

EIGHTY-FIRST DAY

St. Paul, Minnesota, Friday, March 26, 2010

The Senate met at 9:30 a.m. and was called to order by the President.

CALL OF THE SENATE

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

The members of the Senate paused for a brief moment of reflection.

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

Anderson	Foley	Limmer	Pariseau	Skoe
Berglin	Frederickson	Lourey	Pogemiller	Skogen
Betzold	Higgins	Lynch	Rest	Stumpf
Chaudhary	Ingebrigtsen	Metzen	Rummel	Tomassoni
Clark	Kelash	Olseen	Saltzman	Torres Ray
Dille	Koering	Olson, G.	Saxhaug	Vickerman
Fischbach	Kubly	Olson, M.	Senjem	Wiger
Fobbe	Latz	Pappas	Sheran	

The President declared a quorum present.

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

MESSAGES FROM THE HOUSE

Mr. President:

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

Senate Concurrent Resolution No. 8: A Senate concurrent resolution relating to adjournment for more than three days.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned March 25, 2010

Mr. President:

I have the honor to announce the passage by the House of the following Senate Files, herewith returned: S.F. Nos. 1494 and 2494.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned March 25, 2010

Mr. President:

I have the honor to announce the passage by the House of the following House Files, herewith transmitted: H.F. Nos. 2634, 2668, 3164, 3286 and 3393.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted March 25, 2010

FIRST READING OF HOUSE BILLS

The following bills were read the first time.

H.F. No. 2634: A bill for an act relating to natural resources; expanding prohibitions on the appropriation of water from the Mt. Simon-Hinckley aquifer; amending Minnesota Statutes 2008, section 103G.271, subdivision 4a.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2185, now on General Orders.

H.F. No. 2668: A bill for an act relating to landlord and tenant; modifying certain procedures relating to expungement; providing procedures relating to the charging and recovery of various fees; providing certain rights to tenants of foreclosed properties; amending Minnesota Statutes 2008, sections 484.014, subdivision 3; 504B.111; 504B.173; 504B.178, subdivision 7; 504B.215, subdivision 4; 504B.271, subdivisions 1, 2; 504B.285, by adding subdivisions; 504B.291, subdivision 1; 504B.365, subdivision 4; Minnesota Statutes 2009 Supplement, section 504B.285, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 504B.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2595, now on the Calendar.

H.F. No. 3164: A bill for an act relating to higher education; regulating the transfer of credits within institutions belonging to the Minnesota State Colleges and Universities system; requiring a report; proposing coding for new law in Minnesota Statutes, chapter 136F.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2822, now on the Calendar.

H.F. No. 3286: A bill for an act relating to metropolitan government; limiting use of eminent domain; authorizing Metropolitan Council best value contracts and procurement for transit vehicles; amending Minnesota Statutes 2008, section 473.129, subdivision 7, by adding a subdivision.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 3005,

now on the Calendar.

H.F. No. 3393: A bill for an act relating to real property; amending the Minnesota Common Interest Ownership Act; making clarifying, conforming, and technical changes; amending Minnesota Statutes 2008, sections 515B.1-102; 515B.1-103; 515B.1-107; 515B.1-112; 515B.1-115; 515B.1-116; 515B.2-101; 515B.2-102; 515B.2-105; 515B.2-106; 515B.2-108; 515B.2-109; 515B.2-110; 515B.2-111; 515B.2-112; 515B.2-113; 515B.2-114; 515B.2-118; 515B.2-119; 515B.2-121; 515B.2-124; 515B.3-101; 515B.3-102; 515B.3-103; 515B.3-104; 515B.3-105; 515B.3-106; 515B.3-109; 515B.3-110; 515B.3-112; 515B.3-113; 515B.3-114; 515B.3-115; 515B.3-116; 515B.3-117; 515B.3-120; 515B.3-121; 515B.4-101; 515B.4-102; 515B.4-104; 515B.4-105; 515B.4-106; 515B.4-107; 515B.4-108; 515B.4-110; 515B.4-111; 515B.4-115; 515B.4-116; proposing coding for new law in Minnesota Statutes, chapter 515B.

Referred to the Committee on Rules and Administration for comparison with S.F. No. 2985, now on the Calendar.

REPORTS OF COMMITTEES

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

Senator Bakk from the Committee on Taxes, to which was re-referred

S.F. No. 2568: A bill for an act relating to economic development; encouraging job creation; allowing tax credits for investments in small businesses and historic structure rehabilitation; disallowing the deduction of certain dividends; expanding the permitted use of tax increment financing for certain projects; repealing restrictions on city of Bloomington's development of the Mall of America site; distributing certain proceeds of taconite taxes; authorizing sale of municipal bonds for energy efficiency improvements to residential and business property; appropriating money; amending Minnesota Statutes 2008, sections 290.21, subdivision 4; 429.101, subdivision 1; 469.174, by adding a subdivision; 469.175, by adding a subdivision; 469.176, subdivisions 1b, 4c, by adding subdivisions; Minnesota Statutes 2009 Supplement, section 298.294; Laws 1986, chapter 391, section 1; Laws 1995, chapter 264, article 5, sections 44, subdivision 4, as amended; 45, subdivision 1, as amended; Laws 2008, chapter 366, article 5, sections 28, subdivision 1; 29, subdivisions 1, 2, 4; Laws 2009, chapter 78, article 7, section 2; proposing coding for new law in Minnesota Statutes, chapters 116J; 216C; 290; 297I; repealing Laws 1996, chapter 464, article 1, section 8, subdivision 5.

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

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2008, section 13.4967, is amended by adding a subdivision to read:

Subd. 8. **Small business investment tax credit.** Data related to small business investment tax credit certifications and certification of qualified small businesses, qualified investors, and qualified funds, are classified in section 116J.8737.

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

Sec. 2. [116J.8737] SMALL BUSINESS INVESTMENT TAX CREDIT.

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

(b) "Qualified small business" means a business that has been certified by the commissioner under subdivision 2.

(c) "Qualified investor" means an investor who has been certified by the commissioner under subdivision 3.

(d) "Qualified fund" means a pooled angel investment network fund that has been certified by the commissioner under subdivision 4.

(e) "Qualified investment" means a cash investment in a qualified small business of a minimum of:

(1) \$10,000 in a calendar year by a qualified investor; or

(2) \$30,000 in a calendar year by a qualified fund.

A qualified investment must be made in exchange for common stock, a partnership or membership interest, preferred stock, debt with mandatory conversion to equity, or an equivalent ownership interest as determined by the commissioner.

(f) "Family" means a family member within the meaning of the Internal Revenue Code, section 267(c)(4).

(g) "Pass-through entity" means a corporation that for the applicable taxable year is treated as an S corporation or a general partnership, limited partnership, limited liability partnership, trust, or limited liability company and which for the applicable taxable year is not taxed as a corporation under chapter 290.

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

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

the commissioner must refund the \$150 application fee. A business that applies for certification and is rejected may reapply.

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

(1) the business has its headquarters in Minnesota;

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

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

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

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

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

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

(5) the business has fewer than 25 employees;

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

(7) the business has not been in operation for more than ten years;

(8) the business has not previously received private equity investments of more than \$2,000,000; and

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

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

(e) In order for a qualified investment in a business to be eligible for tax credits, the business must have applied for and received certification for the calendar year in which the investment was made prior to the date on which the qualified investment was made.

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

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

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

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

Subd. 3. **Certification of qualified investors.** (a) Investors may apply to the commissioner for certification as a qualified investor for a taxable year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$350. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. The application for certification for 2010 must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available on the department's Web site by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the investor as satisfying the conditions required of a qualified investor, request additional information from the investor, or reject the application for certification. If the commissioner requests additional information from the investor, the commissioner must either certify the investor or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the investor nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$350 application fee. An investor who applies for certification and is rejected may reapply.

(c) To receive certification, an investor must certify to the commissioner that the investor will only invest in a transaction that is exempt under section 80A.46, clause (13) or (14), or in a security registered under section 80A.50, paragraph (b).

