 1

Page 50, delete section 6

Page 51, delete section 7

Page 55, delete section 9

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 26 and nays 34, as follows:

Those who voted in the affirmative were:

|          |            |         |           |            |
|----------|------------|---------|-----------|------------|
| Bakk     | Goodwin    | Lourey  | Sheran    | Torres Ray |
| Carlson  | Harrington | Marty   | Sieben    | Wiger      |
| Cohen    | Hayden     | McGuire | Skoe      |            |
| Dahms    | Higgins    | Metzen  | Sparks    |            |
| Dziedzic | Howe       | Nelson  | Stumpf    |            |
| Eaton    | Kelash     | Saxhaug | Tomassoni |            |

Those who voted in the negative were:

|             |              |           |          |            |
|-------------|--------------|-----------|----------|------------|
| Benson      | Fischbach    | Jungbauer | Michel   | Rest       |
| Bonoff      | Gazelka      | Koch      | Miller   | Robling    |
| Brown       | Gerlach      | Kruse     | Newman   | Rosen      |
| Chamberlain | Gimse        | Latz      | Nienow   | Senjem     |
| Daley       | Hall         | Lillie    | Ortman   | Vanderveer |
| DeKruif     | Hann         | Limmer    | Parry    | Wolf       |
| Dibble      | Ingebrigtsen | Magnus    | Pederson |            |

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

Senator Dibble moved to amend H.F. No. 2337, as amended by the Senate March 30, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1972.)

Page 44, after line 19, insert:

"Sec. 13. Minnesota Statutes 2010, section 297F.01, subdivision 3, is amended to read:

Subd. 3. **Cigarette.** "Cigarette" means any roll for smoking made wholly or in part of tobacco, that weighs 4.5 pounds or less per thousand:

(1) the wrapper or cover of which is made of paper or another substance or material except tobacco; or

(2) wrapped in any substance containing tobacco, however labeled or named, which, because of its appearance, size, the type of tobacco used in the filler, or its packaging, pricing, marketing, or labeling, is likely to be offered to or purchased by consumers as a cigarette, as defined in clause (1), unless it is wrapped in whole tobacco leaf and does not have a cellulose acetate or other cigarette-like filter.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2012.

Sec. 14. Minnesota Statutes 2010, section 297F.01, subdivision 19, is amended to read:

Subd. 19. **Tobacco products.** "Tobacco products" means any product containing, made, or derived from tobacco that is intended for human consumption, whether chewed, smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or any component, part, or accessory of a tobacco product, including, but not limited to, cigars; ~~little cigars~~; cheroots; stogies; periques; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine-cut and other chewing tobacco; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco, and other kinds and forms of tobacco; but does not include cigarettes as defined in this section. Tobacco products excludes any tobacco product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for such an approved purpose.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2012.

Sec. 15. Minnesota Statutes 2010, section 325D.32, subdivision 2, is amended to read:

Subd. 2. **Cigarettes.** "Cigarettes" means and includes any roll for smoking, made wholly or in part of tobacco, irrespective of size and shape and whether or not such tobacco is flavored, adulterated or mixed with any other ingredient, the wrapper or cover of which is made of paper or any other substance or material except whole tobacco leaf, and includes any cigarette as defined in section 297F.01, subdivision 3.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2012."

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 29 and nays 31, as follows:

Those who voted in the affirmative were:

|          |            |         |         |            |
|----------|------------|---------|---------|------------|
| Bakk     | Eaton      | Kelash  | Nelson  | Sparks     |
| Bonoff   | Fischbach  | Latz    | Rest    | Stumpf     |
| Cohen    | Goodwin    | Lourey  | Saxhaug | Tomassoni  |
| Dahms    | Harrington | Marty   | Sheran  | Torres Ray |
| Dibble   | Hayden     | McGuire | Sieben  | Wiger      |
| Dziedzic | Higgins    | Metzen  | Skoe    |            |

Those who voted in the negative were:

|             |              |        |          |          |
|-------------|--------------|--------|----------|----------|
| Benson      | Gerlach      | Koch   | Newman   | Senjem   |
| Brown       | Gimse        | Kruse  | Nienow   | Vandever |
| Carlson     | Hall         | Lillie | Ortman   | Wolf     |
| Chamberlain | Hann         | Limmer | Parry    |          |
| Daley       | Howe         | Magnus | Pederson |          |
| DeKruif     | Ingebrigtsen | Michel | Robling  |          |
| Gazelka     | Jungbauer    | Miller | Rosen    |          |

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

H.F. No. 2337 was read the third time, as amended.

With the unanimous consent of the Senate, Senator Rosen moved to amend H.F. No. 2337, as amended by the Senate March 30, 2012, as follows:

(The text of the amended House File is identical to S.F. No. 1972.)

Page 39, after line 11, insert:

"Sec. 8. Minnesota Statutes 2010, section 297A.70, is amended by adding a subdivision to read:

Subd. 18. **Nursing homes and boarding care homes.** (a) All sales, except those listed in paragraph (b), to a nursing home licensed under section 144A.02 or a boarding care home certified as a nursing facility under title 19 of the Social Security Act are exempt if the facility:

(1) is exempt from federal income taxation pursuant to section 501(c)(3) of the Internal Revenue Code; and

(2) is certified to participate in the medical assistance program under title 19 of the Social Security Act, or certifies to the commissioner that it does not discharge residents due to the inability to pay.

(b) This exemption does not apply to the following sales:

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

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

(3) lodging as defined under section 297A.61, subdivision 3, paragraph (g), clause (2), and prepared food, candy, soft drinks, and alcoholic beverages as defined in section 297A.67, subdivision 2; and

(4) leasing of a motor vehicle as defined in section 297B.01, subdivision 11, except as provided in paragraph (c).

(c) This exemption applies to the leasing of a motor vehicle as defined in section 297B.01, subdivision 11, only if the vehicle is:

(1) a truck, as defined in section 168.002; a bus, as defined in section 168.002; or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more

than nine persons including the driver; and

(2) intended to be used primarily to transport tangible personal property or residents of the nursing home or boarding care home.

**EFFECTIVE DATE.** This section is effective for sales and purchases made after June 30, 2012."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

The question was taken on the final passage of H.F. No. 2337, as amended.

The roll was called, and there were yeas 34 and nays 26, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

|          |            |         |           |            |
|----------|------------|---------|-----------|------------|
| Bakk     | Goodwin    | Lourey  | Sheran    | Torres Ray |
| Bonoff   | Harrington | Marty   | Sieben    | Wiger      |
| Cohen    | Hayden     | McGuire | Skoe      |            |
| Dibble   | Higgins    | Metzen  | Sparks    |            |
| Dziedzic | Kelash     | Rest    | Stumpf    |            |
| Eaton    | Latz       | Saxhaug | Tomassoni |            |

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

### **MOTIONS AND RESOLUTIONS - CONTINUED**

Senator Ortman moved that S.F. No. 1972, No. 104 on General Orders, be stricken and laid on the table. The motion prevailed.

Without objection, remaining on the Order of Business of Motions and Resolutions, the Senate reverted to the Orders of Business of Reports of Committee and Second Reading of Senate Bills.

### **REPORTS OF COMMITTEES**

Senator Senjem moved that the Committee Reports at the Desk be now adopted, with the exception of the report on H.F. No. 873. The motion prevailed.

**Senator Robling from the Committee on Finance, to which was re-referred**

**S.F. No. 2571:** A bill for an act relating to transportation capital improvements; authorizing spending to acquire and better public land and buildings for trunk highway purposes; authorizing the sale and issuance of trunk highway bonds; appropriating money.

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

**Senator Robling from the Committee on Finance, to which was re-referred**

**H.F. No. 873:** A bill for an act relating to education finance; removing obsolete language; amending Minnesota Statutes 2010, section 126C.10, subdivision 13a.

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

Delete everything after the enacting clause and insert:

**"ARTICLE 1****RACINO****Section 1. [47.522] PROHIBITION NEAR RACINO.**

No detached facility may be located on the premises of a racetrack referenced in section 349A.17, subdivision 1, paragraph (a).

Sec. 2. Minnesota Statutes 2010, section 240.03, is amended to read:

**240.03 COMMISSION POWERS AND DUTIES.**

The commission has the following powers and duties:

- (1) to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;
- (2) to issue licenses as provided in this chapter;
- (3) to enforce all laws and rules governing horse racing;
- (4) to collect and distribute all taxes provided for in this chapter;
- (5) to conduct necessary investigations and inquiries and compel the submission of information, documents, and records it deems necessary to carry out its duties;
- (6) to supervise the conduct of pari-mutuel betting on horse racing;
- (7) to employ and supervise personnel under this chapter;
- (8) to determine the number of racing days to be held in the state and at each licensed racetrack;
- (9) to take all necessary steps to ensure the integrity of racing in Minnesota; ~~and~~
- (10) to impose fees on the racing and card playing industries sufficient to recover the operating costs of the commission with the approval of the legislature according to section 16A.1283. Notwithstanding section 16A.1283, when the legislature is not in session, the commissioner of management and budget may grant interim approval for any new fees or adjustments to existing

fees that are not statutorily specified, until such time as the legislature reconvenes and acts upon the new fees or adjustments. As part of its biennial budget request, the commission must propose changes to its fees that will be sufficient to recover the operating costs of the commission; and

(11) to take all necessary steps to ensure the security of all activities in a class A licensed racetrack. The duties and responsibilities of the commission include but are not limited to licensing employees of a class A licensee and vendors to the class A licensee involved in the conduct of gaming machines authorized by a location contract with the director of the State Lottery under section 349A.17 and overall surveillance and security of all conduct on all facilities of a licensed racetrack. The commission shall require that a class A licensed racetrack reimburse it for the commission's actual costs, including personnel costs, for conducting activities provided in this clause and amounts received must be deposited as provided in section 240.155, subdivision 1. The commission shall review procedures of the class A licensee to ensure compliance with section 240.13, subdivision 5a.

Sec. 3. Minnesota Statutes 2010, section 240.13, is amended by adding a subdivision to read:

Subd. 5a. **Equine industry improvement fund.** (a) To compensate the horse racing industry for the presence of lottery gaming machines at class A racing facilities, the commission shall establish and maintain an equine industry improvement fund. Each licensee holding a location contract with the lottery director shall, as directed by the commission, transmit an amount equal to 12 percent of the location contract compensation received from the lottery director to the commission for deposit into the equine industry improvement fund. Seventy-five percent of the funds shall be allocated for purse supplements. The commission shall routinely transfer 80 percent of the fund allocated for purse supplements to a licensee conducting live racing for more than one breed of horse and 20 percent to a licensee conducting live racing for only one breed of horse and direct the licensee to use the funds to supplement purses offered for live races. Purse supplements required under this subdivision are in addition to purse payments otherwise established by law or contract. The location contract holder and the organization representing the majority of horsepersons racing at the location contract holder's racetrack may, by written contract, agree to use a portion of the transferred funds for racing-related purposes other than purse supplementation.

(b) The commission shall allocate 20 percent of the fund for breeder's fund purposes and shall transmit that amount to the breeder's fund for the benefit of each breed racing at a class A licensed facility hosting lottery gaming machines. Amounts transferred shall be in the same proportions established, under this subdivision, for purse supplements. Amounts transferred to a breeder's fund shall be used for the purposes of section 240.18, subdivisions 2, paragraph (d), and 3, paragraph (b), subject to the proportionality requirement in section 240.18, subdivision 1.

(c) Five percent of the fund shall be placed in an equine industry enhancement fund established by the commission. The commission shall award grants from this account designed to support and improve the nonracing equine industry including, but not limited to, construction of facilities and trails, production of shows, and issues related to retired horses.

Sec. 4. Minnesota Statutes 2010, section 240.14, is amended by adding a subdivision to read:

Subd. 5. **Lottery contract holder; minimum racing days.** Licensees holding location contracts with the director of the lottery, who are authorized to conduct live racing for more than one breed of horse, shall conduct thoroughbred and quarter horse racing. In any year the licensee shall offer the equivalent of at least two quarter horse races for each racing day granted to the licensee by the

commission, however, the licensee and the organization representing the majority of quarter horses owners licensed to race in the state may agree to a different number of live races to be offered. Scheduling of quarter horse races shall be as approved by the commission pursuant to section 240.03, clause (8). Willful failure to offer the races required by this subdivision shall subject the licensee to disciplinary action as deemed appropriate by the commission.

**Sec. 5. [297A.651] LOTTERY GAMING MACHINES; IN-LIEU FEE.**

Adjusted gross revenue from the operation of gaming machines authorized under chapter 349A is exempt from the tax imposed under section 297A.62 and chapter 297E and any other tax, license, permit, or assessment for conducting a gambling activity that is not imposed by this section. The State Lottery must, on or before the 20th day of each month, transmit to the commissioner an amount equal to the adjusted gross gaming machine revenue from the operation of gaming machines, as defined in section 349A.01, for the previous month multiplied by: (1) 25 percent of annual adjusted gross gaming machine revenue generated by each person that has a location contract under section 349A.17, subdivision 1, up to \$150,000,000; (2) 30 percent of annual adjusted gross gaming machine revenue generated by each person that has a location contract under section 349A.17, subdivision 1, between \$150,000,000 and \$200,000,000; and (3) 40 percent of annual adjusted gross gaming machine revenue generated by each person that has a location contract under section 349A.17, subdivision 1, in excess of \$200,000,000. The commissioner shall deposit the money transmitted under this section in the state treasury as provided in article 2.

Sec. 6. Minnesota Statutes 2010, section 299L.07, subdivision 2, is amended to read:

Subd. 2. **Exclusions.** Notwithstanding subdivision 1, a gambling device:

(1) may be sold by a person who is not licensed under this section, if the person (i) is not engaged in the trade or business of selling gambling devices, and (ii) does not sell more than one gambling device in any calendar year;

(2) may be sold by the governing body of a federally recognized Indian tribe described in subdivision 2a, paragraph (b), clause (1), which is not licensed under this section, if (i) the gambling device was operated by the Indian tribe, (ii) the sale is to a distributor licensed under this section, and (iii) the licensed distributor notifies the commissioner of the purchase, in the same manner as is required when the licensed distributor ships a gambling device into Minnesota;

(3) may be possessed by a person not licensed under this section if the person holds a permit issued under section 299L.08; ~~and~~

(4) may be possessed by a state agency, with the written authorization of the director, for display or evaluation purposes only and not for the conduct of gambling; and

(5) may be possessed by the State Lottery or a person who has entered into a location contract with the State Lottery as authorized under chapter 349A.