(d) In order for a qualified investment in a qualified small business to be eligible for tax credits, a qualified investor who makes the investment must have applied for and received certification for the calendar year prior to making the qualified investment, except in the case of an investor who is not an accredited investor, within the meaning of Regulation D of the Securities and Exchange Commission, Code of Federal Regulations, title 17, section 230.501, paragraph (a), application for certification may be made within 30 days after making the qualified investment.

Subd. 4. **Certification of qualified funds.** (a) A pass-through entity may apply to the commissioner for certification as a qualified fund for a calendar year. The application must be in the form and be made under the procedures specified by the commissioner, accompanied by an application fee of \$1,000. Application fees are deposited in the small business investment tax credit administration account in the special revenue fund. The application for certification for 2010 of qualified funds must be made available on the department's Web site by August 1, 2010. Applications for subsequent years' certification must be made available by November 1 of the preceding year.

(b) Within 30 days of receiving an application for certification under this subdivision, the commissioner must either certify the fund as satisfying the conditions required of a qualified fund, request additional information from the fund, or reject the application for certification. If the commissioner requests additional information from the fund, the commissioner must either certify the fund or reject the application within 30 days of receiving the additional information. If the commissioner neither certifies the fund nor rejects the application within 30 days of receiving the original application or within 30 days of receiving the additional information requested, whichever is later, then the application is deemed rejected, and the commissioner must refund the \$1,000 application fee. A fund that applies for certification and is rejected may reapply.

(c) To receive certification, a fund must:

(1) invest or intend to invest in qualified small businesses;

(2) be organized as a pass-through entity; and

(3) have at least three separate investors, all of whom satisfy the conditions in subdivision 3, paragraph (c).

(d) Investments in the fund may consist of equity investments or notes that pay interest or other fixed amounts, or any combination of both.

(e) In order for a qualified investment in a qualified small business to be eligible for tax credits, a qualified fund that makes the investment must have applied for and received certification for the calendar year prior to making the qualified investment.

Subd. 5. **Credit allowed.** (a) A qualified investor or qualified fund is eligible for a credit equal to 25 percent of the qualified investment in a qualified small business. Investments made by a pass-through entity qualify for a credit only if the entity is a qualified fund. The commissioner must not allocate more than \$10,000,000 in credits to qualified taxpayers or qualified funds for taxable years beginning after December 31, 2009, and before January 1, 2016. Any portion of a taxable year's credits that is not allocated by the commissioner does not cancel and may be carried forward to subsequent taxable years until all credits have been allocated.

(b) The commissioner may not allocate more than a total maximum amount in credits for a taxable year to a qualified investor for the investor's cumulative qualified investments as an individual qualified investor and as an investor in a qualified fund; for married couples filing joint returns the maximum is \$250,000, and for all other filers the maximum is \$125,000. The commissioner may not allocate more than a total of \$1,000,000 in credits over all taxable years for qualified investments in any one qualified small business.

(c) The commissioner may not allocate a credit to a qualified investor either as an individual qualified investor or as an investor in a qualified fund if the investor receives more than 50 percent of the investor's gross annual income from the qualified small business in which the qualified investment is proposed. A member of the family of an individual disqualified by this paragraph is not eligible for a credit under this section. For a married couple filing a joint return, the limitations in this paragraph apply collectively to the investor and spouse. For purposes of determining the ownership interest of an investor under this paragraph, the rules under section 267(c) and 267(e) of the Internal Revenue Code apply.

(d) Applications for tax credits for 2010 must be made available on the department's Web site by

September 1, 2010, and the department must begin accepting applications by September 1, 2010. Applications for subsequent years must be made available by November 1 of the preceding year.

(e) Qualified investors and qualified funds must apply to the commissioner for tax credits. Tax credits must be allocated to qualified investors or qualified funds in the order that the tax credit request applications are filed with the department. The commissioner must approve or reject tax credit request applications within 15 days of receiving the application. The investment specified in the application must be made within 60 days of the allocation of the credits. If the investment is not made within 60 days, the credit allocation is canceled and available for reallocation. A qualified investor or qualified fund that fails to invest as specified in the application, within 60 days of allocation of the credits, must notify the commissioner of the failure to invest within five business days of the expiration of the 60-day investment period.

(f) All tax credit request applications filed with the department on the same day must be treated as having been filed contemporaneously. If two or more qualified investors or qualified funds file tax credit request applications on the same day, and the aggregate amount of credit allocation claims exceeds the aggregate limit of credits under this section or the lesser amount of credits that remain unallocated on that day, then the credits must be allocated among the qualified investors or qualified funds who filed on that day on a pro rata basis with respect to the amounts claimed. The pro rata allocation for any one qualified investor or qualified fund is the product obtained by multiplying a fraction, the numerator of which is the amount of the credit allocation claim filed on behalf of a qualified investor and the denominator of which is the total of all credit allocation claims filed on behalf of all applicants on that day, by the amount of credits that remain unallocated on that day for the taxable year.

(g) A qualified investor or qualified fund, or a qualified small business acting on their behalf, must notify the commissioner when an investment for which credits were allocated has been made, and the taxable year in which the investment was made. A qualified fund must also provide the commissioner with a statement indicating the amount invested by each investor in the qualified fund based on each investor's share of the assets of the qualified fund at the time of the qualified investment. After receiving notification that the investment was made, the commissioner must issue credit certificates for the taxable year in which the investment was made to the qualified investor or, for an investment made by a qualified fund, to each qualified investor who is an investor in the fund. The certificate must state that the credit is subject to revocation if the qualified investor or qualified fund does not hold the investment in the qualified small business for at least three years, consisting of the calendar year in which the investment was made and the two following years. The three-year holding period does not apply if:

(1) the investment by the qualified investor or qualified fund becomes worthless before the end of the three-year period;

(2) 80 percent or more of the assets of the qualified small business is sold before the end of the three-year period;

(3) the qualified small business is sold before the end of the three-year period; or

(4) the qualified small business's common stock begins trading on a public exchange before the end of the three-year period.

(h) The commissioner must notify the commissioner of revenue of credit certificates issued under

this section.

Subd. 6. **Annual reports.** (a) By February 1 of each year each qualified small business that received an investment that qualified for a credit, and each qualified investor and qualified fund that made an investment that qualified for a credit, must submit an annual report to the commissioner and pay a filing fee of \$100 as required under this subdivision. Each qualified investor and qualified fund must submit reports for three years following each year in which it made an investment that qualified for a credit, and each qualified small business must submit reports for five years following the year in which it received an investment qualifying for a credit. Reports must be made in the form required by the commissioner. All filing fees collected are deposited in the small business investment tax credit administration account in the special revenue fund.

(b) A report from a qualified small business must certify that the business satisfies the following requirements:

(1) the business has its headquarters in Minnesota;

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

(3) that the business is engaged in, or is committed to engage in, innovation in Minnesota as defined under subdivision 2; and

(4) that the business meets the payroll requirements in subdivision 2, paragraph (c), clause (6).

(c) Reports from qualified investors must certify that the investor remains invested in the qualified small business as required by subdivision 5, paragraph (g).

(d) Reports from qualified funds must certify that the fund remains invested in the qualified small business as required by subdivision 5, paragraph (g).

(e) A qualified small business that ceases all operations and becomes insolvent must file a final annual report in the form required by the commissioner documenting its insolvency. In following years the business is exempt from the annual reporting requirement, the report filing fee, and the fine for failure to file a report.

(f) A qualified small business, qualified investor, or qualified fund that fails to file an annual report as required under this subdivision is subject to a \$500 fine.

Subd. 7. **Revocation of credits.** (a) If the commissioner determines that a qualified investor or qualified fund did not meet the three-year holding period required in subdivision 5, paragraph (g), any credit allocated and certified to the investor or fund is revoked and must be repaid by the investor.

(b) If the commissioner determines that a business did not meet the employment and payroll requirements in subdivision 2, paragraph (c), clause (2), in any of the five calendar years following the year in which an investment in the business that qualified for a tax credit under this section was made, the business must repay the following percentage of the credits allowed for qualified investments in the business:

<u>Year following the year in which the investment was made:</u>	<u>Percentage of credit required to be repaid:</u>
<u>First</u>	<u>100%</u>
<u>Second</u>	<u>80%</u>
<u>Third</u>	<u>60%</u>
<u>Fourth</u>	<u>40%</u>
<u>Fifth</u>	<u>20%</u>
<u>Sixth and later</u>	<u>0</u>

(c) The commissioner must notify the commissioner of revenue of every credit revoked and subject to full or partial repayment under this section.

(d) For the repayment of credits allowed under this section and section 290.0692, a qualified small business, qualified investor, or investor in a qualified fund must file an amended return with the commissioner of revenue and pay any amounts required to be repaid within 30 days after becoming subject to repayment under this section.

Subd. 8. **Data privacy.** (a) Data contained in an application submitted to the commissioner under subdivision 2, 3, or 4 are nonpublic data, or private data on individuals, as defined in section 13.02, subdivision 9 or 12, except that the following data items are public:

(1) the name of a qualified small business upon approval of the application and certification by the commissioner under subdivision 2;

(2) the name of a qualified investor upon approval of the application and certification by the commissioner under subdivision 3;

(3) the name of a qualified fund upon approval of the application and certification by the commissioner under subdivision 4;

(4) for credit certificates issued under subdivision 5, the amount of the credit certificate issued, amount of the qualifying investment, the name of the qualifying investor or qualifying fund that received the certificate, and the name of the qualifying small business in which the qualifying investment was made;

(5) for credits revoked under subdivision 7, paragraph (a), the amount revoked and the name of the qualified investor or qualified fund; and

(6) for credits revoked under subdivision 7, paragraphs (b) and (c), the amount revoked and the name of the qualified small business.

(b) The following data, including data classified as nonpublic or private, must be provided to the consultant for use in conducting the program evaluation under subdivision 10:

(1) the commissioner of employment and economic development shall provide data contained in an application for certification received from a qualified small business, qualified investor, or qualified fund, and any annual reporting information received on a qualified small business, qualified investor, or qualified fund; and

(2) the commissioner of revenue shall provide data contained in any applicable tax returns of a qualified small business, qualified investor, or qualified fund.

Subd. 9. **Report to legislature.** Beginning in 2011, the commissioner must annually report by March 15 to the chairs and ranking minority members of the legislative committees having jurisdiction over taxes and economic development in the senate and the house of representatives, in compliance with sections 3.195 and 3.197, on the tax credits issued under this section. The report must include:

(1) the number and amount of the credits issued;

(2) the recipients of the credits;

(3) for each qualified small business, its location, line of business, and if it received an investment resulting in certification of tax credits;

(4) the total amount of investment in each qualified small business resulting in certification of tax credits;

(5) for each qualified small business that received investments resulting in tax credits, the total amount of additional investment that did not qualify for the tax credit;

(6) the number and amount of credits revoked under subdivision 7;

(7) the number and amount of credits that are no longer subject to the three-year holding period because of the exceptions under subdivision 5, paragraph (g), clauses (1) to (4); and

(8) any other information relevant to evaluating the effect of these credits.

Subd. 10. **Program evaluation.** (a) No later than December 31, 2012, the commissioner of revenue, after consultation with the commissioners of management and budget and employment and economic development, shall contract with a qualified outside entity or individual to evaluate the effects of the small business investment tax credit on the Minnesota economy. The contractor must not be associated with, employed by, or have contracts with the entities involved in or associated with the venture capital, angel investment, life science, or high technology industries. The program evaluation must be completed by January 2014, and provided to the chairs and ranking minority members of the legislative committees having jurisdiction over taxes and economic development in the senate and the house of representatives, in compliance with sections 3.195 and 3.197. The program evaluation must include, in addition to any other matters the commissioner considers relevant to evaluating the effectiveness of the credit, analysis of:

(1) the effect of the credit on the level of equity investment in qualified small businesses in Minnesota, including investments by angel investors, venture capital firms, and other sources of equity capital for startup businesses;

(2) the effect of the credit, if any, on investment in firms other than qualified small businesses;

(3) the amount of economic activity generated by qualified small businesses that received investments that qualified for the credit;

(4) the incremental change in Minnesota state and local taxes paid as a result of the allowance of the credit; and

(5) the net benefit to the Minnesota economy of allowance of the credit relative to alternative uses of the resources, such as increasing the research and development credit or reducing the corporate franchise tax rate.

(b) \$100,000 is appropriated to the commissioner of revenue from the general fund for fiscal year 2013 for the purposes of this evaluation. Any unspent amount of this appropriation carries over to fiscal year 2014. The allocation of the credit in subdivision 5 for taxable year 2013 is reduced by \$100,000. This appropriation may be used to hire a consultant or consultants to prepare all or part of the study.

(c) To the extent necessary to complete the program evaluation, and as provided in subdivision 8, the consultant or consultants may request from the commissioner of revenue tax return information of taxpayers who are qualified small businesses, qualified investors, and qualified funds. To the extent necessary to complete the program evaluation, the consultant or consultants may request from the commissioner of employment and economic development applications for certification and annual reports made by qualified small businesses, qualified investors, and qualified funds.

The consultant or consultants may not disclose or release any data received under this section except as permitted for a government entity under chapter 13, and is subject to the penalties and remedies provided in law for violation of that chapter.

Subd. 11. **Appropriations.** Amounts in the small business investment tax credit administration account in the special revenue fund are appropriated to the commissioner of employment and economic development for costs associated with certifying applications and refunding application fees as provided in subdivisions 2, 3, and 4, and for personnel and administrative expenses related to administering the small business investment tax credit in this section.

Subd. 12. **Sunset.** This section expires for taxable years beginning after December 31, 2015, except that reporting requirements under subdivision 6 and revocation of credits under subdivision 7 remain in effect through 2017 for qualified investors and qualified funds, and through 2019 for qualified small businesses, reporting requirements under subdivision 9 remain in effect through 2020, and the appropriation in subdivision 11 remains in effect through 2019.

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

Sec. 3. **[216C.435] DEFINITIONS.**

Subdivision 1. **Scope.** For the purposes of this section and section 216C.436, the terms defined in this section have the meanings given them.

Subd. 2. **City.** "City" means a home rule charter or statutory city.

Subd. 3. **Local government.** "Local government" means a city, county, or town.

Subd. 4. **Energy audit.** "Energy audit" means a formal evaluation of the energy consumption of a building by a certified energy auditor, whose certification is approved by the commissioner, for the purpose of identifying appropriate energy improvements that could be made to the building and including an estimate of the length of time a specific energy improvement will take to repay its purchase and installation costs, based on the amount of energy saved and estimated future energy prices.

Subd. 5. **Energy improvement.** "Energy improvement" means:

(1) any renovation or retrofitting of a building to improve energy efficiency that is permanently affixed to the property and that results in a net reduction in energy consumption without altering the principal source of energy;

(2) permanent installation of new or upgraded electrical circuits and related equipment to enable electrical vehicle charging; or

(3) a renewable energy system attached to, installed within, or proximate to a building that generates electrical or thermal energy from a renewable energy source.

Subd. 6. **Qualifying real property.** "Qualifying real property" means a single-family or multifamily residential dwelling, or a commercial or industrial building, that the city has determined, after review of an energy audit or renewable energy system feasibility study, can be benefited by installation of energy improvements.

Subd. 7. **Renewable energy.** "Renewable energy" means energy produced by means of solar thermal, solar photovoltaic, wind, or geothermal resources.

Subd. 8. **Renewable energy system feasibility study.** "Renewable energy system feasibility study" means a written study, conducted by a contractor trained to perform that analysis, for the purpose of determining the feasibility of installing a renewable energy system in a building, including an estimate of the length of time a specific renewable energy system will take to repay its purchase and installation costs, based on the amount of energy saved and estimated future energy prices. For a geothermal energy improvement, the feasibility study must calculate net savings in terms of nongeothermal energy and costs.

Subd. 9. **Solar thermal.** "Solar thermal" has the meaning given to "qualifying solar thermal project" in section 216B.2411, subdivision 2, paragraph (e).