Sec. 7. Minnesota Statutes 2010, section 299L.07, subdivision 2a, is amended to read:

Subd. 2a. **Restrictions.** (a) A manufacturer licensed under this section may sell, offer to sell, lease, or rent, in whole or in part, a gambling device only to a distributor licensed under this section or to the State Lottery as authorized under chapter 349A.

(b) A distributor licensed under this section may sell, offer to sell, market, rent, lease, or otherwise provide, in whole or in part, a gambling device only to:

(1) the governing body of a federally recognized Indian tribe that is authorized to operate the gambling device under a tribal state compact under the Indian Gaming Regulatory Act, Public Law 100-497, and future amendments to it;

(2) a person for use in the person's dwelling for display or amusement purposes in a manner that does not afford players an opportunity to obtain anything of value;

(3) another distributor licensed under this section; ~~or~~

(4) a person in another state who is authorized under the laws of that state to possess the gambling device; or

(5) the State Lottery as authorized under chapter 349A.

Sec. 8. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 1a. **Adjusted gross gaming machine revenue.** "Adjusted gross gaming machine revenue" means the sum of all money received by the lottery for gaming machine plays, other than promotional plays, less the amount paid out in prizes for gaming machine games.

Sec. 9. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6a. **Gaming machine.** "Gaming machine" means any electronic device which, upon insertion of money, coin, token, voucher, electronic card, or other consideration, allows the play of a game, authorized by the director, the outcome of which is determined entirely or partly by chance. A gaming machine may award a player a prize in the form of money, tokens, prize slips, or other authorized consideration.

Sec. 10. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6b. **Gaming machine area.** "Gaming machine area" means an area within ten feet of a gaming machine.

Sec. 11. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6c. **Gaming machine game.** "Gaming machine game" means a game operated by a gaming machine as authorized by the director.

Sec. 12. Minnesota Statutes 2010, section 349A.01, is amended by adding a subdivision to read:

Subd. 6d. **Gaming machine play.** "Gaming machine play" means an electronic record that proves participation in a gaming machine game.

Sec. 13. Minnesota Statutes 2010, section 349A.01, subdivision 10, is amended to read:

Subd. 10. **Lottery procurement contract.** "Lottery procurement contract" means a contract to provide lottery products, gaming machines, maintenance of gaming machines, computer hardware and software used to monitor sales of lottery tickets and gaming machine plays, and lottery tickets. "Lottery procurement contract" does not include a contract to provide an annuity or prize payment agreement or materials, supplies, equipment, or services common to the ordinary operation of a state



agency.

Sec. 14. Minnesota Statutes 2010, section 349A.10, subdivision 3, is amended to read:

Subd. 3. **Lottery operations.** (a) The director shall establish a lottery operations account in the lottery fund. The director shall pay all costs of operating the lottery, including payroll costs or amounts transferred to the state treasury for payroll costs, but not including lottery prizes, from the lottery operating account. The director shall credit to the lottery operations account amounts sufficient to pay the operating costs of the lottery.

(b) Except as provided in paragraph (e), the director may not credit in any fiscal year thereafter amounts to the lottery operations account which when totaled exceed nine percent of gross revenue to the lottery fund in that fiscal year. In computing total amounts credited to the lottery operations account under this paragraph the director shall disregard amounts transferred to or retained by lottery retailers as sales commissions or other compensation and amounts transferred or retained by a racetrack under a location contract under section 349A.17.

(c) The director of the lottery may not expend after July 1, 1991, more than 2-3/4 percent of gross revenues in a fiscal year for contracts for the preparation, publication, and placement of advertising.

(d) Except as the director determines, the lottery is not subject to chapter 16A relating to budgeting, payroll, and the purchase of goods and services.

(e) In addition to the amounts credited to the lottery operations account under paragraph (b), the director is authorized, if necessary, to meet the current obligations of the lottery and to credit up to 25 percent of an amount equal to the average annual amount which was authorized to be credited to the lottery operations account for the previous three fiscal years but was not needed to meet the obligations of the lottery.

Sec. 15. Minnesota Statutes 2010, section 349A.13, is amended to read:

#### **349A.13 RESTRICTIONS.**

Nothing in this chapter:

(1) authorizes the director to conduct a lottery game or contest the winner or winners of which are determined by the result of a sporting event other than a horse race conducted under chapter 240;

(2) authorizes the director to install or operate a lottery device operated by coin or currency which when operated determines the winner of a game, except as authorized under section 349A.17; and

(3) authorizes the director to sell pull-tabs as defined under section 349.12, subdivision 32.

#### **Sec. 16. [349A.17] GAMING MACHINES.**

Subdivision 1. **Location contract.** (a) The director may enter into a contract with a person to provide locations for gaming machines. Contracts entered into under this section are not subject to chapter 16C. The director may only enter a contract under this subdivision with a person who holds a class A license under chapter 240. The gaming machines may only be placed at the racetrack for which the class A license under chapter 240 was issued. Contracts entered into under this section are void if the racetrack: (1) has not hosted at least 75 days of live racing, authorized by the Minnesota

Racing Commission, during the previous year, or (2) has not been approved, unless approval is pending, for at least 75 days of live racing during the present year. In the case of licensees authorized to conduct racing for only one breed of horse, the live racing requirement is 50 days.

(b) The director may cancel, suspend, or refuse to renew the location contract if the person:

(1) fails to account for proceeds from the gaming machines;

(2) fails to remit funds to the director in accordance with the location contract;

(3) violates a law, rule, or order of the director;

(4) fails to comply with a material term of the location contract; or

(5) has acted in a manner prejudicial to the public confidence in the integrity of the operation of the gaming machines.

The cancellation, suspension, or refusal to renew the location contract is a contested case under sections 14.57 to 14.69.

(c) Contracts entered into under this section must provide for compensation to the licensee in recognition of goods, services, and facilities provided expenses, risk factors, and losses. Compensation shall be in an amount equal to at least the following percentages of adjusted gross gaming machine revenue generated at the licensee's facility:

(1) of the first \$150,000,000 of annual adjusted gross gaming machine revenue, 60 percent;

(2) of annual adjusted gross gaming machine revenue between \$150,000,000 and \$200,000,000, 55 percent; and

(3) of annual adjusted gross gaming machine revenue in excess of \$200,000,000, 45 percent.

(d) A licensee must annually remit one percent of the compensation it receives pursuant to this section to the city, and one percent to the county in which the licensee conducts racing.

Subd. 2. **Operation.** (a) All gaming machines that are placed at a racetrack under subdivision 1 must be operated and controlled by the director.

(b) Gaming machines must be owned or leased by the director, however, the financial responsibility for all other activities related to the gaming facility including, but not limited to, advertising, marketing, facility expenses, staffing, security, and surveillance, shall be borne by the holder of the location contract.