Subd. 10. **Solar photovoltaic.** "Solar photovoltaic" has the meaning given in section 216C.06, subdivision 16, and must meet the requirements of section 216C.25.

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

Sec. 4. **[216C.436] VOLUNTARY ENERGY IMPROVEMENTS FINANCING PROGRAM FOR LOCAL GOVERNMENTS.**

Subdivision 1. **Program authority.** A local government may establish a program to finance energy improvements to enable owners of qualifying real property to pay for cost-effective energy improvements to the qualifying real property with the net proceeds and interest earnings of revenue bonds authorized in this section. A local government may limit the number of qualifying real properties for which a property owner may receive program financing.

Subd. 2. **Program requirements.** A financing program must:

(1) impose requirements and conditions on financing arrangements to ensure timely repayment;

(2) require an energy audit or renewable energy system feasibility study to be conducted on the qualifying real property and reviewed by the local government prior to approval of the financing;

(3) require the inspection of all installations and a performance verification of at least ten percent of the energy improvements financed by the program;

(4) require that all cost-effective energy improvements be made to a qualifying real property prior to, or in conjunction with, an applicant's repayment of financing for energy improvements for that property;

(5) have energy improvements financed by the program performed by licensed contractors as required by chapter 326B or other law or ordinance;

(6) require disclosures to borrowers by the local government of the risks involved in borrowing, including the risk of foreclosure if a tax delinquency results from a default;

(7) provide financing only to those who demonstrate an ability to repay;

(8) not provide financing for a qualifying real property in which the owner is not current on mortgage or real property tax payments;

(9) require a petition by all owners of the qualifying real property requesting collections of repayments as a special assessment under section 429.101;

(10) provide that payments and assessments are not accelerated due to a default and that a tax delinquency exists only for assessments not paid when due; and

(11) require that liability for special assessments related to the financing runs with the qualifying real property.

Subd. 3. **Retail and end use prohibited.** Energy generated by an energy improvement may not be sold, transmitted, or distributed at retail and may not be provided for end use from an off-site facility of the electrical energy. On-site generation is allowed to the extent provided for in section 216B.1611.

This section does not modify the exclusive service territories or exclusive right to serve as provided in sections 216B.37 to 216B.43.

Subd. 4. **Financing terms.** Financing provided under this section must have:

(1) a term not to exceed the weighted average of the useful life of the energy improvements installed, as determined by the local government, but in no event may a term exceed 20 years;

(2) a principal amount not to exceed the lesser of ten percent of the assessed value of the real property on which the improvements are to be installed or the actual cost of installing the energy improvements, including the costs of necessary equipment, materials, and labor, the costs of each related energy audit or renewable energy system feasibility study, and the cost of verification of installation; and

(3) an interest rate sufficient to pay the financing costs of the program, including the issuance of bonds and any financing delinquencies.

Subd. 5. **Coordination with other programs.** A financing program must include cooperation and coordination with the conservation improvement activities of the utility serving the qualifying real property and other public and private energy improvement programs.

Subd. 6. **Certificate of participation.** Upon completion of a project, a local government shall provide a borrower with a certificate stating participation in the program and what energy improvements have been made with financing program proceeds.

Subd. 7. **Repayment.** A local government financing an energy improvement under this section must:

- (1) secure payment with a lien against the benefited qualifying real property; and
- (2) collect repayments as a special assessment as provided for in section 429.101 or by charter.

Subd. 8. **Bond issuance; repayment.** (a) A local government may issue revenue bonds as provided in chapter 475 for the purposes of this section.

(b) The bonds must be payable as to both principal and interest solely from the revenues from the assessments established in subdivision 7.

(c) No holder of bonds issued under this subdivision may compel any exercise of the taxing power of the local government that issued the bonds to pay principal or interest on the bonds. Bonds issued under this subdivision are not a debt or obligation of the local government that issued them, nor is the payment of the bonds enforceable out of any money other than the revenue pledged to the payment of the bonds.

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

Sec. 5. Minnesota Statutes 2009 Supplement, section 272.02, subdivision 86, is amended to read:

Subd. 86. **Apprenticeship training facilities.** All or a portion of a building used exclusively for a state-approved apprenticeship program through the Department of Labor and Industry is exempt if:

(1) it is owned by a nonprofit organization or a nonprofit trust, and operated by a nonprofit organization or a nonprofit trust;

(2) the program participants receive no compensation; and

(3) it is located:

(i) in the Minneapolis and St. Paul standard metropolitan statistical area as determined by the 2000 federal census ~~or~~;

(ii) in a city outside the Minneapolis and St. Paul standard metropolitan statistical area that has a population of ~~7,500~~ 7,400 or greater according to the most recent federal census; or

(iii) in a township that has a population greater than 2,000 but less than 3,000 determined by the 2000 federal census and the building was previously used by a school and was exempt for taxes payable in 2010.

Use of the property for advanced skills training of incumbent workers does not disqualify the property for the exemption under this subdivision. This exemption includes up to five acres of the land on which the building is located and associated parking areas on that land, except that if the building meets the requirements of clause (3), item (iii), then the exemption includes up to ten acres of land on which the building is located and associated parking areas on that land. If a parking area

associated with the facility is used for the purposes of the facility and for other purposes, a portion of the parking area shall be exempt in proportion to the square footage of the facility used for purposes of apprenticeship training.

EFFECTIVE DATE. This section is effective for property taxes payable in 2011 and thereafter.

Sec. 6. [290.0681] CREDIT FOR HISTORIC STRUCTURE REHABILITATION.

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

(b) "Account" means the historic credit administration account in the special revenue fund.

(c) "Office" means the State Historic Preservation Office of the Minnesota Historical Society.

(d) "Project" means rehabilitation of a certified historic structure, as defined in section 47(c)(3)(A) of the Internal Revenue Code, that is located in Minnesota and is allowed a federal credit under section 47(a)(2) of the Internal Revenue Code.

(e) "Society" means the Minnesota Historical Society.

Subd. 2. Credit or grant allowed; certified historic structure. (a) A credit is allowed against the tax imposed under this chapter equal to not more than 100 percent of the credit allowed under section 47(a)(2) of the Internal Revenue Code for a project. To qualify for the credit:

(1) the project must receive Part 3 certification and be placed in service during the taxable year; and

(2) the taxpayer must be allowed the federal credit and be issued a credit certificate for the taxable year as provided in subdivision 4.

(b) The society may pay a grant in lieu of the credit. The grant equals 90 percent of the credit that would be allowed for the project.

(c) In lieu of the credit under paragraph (a), an insurance company may claim a credit against the insurance premiums tax imposed under chapter 297I.

Subd. 3. Applications; allocations. (a) To qualify for a credit or grant under this section, the developer of a project must apply to the office before the rehabilitation begins. The application must contain the information and be in the form prescribed by the office. The office may collect a fee for application of up to \$5,000, based on estimated qualified rehabilitation expenses, to offset costs associated with personnel and administrative expenses related to administering the credit and preparing the economic impact report in subdivision 9. Application fees are deposited in the account. The application must indicate if the application is for a credit or a grant in lieu of the credit or a combination of the two and designate the taxpayer qualifying for the credit or the recipient of the grant.

(b) Upon approving an application for credit, the office shall issue allocation certificates that:

(1) verify eligibility for the credit or grant;

(2) state the amount of credit or grant anticipated with the project, with the credit amount equal to 100 percent and the grant amount equal to 90 percent of the federal credit anticipated in the

application;

(3) state that the credit or grant allowed may increase or decrease if the federal credit the project receives at the time it is placed in service is different than the amount anticipated at the time the allocation certificate is issued; and

(4) state the fiscal year in which the credit or grant is allocated, and that the taxpayer or grant recipient is entitled to receive the credit or grant at the time the project is placed in service, provided that date is within three calendar years following the issuance of the allocation certificate.

(c) The office, in consultation with the commissioner of revenue, shall determine if the project is eligible for a credit or a grant under this section. Eligibility for the credit is subject to review and audit by the commissioner of revenue.