(c) Gaming machines must be maintained by the lottery, or by a vendor that is under the control and direction of the director.

(d) The director must have a central communications system that monitors activities on each gaming machine. The central communications system must be located at a lottery office.

(e) The director must approve and oversee the general security arrangements associated with and relating to the operation of the gaming machines and implement procedures as deemed appropriate.

(f) Advertising and promotional material produced by the racetrack relating to gaming machines located at the facility must be approved by the director.

(g) The director may implement such other controls as are deemed necessary for the operation of gaming machines under this section.

(h) The holder of a location contract must make reasonable efforts to prevent drinking or possession of intoxicating beverages in gaming machine areas, and must not serve or allow consumption of intoxicating beverages in gaming machine areas. A violation of this section by location provider is subject to section 340.415. The holder of a location contract is, however, exempt from this provision, and may allow serving and possession of intoxicating beverages in the gaming machine area, if the premises is located within ten miles of a facility conducting class III gambling under section 3.9221 that allows alcohol consumption in its gaming machine area.

Subd. 3. **Specifications.** Gaming machines must be capable of being linked electronically to a central communications system to provide auditing program information as required by the director.

Subd. 4. **Games.** The director shall specify the games that may be placed on a gaming machine as provided in section 349A.04. Gaming machines may conduct pari-mutuel wagering and display horse races under specifications provided by the director.

Subd. 5. **Examination of machines.** The director shall examine prototypes of gaming machines and require that the manufacturer of the machine pay the cost of the examination. The director may contract for the examination of gaming machines.

Subd. 6. **Testing of machines.** The director may require working models of a gaming machine to be transported to the locations the director designates for testing, examination, and analysis. The manufacturer shall pay all costs for testing, examination, analysis, and transportation of the machine model.

Subd. 7. **Prizes.** A person who plays a gaming machine agrees to be bound by the rules and game procedures applicable to that particular gaming machine game. The player acknowledges that the determination of whether the player has won a prize is subject to the rules and game procedures adopted by the director, claim procedures established by the director for the game, and any confidential or public validation tests established by the director for the game. A person under 18 years of age may not claim a prize from the operation of a gaming machine. A prize claimed from the play of a gaming machine game is not subject to section 349A.08, subdivision 8.

Subd. 8. **Prohibitions.** (a) A person under the age of 18 years may not play a game on a gaming machine.

(b) The director or any employee of the lottery, or a member of the immediate family residing in the same household, may not play a game on a gaming machine or receive a prize from the operation of a gaming machine.

(c) No person shall consume or possess intoxicating beverages within a gaming machine area.

Subd. 9. **Compulsive gambling notice.** The director shall prominently post, in the area where the gaming machines are located, the toll-free telephone number established by the commissioner of human services in connection with the compulsive gambling program established under section 245.98. The director and the location provider shall establish a responsible gambling plan in consultation with the National Council on Problem Gambling or the Minnesota affiliate. By January 15 of each year, the director shall submit a report to the legislature, of not more than five pages in length, setting forth the status of the responsible gambling plan.

Subd. 10. **Local licenses.** Except as provided in subdivision 1, paragraph (d), no political subdivision may require a license to operate a gaming machine, restrict or regulate the placement of gaming machines, or impose a tax or fee on the business of operating gaming machines.

Sec. 17. **LOTTERY BUDGET.**

The director of the State Lottery shall submit a budget for the operation and control of gaming machines to the commissioner of management and budget. Notwithstanding Minnesota Statutes, section 349A.10, subdivision 6, the director of the State Lottery may expend amounts necessary to operate and control the gaming machines. Amounts expended by the director of the State Lottery for the operation and control of the gaming machines in fiscal years 2013 and 2014 are not subject to the maximum amount set in law for the operation of the lottery.

Sec. 18. **REPEALER.**

Minnesota Statutes 2010, section 240.30, subdivisions 3 and 8, are repealed.

**ARTICLE 2**  
**EDUCATION**

Section 1. **RACINO REVENUE.**

Subdivision 1. **Allocation.** Revenue transmitted to the commissioner under Minnesota Statutes, section 297A.651, must be deposited in a special account in the state treasury as provided in subdivision 2.

Subd. 2. **Education.** A special account is established in the state treasury, consisting of money deposited under Minnesota Statutes, section 297A.651, and any interest earned thereon. Money in this account is appropriated for the following purposes in priority order:

(1) to increase the aid payment schedule for school district aids and credits payments in section 127A.45, to not more than 90 percent rounded to the nearest tenth of a percent without exceeding the amount available and with any remaining funds deposited in the budget reserve; and

(2) to restore all or a portion of the net aid reduction under section 127A.441, and to reduce the property tax revenue recognition shift under section 123B.75, subdivision 5, paragraph (a).

Subd. 3. **Bonding.** When the purposes of subdivision 2 have been satisfied, money in the account is appropriated to pay, redeem, or defease bonds of the state sold and issued pursuant to Minnesota Statutes, sections 16A.631 to 16A.675, and the Minnesota Constitution, article XI, sections 4 to 7.

**ARTICLE 3**  
**MISCELLANEOUS**

Section 1. **SEVERABILITY; SAVINGS.**

If any provision of this act is found to be invalid because it is in conflict with a provision of the Minnesota Constitution or the Constitution of the United States, or for any other reason, all other provisions of this act shall remain valid and any rights, remedies, and privileges that have been otherwise accrued by this act, shall remain in effect and may be proceeded with and concluded under this act.

**Sec. 2. EFFECTIVE DATE.**

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to gambling; authorizing the director of the State Lottery to establish gaming machines at a licensed racetrack; imposing a fee on gaming machine revenue; providing powers and duties to the director; prohibiting detached facilities at a racetrack licensed for gaming machines; restricting alcohol sales and consumption near gaming machines at licensed racetracks; dedicating funds to reduce the education payment shift and the property tax recognition shift; appropriating money; amending Minnesota Statutes 2010, sections 240.03; 240.13, by adding a subdivision; 240.14, by adding a subdivision; 299L.07, subdivisions 2, 2a; 349A.01, subdivision 10, by adding subdivisions; 349A.10, subdivision 3; 349A.13; proposing coding for new law in Minnesota Statutes, chapters 297A; 349A; repealing Minnesota Statutes 2010, section 240.30, subdivisions 3, 8."

And when so amended the bill do pass. Senator Hann questioned the reference thereon and, under Rule 21, the bill was referred to the Committee on Rules and Administration.