(d) The federal credit recapture and repayment requirements under section 50 of the Internal Revenue Code do not apply to the credit allowed under this section.

Subd. 4. **Credit certificates.** (a)(1) The developer of a project for which the office has issued an allocation certificate must notify the office when the project is placed in service. Upon verifying that the project has been placed in service, and was allowed a federal credit, the office must issue a credit certificate to the taxpayer designated in the application or must issue a grant to the recipient designated in the application. The credit certificate must state the amount of the credit.

(2) The credit amount equals the amount of the federal credit allowed for the project.

(3) The grant amount equals 90 percent of the federal credit allowed for the project.

(b) The recipient of a credit certificate may assign the certificate to another taxpayer, which is then allowed the credit under this section or section 297I.20, subdivision 3. The commissioner shall prescribe the forms necessary for claiming a credit by assignment.

Subd. 5. **Partnerships; multiple owners.** Credits granted to a partnership, a limited liability company taxed as a partnership, S corporation, or multiple owners of property are passed through to the partners, members, shareholders, or owners, respectively, pro rata to each partner, member, shareholder, or owner based on their share of the entity's assets or as specially allocated in their organizational documents, as of the last day of the taxable year.

Subd. 6. **Credit refundable.** If the amount of credit that the taxpayer is eligible to receive under this section exceeds the liability for tax under this chapter, the commissioner shall refund the excess to the taxpayer.

Subd. 7. **Appropriations.** (a) An amount sufficient to pay the refunds authorized under this section is appropriated to the commissioner from the general fund.

(b) An amount sufficient to pay the grants authorized under this section is appropriated to the society from the general fund.

(c) Amounts in the account are appropriated to the society for costs associated with personnel and administrative expenses related to administering the credit for historic structure rehabilitation in this section, for refunding application fees under subdivision 3, and for costs associated with preparing the determination of economic impact report required in subdivision 9.

Subd. 8. **Manner of claiming.** (a) The commissioner shall prescribe the manner in which the credit may be issued or claimed. This may include allowing the credit only as a separately processed claim for refund.

(b) The office shall prescribe the manner in which grants are paid.

Subd. 9. **Report; determination of economic impact.** The society must annually determine the economic impact to the state from the rehabilitation of property for which credits or grants are provided under this section and provide a written report on the impact to the chairs and ranking minority members of the legislative committees on taxes of the senate and house of representatives, in compliance with sections 3.195 and 3.197.

Subd. 10. **Sunset.** This section expires after fiscal year 2016, except that the office's authority to issue credit certificates under subdivision 4 based on allocation certificates that were issued before fiscal year 2017 remains in effect through 2019, and the reporting requirements in subdivision 9 remain in effect through the year following the year in which all allocation certificates have either been canceled or resulted in issuance of credit certificates, or 2020, whichever is earlier.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009, for certified historic structures for which qualified costs of rehabilitation are first paid under construction contracts entered into after May 1, 2010.

Sec. 7. **[290.0692] SMALL BUSINESS INVESTMENT CREDIT.**

Subdivision 1. **Definitions.** For purposes of this section, terms defined in section 116J.8737 have the meaning given in that section.

Subd. 2. **Credit allowed.** A qualified investor is allowed a credit against the tax imposed under this chapter for qualified investments made in a qualified small business for the taxable year. The credit equals the amount and applies to the taxable year indicated on the certificate provided to the qualified investor under section 116J.8737, but the maximum credit in any taxable year is \$250,000 for a married couple filing a joint return, and \$125,000 for all other claimants.

Subd. 3. **Proportional credits.** Each pass-through entity must provide each investor a statement indicating the investor's share of the credit amount certified to the pass-through entity based on its share of the pass-through entity's capital assets at the time of the qualified investment.

Subd. 4. **Credit refundable.** If the amount of the credit under this section for any taxable year exceeds the claimant's liability for tax under this chapter, the commissioner shall refund the excess to the claimant. An amount sufficient to pay the refunds required by this section is appropriated to the commissioner from the general fund.

Subd. 5. **Audit powers.** Notwithstanding the certification eligibility issued by the commissioner of employment and economic development under section 116J.8737, the commissioner may utilize any audit and examination powers under chapters 270C or 289A to the extent necessary to verify that the taxpayer is eligible for the credit and to assess for the amount of any improperly claimed credit.

EFFECTIVE DATE. This section is effective for investments made after July 1, 2010, for taxable years beginning after December 31, 2009, and before January 1, 2016, and only applies to investments made after the qualified investor or fund making the investment and the qualified

small business receiving the investment have been certified by the commissioner of employment and economic development.

Sec. 8. Minnesota Statutes 2008, section 297A.68, subdivision 37, is amended to read:

Subd. 37. **Job opportunity building zones.** (a) Purchases of tangible personal property or taxable services by a qualified business, as defined in section 469.310, are exempt if the property or services are primarily used or consumed in a job opportunity building zone designated under section 469.314. For purposes of this subdivision, an aerial camera package, including any camera, computer, and navigation device contained in the package, that is used in an aircraft that is operated under a Federal Aviation Administration Restricted Airworthiness Certificate according to Code of Federal Regulations, title 14, part 21, section 21.25(b)(3), relating to aerial surveying, and that is based, maintained, and dispatched from a job opportunity building zone, qualifies as primarily used or consumed in a job opportunity building zone if the imagery acquired from the aerial camera package is returned to the job opportunity building zone for processing. The exemption for an aerial camera package is limited as provided in this subdivision and the tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75. The total amount of the aerial camera package exemption refunded for all taxpayers for all fiscal years is limited to \$50,000 in taxes.

(b) Purchase and use of construction materials and supplies used or consumed in, and equipment incorporated into, the construction of improvements to real property in a job opportunity building zone are exempt if the improvements after completion of construction are to be used in the conduct of a qualified business, as defined in section 469.310. This exemption applies regardless of whether the purchases are made by the business or a contractor.

(c) The exemptions under this subdivision apply to a local sales and use tax regardless of whether the local sales tax is imposed on the sales taxable as defined under this chapter.

(d) This subdivision applies to sales, if the purchase was made and delivery received during the duration of the zone.

(e) Notwithstanding the restriction in paragraph (a), which requires items purchased to be primarily used or consumed in the zone, purchases by a qualified business that is an electrical cooperative located in Meeker County of equipment and materials used for the generation, transmission, and distribution of electrical energy are exempt under this subdivision, except that:

(1) the exemption for materials and equipment used or consumed outside the zone must not exceed \$200,000 in taxes for all taxpayers for all fiscal years; and

(2) no sales and use tax exemption is allowed for equipment purchased for resale.

For purposes of this paragraph, the tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied and then refunded in the manner provided in section 297A.75.

(f) For the purchase and use of construction materials and supplies used or consumed in, and equipment incorporated into property located in a create automotive recovery zone, or for the purchase of tangible personal property or taxable services by a qualified business located in a create automotive recovery zone, the tax must be imposed and collected as if the applicable rate under section 297A.62 applied and then refunded as provided in section 297A.75. The taxpayer must attach to the claim for refund information sufficient for the commissioner to determine that

the improvements are being occupied by a business that has signed a business subsidy agreement. The commissioner shall not pay any refunds on taxes collected under this paragraph until after June 30, 2013.

EFFECTIVE DATE. This section is effective for purchases made after December 31, 2011.

Sec. 9. Minnesota Statutes 2009 Supplement, section 297A.75, subdivision 1, is amended to read:

Subdivision 1. **Tax collected.** The tax on the gross receipts from the sale of the following exempt items must be imposed and collected as if the sale were taxable and the rate under section 297A.62, subdivision 1, applied. The exempt items include:

- (1) capital equipment exempt under section 297A.68, subdivision 5;
- (2) building materials for an agricultural processing facility exempt under section 297A.71, subdivision 13;
- (3) building materials for mineral production facilities exempt under section 297A.71, subdivision 14;
- (4) building materials for correctional facilities under section 297A.71, subdivision 3;
- (5) building materials used in a residence for disabled veterans exempt under section 297A.71, subdivision 11;
- (6) elevators and building materials exempt under section 297A.71, subdivision 12;
- (7) building materials for the Long Lake Conservation Center exempt under section 297A.71, subdivision 17;
- (8) materials and supplies for qualified low-income housing under section 297A.71, subdivision 23;
- (9) materials, supplies, and equipment for municipal electric utility facilities under section 297A.71, subdivision 35;
- (10) equipment and materials used for the generation, transmission, and distribution of electrical energy and an aerial camera package exempt under section 297A.68, subdivision 37;
- (11) tangible personal property and taxable services and construction materials, supplies, and equipment exempt under section 297A.68, subdivision 41;
- (12) commuter rail vehicle and repair parts under section 297A.70, subdivision 3, clause (11);
- (13) materials, supplies, and equipment for construction or improvement of projects and facilities under section 297A.71, subdivision 40; ~~and~~
- (14) materials, supplies, and equipment for construction or improvement of a meat processing facility exempt under section 297A.71, subdivision 41; and
- (15) tangible personal property and taxable services and construction materials, supplies, and equipment exempt under section 297A.68, subdivision 37, paragraph (f), that are used by a qualified business in a create automotive recovery zone.

EFFECTIVE DATE. This section is effective for purchases made after December 31, 2011.

Sec. 10. Minnesota Statutes 2009 Supplement, section 297A.75, subdivision 2, is amended to read:

Subd. 2. **Refund; eligible persons.** Upon application on forms prescribed by the commissioner, a refund equal to the tax paid on the gross receipts of the exempt items must be paid to the applicant. Only the following persons may apply for the refund:

- (1) for subdivision 1, clauses (1) to (3), the applicant must be the purchaser;
- (2) for subdivision 1, clauses (4) and (7), the applicant must be the governmental subdivision;
- (3) for subdivision 1, clause (5), the applicant must be the recipient of the benefits provided in United States Code, title 38, chapter 21;
- (4) for subdivision 1, clause (6), the applicant must be the owner of the homestead property;
- (5) for subdivision 1, clause (8), the owner of the qualified low-income housing project;
- (6) for subdivision 1, clause (9), the applicant must be a municipal electric utility or a joint venture of municipal electric utilities;
- (7) for subdivision 1, clauses (10), (11), ~~and (14), and (15)~~, the owner of the qualifying business; and
- (8) for subdivision 1, clauses (12) and (13), the applicant must be the governmental entity that owns or contracts for the project or facility.

EFFECTIVE DATE. This section is effective for purchases made after December 31, 2011.

Sec. 11. Minnesota Statutes 2008, section 297A.815, subdivision 3, is amended to read:

Subd. 3. **Motor vehicle lease sales tax revenue.** (a) For purposes of this subdivision, "~~net revenue revenues~~" means an amount equal to:

~~(1) the revenues, including interest and penalties, collected under this section, during the fiscal year; less,~~

~~(2) the estimated reduction in individual income tax receipts and the estimated amount of refunds paid out under section 290.06, subdivision 34, for the fiscal year.~~

~~(b) On or before June 30 of each fiscal year, the commissioner of revenue shall estimate the amount of the revenues and subtraction under paragraph (a) for the current fiscal year.~~

~~(c) On or after July 1 of the subsequent fiscal year, the commissioner of finance shall transfer the net revenue as estimated in paragraph (b) from the general fund, as follows:~~

(b) The commissioner of revenue shall estimate the revenues for each fiscal year and transfer one-quarter of the estimated amount from the general fund on January 1, April 1, July 1, and October 1, allocated as follows:

- (1) 50 percent to the greater Minnesota transit account; and

(2) 50 percent to the county state-aid highway fund. Notwithstanding any other law to the contrary, the commissioner of transportation shall allocate the funds transferred under this clause to the counties in the metropolitan area, as defined in section 473.121, subdivision 4, excluding the counties of Hennepin and Ramsey, so that each county shall receive of such amount the percentage that its population, as defined in section 477A.011, subdivision 3, estimated or established by July 15 of the year prior to the current calendar year, bears to the total population of the counties receiving funds under this clause.

(d) For fiscal years 2010 and 2011, the ~~amount under paragraph (a), clause (1),~~ revenues must be calculated using the following percentages ~~of the total revenues~~:

(1) for fiscal year 2010, 83.75 percent; and

(2) for fiscal year 2011, 93.75 percent.

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

Sec. 12. Minnesota Statutes 2008, section 297I.20, is amended by adding a subdivision to read:

Subd. 3. **Historic structure rehabilitation credit.** An insurance company may claim a credit against the premiums tax imposed under this chapter equal to the amount of the credit certificate issued to it, or to a person who has assigned the credit to the insurance company, under section 290.0681. If the amount of the credit exceeds the liability for tax under this chapter, the commissioner shall refund the excess to the insurance company. An amount sufficient to pay the refunds under this section is appropriated to the commissioner from the general fund. This credit does not affect the calculation of police and fire aid under section 69.021.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009, for certified historic structures for which qualified costs of rehabilitation are first paid under construction contracts entered into after May 1, 2010.

Sec. 13. Minnesota Statutes 2009 Supplement, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

(a) An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the Iron Range Resources and Rehabilitation Board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development and associated public facility improvement, or for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure to be used for the same purpose of at least 50 percent of the distribution based on 14.7 cents per ton beginning with distributions in

2002. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If a proposed expenditure is not approved by at least seven Iron Range Resources and Rehabilitation Board members, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a producer uses money which has been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels, and the producer removes the piece of equipment from the taconite tax relief area defined in section 273.134 within ten years from the date of receipt of the money from the fund, a portion of the money granted from the fund must be repaid to the taconite economic development fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is removed from the taconite tax relief area within 12 months after receipt of the money from the fund, declining by ten percent for each of the subsequent nine years during which the equipment remains within the taconite tax relief area. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section. Any portion of the fund which is not released by the commissioner within one year of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

(b)(i) Notwithstanding the requirements of paragraph (a), setting the amount of distributions and the review process, an amount equal to ten cents per taxable ton of production in 2007, for distribution in 2008 only, that would otherwise be distributed under paragraph (a), may be used for a loan or grant for the cost of providing for a biomass energy value-added wood product facility located in the taconite tax relief area and in a county that contains a city of the first class. This amount must be deducted from the distribution under paragraph (a) for which a matching expenditure by the producer is not required. The granting of the loan or grant is subject to approval by at least seven Iron Range Resources and Rehabilitation Board members. If the money is provided as a loan, interest must be payable on the loan at the rate prescribed in section 298.2213, subdivision 3. (ii) Repayments of the loan and interest, if any, must be deposited in the taconite environment protection fund under sections 298.222 to 298.225. If a loan or grant is not made under this paragraph by July 1, ~~2010~~ 2012, the amount that had been made available for the loan under this paragraph must be transferred to the taconite environment protection fund under sections 298.222 to 298.225. (iii) Money distributed in 2008 to the fund established under this section that exceeds ten cents per ton is available to qualifying producers under paragraph (a) on a pro rata basis.

(c) Repayment or transfer of money to the taconite environmental protection fund under paragraph (b), item (ii), must be allocated by the Iron Range Resources and Rehabilitation Board for public works projects in house legislative districts in the same proportion as taxable tonnage of production in 2007 in each house legislative district, for distribution in 2008, bears to total taxable tonnage of production in 2007, for distribution in 2008. Notwithstanding any other law to the contrary, expenditures under this paragraph do not require approval by the governor. For purposes of this paragraph, "house legislative districts" means the legislative districts in existence on May 15, 2009.

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

Sec. 14. Minnesota Statutes 2009 Supplement, section 298.28, subdivision 4, is amended to read:

Subd. 4. **School districts.** (a) 23.15 cents per taxable ton, plus the increase provided in paragraph (d), less the amount that would have been computed under Minnesota Statutes 2008, section 126C.21, subdivision 4, for the current year for that district, must be allocated to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, under paragraphs (b), (c), and (f).

(b) (i) 3.43 cents per taxable ton must be distributed to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in subdivision 2.