**Senator Robling from the Committee on Finance, to which was re-referred**

**S.F. No. 2093:** A bill for an act relating to state government; making adjustments to health and human services appropriations; making changes to provisions related to health care, the Department of Health, children and family services, continuing care; providing for data sharing; requiring eligibility determinations; providing grants; requiring studies and reports; appropriating money; amending Minnesota Statutes 2010, sections 43A.316, subdivision 5; 62A.047; 62A.21, subdivision 2a; 62D.02, subdivision 3; 62D.05, subdivision 6; 62D.101, subdivision 2a; 62D.12, subdivision 1; 62J.26, subdivisions 3, 5, by adding a subdivision; 62J.496, subdivision 2; 62Q.80; 62U.04, subdivisions 1, 2, 4, 5; 72A.201, subdivision 8; 144A.073, by adding a subdivision; 144A.351; 145.906; 245A.03, by adding a subdivision; 245A.11, subdivisions 2a, 7, 7a; 245B.07, subdivision 1; 245C.04, subdivision 6; 245C.05, subdivision 7; 256.01, by adding subdivisions; 256.975, subdivision 7; 256B.056, subdivision 1a; 256B.0625, subdivision 9, by adding a subdivision; 256B.0644; 256B.0754, subdivision 2; 256B.0911, by adding a subdivision; 256B.092, subdivision 1b; 256B.431, subdivision 17e, by adding a subdivision; 256B.434, subdivision 10; 256B.441, by adding a subdivision; 256B.48, by adding a subdivision; 256B.69, by adding a subdivision; 256D.06, subdivision 1b; 256D.44, subdivision 5; 626.556, by adding a subdivision; Minnesota Statutes 2011 Supplement, sections 62U.04, subdivisions 3, 9; 119B.13, subdivision 7; 245A.03, subdivision 7; 256.987, subdivision 1; 256B.056, subdivision 3; 256B.06, subdivision 4; 256B.0625, subdivision 17; 256B.0631, subdivisions 1, 2; 256B.0911, subdivision 3c; 256B.097, subdivision 3; 256B.49, subdivisions 15, 23; 256B.69, subdivisions 5a, 9c; 256B.76, subdivision 4; 256L.12, subdivision 9; Laws 2011, First Special Session chapter 9, article 7, section 52; article 10, sections 3, subdivisions 3, 4; 4, subdivision 2; 8, subdivision 8; proposing coding for new law in Minnesota Statutes, chapters 148; 256B; repealing Minnesota Statutes 2010, sections 62D.04, subdivision 5; 62M.09, subdivision 9; 62Q.64; 144A.073, subdivision 9; 256B.48, subdivision 6; Minnesota Statutes 2011 Supplement, section 256B.5012, subdivision 13; Laws 2011, First Special Session chapter 9, article 7, section 54; Minnesota Rules, part 4685.2000.

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

Page 11, line 28, after "plans" insert ", county-based purchasing plans," and before "plan" insert "or county-based purchasing"

Page 13, line 3, after "care" insert "or county-based purchasing"

Page 13, line 28, delete "evaluate" and insert "consider" and after "care" insert "or county-based purchasing"

Page 17, line 4, delete "legislative auditor" and insert "commissioner"

Page 17, line 12, delete "home" and insert "have"

Page 18, line 27, delete "all" and insert "the" and after "of" insert "specified"

Page 21, line 1, after "plans" insert ", county-based purchasing plans,"

Page 21, line 32, after "care" insert "or county-based purchasing"

Page 22, line 21, after "care" insert "or county-based purchasing"

Page 25, after line 17, insert:

"Sec. 16. **REPORT ELIMINATION SAVINGS.**

Managed care plans and county-based purchasing plans shall use the savings resulting from the elimination or modification of reporting requirements under Minnesota Statutes, sections 62D.124; 62M.09, subdivision 9; 62Q.64; 72A.201, subdivision 8; 256B.0625, subdivision 3g; and Minnesota Rules, parts 4685.2000; and 4685.2100, to pay the assessment required in Minnesota Statutes, section 256B.69, subdivision 9c, paragraph (m)."

Page 39, after line 15, insert:

"Sec. 11. Minnesota Statutes 2011 Supplement, section 144.1222, subdivision 5, is amended to read:

Subd. 5. **Swimming pond exemption Exemptions.** (a) A public swimming pond in existence before January 1, 2008, is not a public pool for purposes of this section and section 157.16, and is exempt from the requirements for public swimming pools under Minnesota Rules, chapter 4717.

(b) A naturally treated swimming pool located in the city of Minneapolis is not a public pool for purposes of this section and section 157.16, and is exempt from the requirements for public swimming pools under Minnesota Rules, chapter 4717.

~~(b)~~ (c) Notwithstanding ~~paragraph~~ paragraphs (a) and (b), a public swimming pond and a naturally treated swimming pool must meet the requirements for public pools described in subdivisions 1c and 1d.

~~(e)~~ (d) For purposes of this subdivision, a "public swimming pond" means an artificial body of water contained within a lined, sand-bottom basin, intended for public swimming, relaxation, or recreational use that includes a water circulation system for maintaining water quality and does not include any portion of a naturally occurring lake or stream.

(e) For purposes of this subdivision, a "naturally treated swimming pool" means an artificial body of water contained in a basin, intended for public swimming, relaxation, or recreational use

that uses a chemical free filtration system for maintaining water quality through natural processes, including the use of plants, beneficial bacteria, and microbes.

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

Sec. 12. Minnesota Statutes 2010, section 144.5509, is amended to read:

**144.5509 RADIATION THERAPY FACILITY CONSTRUCTION.**

(a) A radiation therapy facility may be constructed only by an entity owned, operated, or controlled by a hospital licensed according to sections 144.50 to 144.56 either alone or in cooperation with another entity. This paragraph expires August 1, 2014.

(b) Notwithstanding paragraph (a), there shall be a moratorium on the construction of any radiation therapy facility located in the following counties: Hennepin, Ramsey, Dakota, Washington, Anoka, Carver, Scott, St. Louis, Sherburne, Benton, Stearns, Chisago, Isanti, and Wright. This paragraph does not apply to the relocation or reconstruction of an existing facility owned by a hospital if the relocation or reconstruction is within one mile of the existing facility. This paragraph does not apply to a radiation therapy facility that is being built attached to a community hospital in Wright County and meets the following conditions prior to August 1, 2007: the capital expenditure report required under Minnesota Statutes, section 62J.17, has been filed with the commissioner of health; a timely construction schedule is developed, stipulating dates for beginning, achieving various stages, and completing construction; and all zoning and building permits applied for. Beginning January 1, 2013, this paragraph does not apply to any construction necessary to relocate a radiation therapy machine from a community hospital-owned radiation therapy facility located in the city of Maplewood to a community hospital campus in the city of Woodbury within the same health system. This paragraph expires August 1, 2014.

(c) After August 1, 2014, a radiation therapy facility may be constructed only if the following requirements are met:

(1) the entity constructing the radiation therapy facility is controlled by or is under common control with a hospital licensed under sections 144.50 to 144.56; and

(2) the new radiation therapy facility is located at least seven miles from an existing radiation therapy facility.

(d) Any referring physician must provide each patient who is in need of radiation therapy services with a list of all radiation therapy facilities located within the following counties: Hennepin, Ramsey, Dakota, Washington, Anoka, Carver, Scott, St. Louis, Sherburne, Benton, Stearns, Chisago, Isanti, and Wright. Physicians with a financial interest in any radiation therapy facility must disclose to the patient the existence of the interest.

(e) For purposes of this section, "controlled by" or "under common control with" means the possession, direct or indirect, of the power to direct or cause the direction of the policies, operations, or activities of an entity, through the ownership of, or right to vote or to direct the disposition of shares, membership interests, or ownership interests of the entity.

(f) For purposes of this section, "financial interest in any radiation therapy facility" means a direct or indirect ownership or investment interest in a radiation therapy facility or a compensation arrangement with a radiation therapy facility.





the appropriation for these projects does not cancel but is available for ongoing development and operations.

**Nonfederal Share Transfers.** The nonfederal share of activities for which federal administrative reimbursement is appropriated to the commissioner may be transferred to the special revenue fund.

**TANF Maintenance of Effort.**

(a) In order to meet the basic maintenance of effort (MOE) requirements of the TANF block grant specified under Code of Federal Regulations, title 45, section 263.1, the commissioner may only report nonfederal money expended for allowable activities listed in the following clauses as TANF/MOE expenditures:

(1) MFIP cash, diversionary work program, and food assistance benefits under Minnesota Statutes, chapter 256J;

(2) the child care assistance programs under Minnesota Statutes, sections 119B.03 and 119B.05, and county child care administrative costs under Minnesota Statutes, section 119B.15;

(3) state and county MFIP administrative costs under Minnesota Statutes, chapters 256J and 256K;

(4) state, county, and tribal MFIP employment services under Minnesota Statutes, chapters 256J and 256K;

(5) expenditures made on behalf of legal noncitizen MFIP recipients who qualify for the MinnesotaCare program under Minnesota Statutes, chapter 256L;

(6) qualifying working family credit expenditures under Minnesota Statutes, section 290.0671; and

(7) qualifying Minnesota education credit expenditures under Minnesota Statutes, section 290.0674.

(b) The commissioner shall ensure that sufficient qualified nonfederal expenditures are made each year to meet the state's TANF/MOE requirements. For the activities listed in paragraph (a), clauses (2) to (7), the commissioner may only report expenditures that are excluded from the definition of assistance under Code of Federal Regulations, title 45, section 260.31.

(c) For fiscal years beginning with state fiscal year 2003, the commissioner shall assure that the maintenance of effort used by the commissioner of management and budget for the February and November forecasts required under Minnesota Statutes, section 16A.103, contains expenditures under paragraph (a), clause (1), equal to at least 16 percent of the total required under Code of Federal Regulations, title 45, section 263.1.

(d) Minnesota Statutes, section 256.011, subdivision 3, which requires that federal grants or aids secured or obtained under that subdivision be used to reduce any direct appropriations provided by law, do not apply if the grants or aids are federal TANF funds.

(e) For the federal fiscal years beginning on or after October 1, 2007, the commissioner may not claim an amount of TANF/MOE in excess of the 75 percent standard in Code of Federal Regulations, title 45, section 263.1(a)(2), except:

(1) to the extent necessary to meet the 80 percent standard under Code of Federal Regulations, title 45, section 263.1(a)(1), if it is determined by the commissioner that the state will not meet the TANF work participation target rate for the current year;

(2) to provide any additional amounts under Code of Federal Regulations, title 45, section 264.5, that relate to replacement of TANF funds due to the operation of TANF penalties; and

(3) to provide any additional amounts that

may contribute to avoiding or reducing TANF work participation penalties through the operation of the excess MOE provisions of Code of Federal Regulations, title 45, section 261.43 (a)(2).

For the purposes of clauses (1) to (3), the commissioner may supplement the MOE claim with working family credit expenditures or other qualified expenditures to the extent such expenditures are otherwise available after considering the expenditures allowed in this subdivision.

(f) Notwithstanding any contrary provision in this article, paragraphs (a) to (e) expire June 30, 2015.

**Working Family Credit Expenditures as TANF/MOE.** The commissioner may claim as TANF maintenance of effort up to \$6,707,000 per year of working family credit expenditures for fiscal years 2012 and 2013.

**Working Family Credit Expenditures to be Claimed for TANF/MOE.** The commissioner may count the following amounts of working family credit expenditures as TANF/MOE:

(1) fiscal year 2012, ~~\$23,692,000~~  
\$23,761,000;

(2) fiscal year 2013, ~~\$44,969,000~~  
\$48,738,000;

(3) fiscal year 2014, ~~\$32,579,000~~  
\$32,665,000; and

(4) fiscal year 2015, ~~\$32,476,000~~  
\$32,590,000.

Notwithstanding any contrary provision in this article, this rider expires June 30, 2015.

**TANF Transfer to Federal Child Care and Development Fund.** (a) The following TANF fund amounts are appropriated to the commissioner for purposes of MFIP/Transition Year Child Care Assistance under Minnesota Statutes, section 119B.05:

- (1) fiscal year 2012, \$10,020,000;
- (2) fiscal year 2013, \$28,020,000;
- (3) fiscal year 2014, \$14,020,000; and
- (4) fiscal year 2015, \$14,020,000.

(b) The commissioner shall authorize the transfer of sufficient TANF funds to the federal child care and development fund to meet this appropriation and shall ensure that all transferred funds are expended according to federal child care and development fund regulations.

**Food Stamps Employment and Training Funds.** (a) Notwithstanding Minnesota Statutes, sections 256D.051, subdivisions 1a, 6b, and 6c, and 256J.626, federal food stamps employment and training funds received as reimbursement for child care assistance program expenditures must be deposited in the general fund. The amount of funds must be limited to \$500,000 per year in fiscal years 2012 through 2015, contingent upon approval by the federal Food and Nutrition Service.

(b) Consistent with the receipt of these federal funds, the commissioner may adjust the level of working family credit expenditures claimed as TANF maintenance of effort. Notwithstanding any contrary provision in this article, this rider expires June 30, 2015.

**ARRA Food Support Benefit Increases.** The funds provided for food support benefit increases under the Supplemental Nutrition Assistance Program provisions of the American Recovery and Reinvestment Act (ARRA) of 2009 must be used for benefit increases beginning July 1, 2009.

**Supplemental Security Interim Assistance Reimbursement Funds.** \$2,800,000 of uncommitted revenue available to the commissioner of human services for SSI advocacy and outreach services must be transferred to and deposited into the general fund by October 1, 2011."

Page 48, delete section 9

Page 54, line 7, delete "(f)" and insert "(g)"

Page 67, line 23, delete "(c)" and insert "(d)"

Page 80, line 25, delete "(f)" and insert "(g)"

Page 95, line 9, delete "Of this"

Page 95, delete lines 10 to 15

Page 95, line 16, delete "subdivision 7, paragraphs (e) and (f)." and insert "(1)"

Page 95, lines 17 to 19, reinstate the stricken language

Page 95, after line 24, insert:

"(2) Notwithstanding clause (1), for fiscal years 2012 and 2013 only, the appropriation of \$250,000 for fiscal year 2012 carries forward to fiscal year 2013, effective the day following final enactment.

Of the total appropriations available for fiscal year 2013, \$100,000 is for administrative functions related to the planning process required under Minnesota Statutes, sections 144A.351 and 245A.03, subdivision 7, paragraphs (e) and (g), and \$400,000 is for grants required to accomplish that planning process.

(3) Base funding for the grants under clause (1) is not affected by the appropriations under clause (2)."