(ii) Four cents per taxable ton from each taconite facility must be distributed to each affected school district for deposit in a fund dedicated to building maintenance and repairs, as follows:

(1) proceeds from Keewatin Taconite or its successor are distributed to Independent School Districts Nos. 316, Coleraine, and 319, Nashwauk-Keewatin, or their successor districts;

(2) proceeds from the Hibbing Taconite Company or its successor are distributed to Independent School Districts Nos. 695, Chisholm, and 701, Hibbing, or their successor districts;

(3) proceeds from the Mittal Steel Company and Minntac or their successors are distributed to Independent School Districts Nos. 712, Mountain Iron-Buhl, 706, Virginia, 2711, Mesabi East, and 2154, Eveleth-Gilbert, or their successor districts;

(4) proceeds from the Northshore Mining Company or its successor are distributed to Independent School Districts Nos. 2142, St. Louis County, and 381, Lake Superior, or their successor districts; and

(5) proceeds from United Taconite or its successor are distributed to Independent School Districts Nos. 2142, St. Louis County, and 2154, Eveleth-Gilbert, or their successor districts.

Revenues that are required to be distributed to more than one district shall be apportioned according to the number of pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous year.

(c)(i) 15.72 cents per taxable ton, less any amount distributed under paragraph (e), shall be distributed to a group of school districts comprised of those school districts which qualify as a tax relief area under section 273.134, paragraph (b), or in which there is a qualifying municipality as defined by section 273.134, paragraph (a), in direct proportion to school district indexes as follows: for each school district, its pupil units determined under section 126C.05 for the prior school year shall be multiplied by the ratio of the average adjusted net tax capacity per pupil unit for school districts receiving aid under this clause as calculated pursuant to chapters 122A, 126C, and 127A for the school year ending prior to distribution to the adjusted net tax capacity per pupil unit of the district. Each district shall receive that portion of the distribution which its index bears to the sum of the indices for all school districts that receive the distributions.

(ii) Notwithstanding clause (i), each school district that receives a distribution under sections 298.018; 298.23 to 298.28, exclusive of any amount received under this clause; 298.34 to 298.39;

298.391 to 298.396; 298.405; or any law imposing a tax on severed mineral values after reduction for any portion distributed to cities and towns under section 126C.48, subdivision 8, paragraph (5), that is less than the amount of its levy reduction under section 126C.48, subdivision 8, for the second year prior to the year of the distribution shall receive a distribution equal to the difference; the amount necessary to make this payment shall be derived from proportionate reductions in the initial distribution to other school districts under clause (i). If there are insufficient tax proceeds to make the distribution provided under this paragraph in any year, money must be transferred from the taconite property tax relief account in subdivision 6, to the extent of the shortfall in the distribution.

(d) Any school district described in paragraph (c) where a levy increase pursuant to section 126C.17, subdivision 9, was authorized by referendum for taxes payable in 2001, shall receive a distribution of 21.3 cents per ton. Each district shall receive \$175 times the pupil units identified in section 126C.05, subdivision 1, enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1.8 percent times the district's taxable net tax capacity in the second previous year.

If the total amount provided by paragraph (d) is insufficient to make the payments herein required then the entitlement of \$175 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to paragraph (d) shall not be applied to reduce general education aid which the district receives pursuant to section 126C.13 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of Iron Range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the Douglas J. Johnson economic protection trust fund as provided in subdivision 11.

Each district receiving money according to this paragraph shall reserve the lesser of the amount received under this paragraph or \$25 times the number of pupil units served in the district. It may use the money for early childhood programs or for outcome-based learning programs that enhance the academic quality of the district's curriculum. The outcome-based learning programs must be approved by the commissioner of education.

(e) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(f) Four cents per taxable ton must be distributed to qualifying school districts according to the distribution specified in paragraph (b), clause (ii), and two cents per taxable ton must be distributed according to the distribution specified in paragraph (c). These amounts are not subject to sections 126C.21, subdivision 4, and 126C.48, subdivision 8.

EFFECTIVE DATE. This section is effective beginning with distributions made in 2010.

Sec. 15. Minnesota Statutes 2009 Supplement, section 298.294, is amended to read:

298.294 INVESTMENT OF FUND.

(a) The trust fund established by section 298.292 shall be invested pursuant to law by the State Board of Investment and the net interest, dividends, and other earnings arising from the investments shall be transferred, except as provided in paragraph (b), on the first day of each month to the trust and shall be included and become part of the trust fund. The amounts transferred, including the interest, dividends, and other earnings earned prior to July 13, 1982, together with the additional

amount of \$10,000,000 for fiscal year 1983, which is appropriated April 21, 1983, are appropriated from the trust fund to the commissioner of Iron Range resources and rehabilitation for deposit in a separate account for expenditure for the purposes set forth in section 298.292. Amounts appropriated pursuant to this section shall not cancel but shall remain available unless expended.

(b) For fiscal years 2010 and 2011 only, ~~\$1,000,000~~ \$1,500,000 of the net interest, dividends, and other earnings under paragraph (a) shall be transferred to a special account. Funds in the special account are available for loans or grants to businesses, with priority given to businesses with 25 or fewer employees. Funds may be used for wage subsidies for up to 52 weeks of up to \$5 per hour or other activities, including, but not limited to, short-term operating expenses and purchase of equipment and materials by businesses under financial duress, that will create additional jobs in the taconite assistance area under section 273.1341. Expenditures from the special account must be approved by at least seven Iron Range Resources and Rehabilitation Board members.

(c) To qualify for a grant or loan, a business must be currently operating and have been operating for one year immediately prior to its application for a loan or grant, and its corporate headquarters must be located in the taconite assistance area.

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

Sec. 16. Minnesota Statutes 2008, section 429.021, subdivision 1, is amended to read:

Subdivision 1. **Improvements authorized.** The council of a municipality shall have power to make the following improvements:

(1) To acquire, open, and widen any street, and to improve the same by constructing, reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking strips of any material, or by grading, graveling, oiling, or otherwise improving the same, including the beautification thereof and including storm sewers or other street drainage and connections from sewer, water, or similar mains to curb lines.

(2) To acquire, develop, construct, reconstruct, extend, and maintain storm and sanitary sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps, lift stations, service connections, and other appurtenances of a sewer system, within and without the corporate limits.

(3) To construct, reconstruct, extend, and maintain steam heating mains.

(4) To install, replace, extend, and maintain street lights and street lighting systems and special lighting systems.

(5) To acquire, improve, construct, reconstruct, extend, and maintain water works systems, including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks, treatment plants, and other appurtenances of a water works system, within and without the corporate limits.

(6) To acquire, improve and equip parks, open space areas, playgrounds, and recreational facilities within or without the corporate limits.

(7) To plant trees on streets and provide for their trimming, care, and removal.

(8) To abate nuisances and to drain swamps, marshes, and ponds on public or private property and to fill the same.

- (9) To construct, reconstruct, extend, and maintain dikes and other flood control works.
- (10) To construct, reconstruct, extend, and maintain retaining walls and area walls.
- (11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain, and promote a pedestrian skyway system. Such improvement may be made upon a petition pursuant to section 429.031, subdivision 3.
- (12) To acquire, construct, reconstruct, extend, operate, maintain, and promote underground pedestrian concourses.
- (13) To acquire, construct, improve, alter, extend, operate, maintain, and promote public malls, plazas or courtyards.
- (14) To construct, reconstruct, extend, and maintain district heating systems.
- (15) To construct, reconstruct, alter, extend, operate, maintain, and promote fire protection systems in existing buildings, but only upon a petition pursuant to section 429.031, subdivision 3.
- (16) To acquire, construct, reconstruct, improve, alter, extend, and maintain highway sound barriers.
- (17) To improve, construct, reconstruct, extend, and maintain gas and electric distribution facilities owned by a municipal gas or electric utility.
- (18) To purchase, install, and maintain signs, posts, and other markers for addressing related to the operation of enhanced 911 telephone service.
- (19) To improve, construct, extend, and maintain facilities for Internet access and other communications purposes, if the council finds that:
- (i) the facilities are necessary to make available Internet access or other communications services that are not and will not be available through other providers or the private market in the reasonably foreseeable future; and
 - (ii) the service to be provided by the facilities will not compete with service provided by private entities.
- (20) To assess affected property owners for all or a portion of the costs agreed to with an electric utility, telecommunications carrier, or cable system operator to bury or alter a new or existing distribution system within the public right-of-way that exceeds the utility's design and construction standards, or those set by law, tariff, or franchise, but only upon petition under section 429.031, subdivision 3.
- (21) To assess affected property owners for repayment of voluntary energy improvement financings under section 216C.436, subdivision 7.