Page 96, line 24, delete "(f)" and insert "(g)"

Page 116, line 15, delete "Office" and insert "Department"

Page 116, line 16, after the comma, insert "and the legislature,"

Page 116, line 17, delete "an investment in"

Page 116, line 18, delete "to be delivered"

Page 117, line 7, delete "3,393,000" and insert "3,833,000"

Page 117, line 10, delete "21,000" and insert "46,000"

Page 117, line 12, delete "3,349,000" and insert "3,764,000"

Page 117, line 14, delete "491,000" and insert "502,000"

Page 117, line 16, delete "\$93,000" and insert "\$104,000"

Page 117, line 17, delete "\$96,000" and insert "\$107,000"

Page 117, line 18, delete "44,000" and insert "473,000"

Page 117, line 28, delete "(3,354,000)" and insert "(3,769,000)"

Page 117, line 29, delete "3,349,000" and insert "3,764,000"

Page 119, line 27, delete "245B.02" and insert "256B.5012"

Page 120, line 30, delete "(1,300,000)" and insert "(1,185,000)"

Page 120, line 33, delete "12,000" and insert "127,000"

Page 121, line 9, delete "\$19,000" and insert "\$59,000, including \$40,000 for SEGIP activities"

Page 121, line 16, delete "increased" and insert "decreased"

Page 121, line 17, delete "\$10,000" and insert "\$105,000" and delete "\$29,000" and insert "\$46,000"

Page 122, delete section 6 and insert:

**"Sec. 6. EMERGENCY MEDICAL SERVICES  
REGULATORY BOARD**

**\$**

**-0-** **\$**

**10,000**

This appropriation is to provide a grant to the Minnesota Ambulance Association to coordinate and prepare an assessment of the extent and costs of uncompensated care as a direct result of emergency responses on interstate highways in Minnesota. The study will collect appropriate information from medical response units and ambulance services regulated under Minnesota Statutes, chapter 144E, and to the extent possible, firefighting agencies. In preparing the assessment, the Minnesota Ambulance Association shall consult with its membership, the Minnesota Fire Chiefs Association, the Office of the State Fire Marshal, and the Emergency Medical Services Regulatory Board. The findings of the assessment will be reported to the chairs and ranking minority members of the legislative committees with jurisdiction over health and public safety by January 1, 2013."

Renumber the sections in sequence

Amend the title numbers accordingly

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

**Senator Robling from the Committee on Finance, to which was referred**

**S.F. No. 2469:** A bill for an act relating to finance; requiring the Legislative Advisory Commission to consider certain requests to spend federal money; limiting the authority to spend federal money without legislative review to certain emergency management purposes; amending Minnesota Statutes 2010, sections 3.3005, subdivisions 2a, 5, 6; 12.22, subdivision 1; 116.03, subdivision 3; repealing Minnesota Statutes 2010, section 3.3005, subdivision 4.

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

Page 1, after line 8, insert:

**"ARTICLE 1**

**FEDERAL FUNDS SPENDING**

Section 1. Minnesota Statutes 2010, section 3.30, subdivision 2, is amended to read:

Subd. 2. **Members; duties.** The majority leader of the senate or a designee, the minority leader of the senate or a designee, the chair of the senate Committee on Finance, and the chair of the senate Division of Finance committee responsible for overseeing the items being considered by the commission, the speaker of the house or a designee, the minority leader of the house or a designee, the chair of the house of representatives Committee on Ways and Means, and the chair of the appropriate finance committee, or division of the house of representatives committee responsible for overseeing the items being considered by the ~~commissioner~~ commission, constitute the Legislative Advisory Commission. The division chair of the Finance Committee in the senate and the division chair of the appropriate finance committee or division in the house of representatives shall rotate according to the items being considered by the commission. If any of the members elect not to serve on the commission, the house of which they are members, if in session, shall select some other member for the vacancy. If the legislature is not in session, vacancies in the house of representatives membership of the commission shall be filled by the last speaker of the house or, if the speaker is not available, by the last chair of the house of representatives Rules Committee, and by the last senate Committee on Committees or other appointing authority designated by the senate rules in case of a senate vacancy. The commissioner of management and budget shall be secretary of the commission and keep a permanent record and minutes of its proceedings, which are public records. The commissioner of management and budget shall transmit, under section 3.195, a report to the next legislature of all actions of the commission. Members shall receive traveling and subsistence expenses incurred attending meetings of the commission. The commission shall meet from time to time upon the call of the governor or upon the call of the secretary at the request of two or more of its members. A recommendation of the commission must be made at a meeting of the commission unless a written recommendation is signed by all the members entitled to vote on the item.

Sec. 2. Minnesota Statutes 2010, section 3.3005, is amended by adding a subdivision to read:

Subd. 1a. **Application.** The review in this section applies to federal funds appropriated under section 4.07, subdivision 3, or federal funds appropriated under any other section, except for federal

funds appropriated under section 12.22, subdivision 1."

Page 3, after line 30, insert:

**"ARTICLE 2**

**STATE GOVERNMENT**

Section 1. Minnesota Statutes 2010, section 138.668, is amended to read:

**138.668 ADMISSION FEES.**

The Minnesota Historical Society may establish and collect reasonable fees for admission to state-owned historic sites in the state historic site network in section 138.661 ~~for deposit in an account in the state treasury~~. These fees shall be available to the society.

Sec. 2. **FUND TRANSFER; DEPARTMENT OF ADMINISTRATION.**

Subdivision 1. **Transfer of funds; plant management fund.** \$80,000 in fiscal year 2012 is transferred from the plant management fund to the general fund. The amount represents proceeds from the sale of assets and other revenues related to resource recovery activities. This is a onetime transfer.

Subd. 2. **Transfer of funds; special revenue fund.** \$6,512 in fiscal year 2012 is transferred from the special revenue fund to the general fund. The amount represents remaining funds in an account for a completed savings monitoring energy program. This is a onetime transfer.

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

**ARTICLE 3**

**VETERANS AFFAIRS**

Section 1. **APPROPRIATIONS.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

| <b><u>APPROPRIATIONS</u></b>         |                    |
|--------------------------------------|--------------------|
| <b><u>Available for the Year</u></b> |                    |
| <b><u>Ending June 30</u></b>         |                    |
| <b><u>2012</u></b>                   | <b><u>2013</u></b> |

Sec. 2. **VETERANS AFFAIRS**

|  |                  |                   |                  |                       |
|--|------------------|-------------------|------------------|-----------------------|
| Subdivision 1. <b><u>Total Appropriation</u></b> | <b><u>\$</u></b> | <b><u>-0-</u></b> | <b><u>\$</u></b> | <b><u>400,000</u></b> |
|--|------------------|-------------------|------------------|-----------------------|



The amounts that may be spent for each purpose are specified in the following subdivisions.

Subd. 2. **Veterans Services**

-0-

400,000

\$100,000 the second year is for a grant to the Minnesota Assistance Council for Veterans. This is a onetime appropriation.

\$100,000 the second year is for compensation for honor guards at the funerals of veterans in accordance with the program under Minnesota Statutes, section 197.231.

\$200,000 the second year is for the Veterans Service Office grant program under Minnesota Statutes, section 197.608. This is a onetime appropriation.

Sec. 3. Minnesota Statutes 2010, section 197.791, is amended by adding a subdivision to read:

Subd. 5a. **Apprenticeship and on-the-job training.** (a) The commissioner, in consultation with the commissioners of employment and economic development and labor and industry, shall develop and implement an apprenticeship and on-the-job training program to administer a portion of the Minnesota GI Bill program to pay benefit amounts to eligible applicants, as provided in this subdivision.

(b) An "eligible employer" means an employer operating a qualifying apprenticeship or on-the-job training program that has been approved by the commissioner.

(c) A person is eligible for apprenticeship and on-the-job training assistance under this subdivision if the person meets the criteria established under subdivision 4, paragraphs (a), clause (1), and (c) to (e). The amount of assistance paid to or on behalf of an eligible individual under this subdivision must not exceed the following:

(1) \$2,000 per fiscal year for apprenticeship expenses;

(2) \$2,000 per fiscal year for on-the-job training;

(3) \$1,000 for a job placement credit payable to an eligible employer upon hiring a person receiving assistance under this subdivision; and

(4) \$1,000 for a job placement credit payable to an eligible employer after a person receiving assistance under this subdivision has been employed by the eligible employer for at least 12 consecutive months as a full-time employee.

No more than \$3,000 in aggregate benefits under this paragraph may be paid to or on behalf of an individual in one fiscal year.

(d) Assistance for apprenticeship expenses and on-the-job training is available for qualifying programs, which must, at a minimum, meet the following criteria:

- (1) the training must be with an eligible employer;
- (2) the training must be documented and reported;
- (3) the training must reasonably be expected to lead to an entry-level position; and
- (4) the position must require at least six months of training to become fully trained.

Sec. 4. Minnesota Statutes 2010, section 197.791, subdivision 6, is amended to read:

Subd. 6. **Appropriation.** The amount necessary to pay the benefit amounts in ~~subdivision 5~~ subdivisions 5 and 5a is appropriated from the general fund to the commissioner. During any fiscal year beginning on or after July 1, 2013, the amount paid under this subdivision must not exceed \$6,000,000.

#### ARTICLE 4

#### DEPARTMENT OF PUBLIC SAFETY

##### Section 1. APPROPRIATIONS.

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund, or another named fund, and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

| <u>APPROPRIATIONS</u>         |             |
|-------------------------------|-------------|
| <u>Available for the Year</u> |             |
| <u>Ending June 30</u>         |             |
| <u>2012</u>                   | <u>2013</u> |

##### Sec. 2. DEPARTMENT OF PUBLIC SAFETY

|   |           |                |           |            |
|---|-----------|----------------|-----------|------------|
| <u>Subdivision 1. Total Appropriation</u> | <u>\$</u> | <u>250,000</u> | <u>\$</u> | <u>-0-</u> |
|---|-----------|----------------|-----------|------------|

The amounts that may be spent for each purpose are specified in the following subdivision.

|                                       |  |                |  |            |
|---------------------------------------|--|----------------|--|------------|
| <u>Subd. 2. Public Safety Support</u> |  | <u>250,000</u> |  | <u>-0-</u> |
|---------------------------------------|--|----------------|--|------------|

\$250,000 the first year is for soft body armor reimbursements under Minnesota Statutes, section 299A.38.

**ARTICLE 5****MINNESOTA STATE COLLEGES AND UNIVERSITIES****Section 1. MINNESOTA STATE COLLEGES AND UNIVERSITIES.**

The sums shown in the columns marked "Appropriations" are appropriated to the agencies and for the purposes specified in this article. The appropriations are from the general fund and are available for the fiscal years indicated for each purpose. The figures "2012" and "2013" used in this article mean that the appropriations listed under them are available for the fiscal year ending June 30, 2012, or June 30, 2013, respectively. "The first year" is fiscal year 2012. "The second year" is fiscal year 2013. "The biennium" is fiscal years 2012 and 2013.

| <b><u>APPROPRIATIONS</u></b>         |                    |
|--------------------------------------|--------------------|
| <b><u>Available for the Year</u></b> |                    |
| <b><u>Ending June 30</u></b>         |                    |
| <b><u>2012</u></b>                   | <b><u>2013</u></b> |

**Sec. 2. MINNESOTA STATE COLLEGES AND UNIVERSITIES LEVERAGED EQUIPMENT ACQUISITION**

|                  |                       |
|------------------|-----------------------|
| <b><u>\$</u></b> | <b><u>500,000</u></b> |
|------------------|-----------------------|

\$500,000 the second year is for leveraged equipment acquisition. For the purposes of this section, "equipment" means equipment for instructional purposes for programs that the board has determined would produce graduates with skills for which there is a high employer need within the state. An equipment acquisition may be made using this appropriation only if matched by cash or in-kind contributions from nonstate sources. This is a onetime appropriation.

**ARTICLE 6****FLOOD-RELATED APPROPRIATIONS****Section 1. APPROPRIATIONS.**

(a) The appropriation in Laws 2010, Second Special Session chapter 1, article 1, section 11, is reduced by \$285,000.

(b) \$235,000 is appropriated from the general fund in fiscal year 2012 to the commissioner of public safety to provide a match for Federal Emergency Management Agency (FEMA) disaster assistance to state agencies and political subdivisions under Minnesota Statutes, section 12.221, in the area designated under Presidential Declaration of Major Disaster, FEMA-1900-DR, for the flooding in Minnesota in the spring of 2010, whether included in the original declaration or added later by federal government action. This is a onetime appropriation and is available until expended.

(c) \$50,000 is appropriated from the general fund in fiscal year 2012 to the commissioner of natural resources for a grant to the Mankato Water Resources Center to prepare a report to identify potential flood mitigation measures and projects within the Zumbro River watershed as a result of the 2010 flood. By January 15 of each year, until this appropriation has been spent, the commissioner shall submit a report regarding the use of this appropriation to the chairs of the legislative committees with jurisdiction over natural resources policy and finance. This is a onetime appropriation and is available until expended.

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

Renumber the sections in sequence

Amend the title accordingly

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

### SECOND READING OF SENATE BILLS

S.F. Nos. 2571, 2093 and 2469 were read the second time.

### RECESS

Senator Senjem moved that the Senate do now recess subject to the call of the President. The motion prevailed.

After a brief recess, the President called the Senate to order.

### APPOINTMENTS

Senator Senjem from the Subcommittee on Conference Committees recommends that the following Senators be and they hereby are appointed as a Conference Committee on:

H.F. No. 1923: Senators Pederson, Carlson and Tomassoni.

Senator Senjem moved that the foregoing appointments be approved. The motion prevailed.

### MEMBERS EXCUSED

Senators Hoffman, Pappas and Reinert were excused from the Session of today. Senator Parry was excused from the Session of today from 12:00 noon to 3:15 p.m. Senators Cohen and Torres Ray were excused from the Session of today from 4:25 to 5:05 p.m. Senator Langseth was excused from the Session of today at 5:30 p.m. Senators Olson and Thompson were excused from the Session of today at 6:45 p.m.

97TH DAY]

FRIDAY, MARCH 30, 2012

5485

**ADJOURNMENT**

Senator Senjem moved that the Senate do now adjourn until 12:00 noon, Monday, April 2, 2012.  
The motion prevailed.

Cal R. Ludeman, Secretary of the Senate