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

Sec. 17. Minnesota Statutes 2008, section 429.101, subdivision 1, is amended to read:

Subdivision 1. **Ordinances.** (a) In addition to any other method authorized by law or charter, the governing body of any municipality may provide for the collection of unpaid special charges as

a special assessment against the property benefited for all or any part of the cost of:

- (1) snow, ice, or rubbish removal from sidewalks;
- (2) weed elimination from streets or private property;
- (3) removal or elimination of public health or safety hazards from private property, excluding any structure included under the provisions of sections 463.15 to 463.26;
- (4) installation or repair of water service lines, street sprinkling or other dust treatment of streets;
- (5) the trimming and care of trees and the removal of unsound trees from any street;
- (6) the treatment and removal of insect infested or diseased trees on private property, the repair of sidewalks and alleys;
- (7) the operation of a street lighting system;
- (8) the operation and maintenance of a fire protection or a pedestrian skyway system;
- (9) inspections relating to a municipal housing maintenance code violation;
- (10) the recovery of any disbursements under section 504B.445, subdivision 4, clause (5), including disbursements for payment of utility bills and other services, even if provided by a third party, necessary to remedy violations as described in section 504B.445, subdivision 4, clause (2); or
- (11) [Repealed, 2004 c 275 s 5]
- (12) the recovery of delinquent vacant building registration fees under a municipal program designed to identify and register vacant buildings.

(b) The council may by ordinance adopt regulations consistent with this section to make this authority effective, including, at the option of the council, provisions for placing primary responsibility upon the property owner or occupant to do the work personally (except in the case of street sprinkling or other dust treatment, alley repair, tree trimming, care, and removal, or the operation of a street lighting system) upon notice before the work is undertaken, and for collection from the property owner or other person served of the charges when due before unpaid charges are made a special assessment.

(c) A home rule charter city, statutory city, county, or town operating an energy improvements financing program under section 216C.436 has the authority granted to a municipality under paragraph (a) with respect to energy improvements financed under that section.

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

Sec. 18. Minnesota Statutes 2008, section 446A.085, is amended by adding a subdivision to read:

Subd. 15. **Transportation infrastructure loans.** A loan may be made to a statutory or home rule charter city to finance transportation infrastructure projects for the purposes described in subdivision 2 but without regard to whether they are eligible for financing under a federal act or program or state law. The loan must be repayable under the terms and conditions provided in this section and established by the authority and agreed to by the city. The loan must be repaid by the city from the

proceeds of special assessments, tax increments, or other local taxes, such as sales taxes, lodging taxes, liquor taxes, admissions and recreation taxes, and food and beverage taxes, authorized to be used for purposes of the project. In addition to any method the authority considers to be appropriate, the authority may fund those loans by issuing Build America Bonds under section 54AA of the Internal Revenue Code, as amended.

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

Sec. 19. Minnesota Statutes 2009 Supplement, section 469.153, subdivision 2, is amended to read:

Subd. 2. **Project.** (a) "Project" means (1) any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in generating, transmitting, or distributing electricity, assembling, fabricating, manufacturing, mixing, processing, storing, warehousing, or distributing any products of agriculture, forestry, mining, or manufacture, or in research and development activity in this field, or in the manufacturing, creation, or production of intangible property, including any patent, copyright, formula, process, design, know-how, format, or other similar item; (2) any properties, real or personal, used or useful in the abatement or control of noise, air, or water pollution, or in the disposal of solid wastes, in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged or to be engaged in any business or industry; (3) any properties, real or personal, used or useful in connection with the business of telephonic communications, conducted or to be conducted by a telephone company, including toll lines, poles, cables, switching, and other electronic equipment and administrative, data processing, garage, and research and development facilities; (4) any properties, real or personal, used or useful in connection with a district heating system, consisting of the use of one or more energy conversion facilities to produce hot water or steam for distribution to homes and businesses, including cogeneration facilities, distribution lines, service facilities, and retrofit facilities for modifying the user's heating or water system to use the heat energy converted from the steam or hot water.

(b) "Project" also includes any properties, real or personal, used or useful in connection with a revenue producing enterprise, or any combination of two or more such enterprises engaged in any business.

(c) "Project" also includes any properties, real or personal, used or useful for the promotion of tourism in the state. Properties may include hotels, motels, lodges, resorts, recreational facilities of the type that may be acquired under section 471.191, and related facilities.

(d) "Project" also includes any properties, real or personal, used or useful in connection with a revenue producing enterprise, whether or not operated for profit, engaged in providing health care services, including hospitals, nursing homes, and related medical facilities.

(e) "Project" does not include any property to be sold or to be affixed to or consumed in the production of property for sale, and does not include any housing facility to be rented or used as a permanent residence.

(f) "Project" also means the activities of any revenue producing enterprise involving the construction, fabrication, sale, or leasing of equipment or products to be used in gathering, processing, generating, transmitting, or distributing solar, wind, geothermal, biomass, agricultural or forestry energy crops, or other alternative energy sources for use by any person or any residential,

commercial, industrial, or governmental entity in heating, cooling, or otherwise providing energy for a facility owned or operated by that person or entity.

(g) "Project" also includes any properties, real or personal, used or useful in connection with a county jail, county regional jail, community corrections facilities authorized by chapter 401, or other law enforcement facilities, the plans for which are approved by the commissioner of corrections; provided that the provisions of section 469.155, subdivisions 7 and 13, do not apply to those projects.

(h) "Project" also includes any real properties used or useful in furtherance of the purpose and policy of section 469.141.

(i) "Project" also includes related facilities as defined by section 471A.02, subdivision 11.

(j) "Project" also includes an undertaking to purchase the obligations of local governments located in whole or in part within the boundaries of the municipality that are issued or to be issued for public purposes.

(k) "Project" also includes any properties designated as a qualified green building and sustainable design project under section 469.1655.

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

Sec. 20. [469.1655] QUALIFIED GREEN BUILDING AND SUSTAINABLE DESIGN PROJECTS.

Subdivision 1. **Project designation and eligibility.** (a) A municipality or redevelopment agency issuing revenue bonds under sections 469.152 to 469.165 may designate the project for which the bonds are issued as a qualified green building and sustainable design project as provided in this section.

(b) The issuer must ensure that each designated project substantially:

(1) reduces consumption of electricity compared to conventional construction;

(2) reduces daily carbon dioxide emissions compared to energy generated from coal;

(3) increases the use of solar photovoltaic cells or solar thermal cells in this state; or

(4) increases the use of fuel cells to generate energy.

(c) Before designating a project under this section, the issuer must document in writing that the project will satisfy the eligibility criteria in this section.

(d) At least 75 percent of the square footage of commercial buildings that are part of the project must be registered with a recognized green building rating system, including Minnesota's sustainable building guidelines or the United States Green Building Council's LEED certification or the Green Building Initiative's Green Globes certification, or in the case of residential buildings, Minnesota GreenStar rating or the National Association of Home Builders National Green Building Standard certification, and must be reasonably expected to receive the certification.

Subd. 2. **Applications.** An application for designation under this section must include a project proposal that describes the energy-efficiency, renewable energy, and sustainable design features of the project and demonstrates that the project satisfies the eligibility criteria in this section. The

application must include a description of:

- (1) the amount of electric consumption reduced as compared to conventional construction;
- (2) the amount of carbon dioxide daily emissions reduced compared to energy generated from coal;
- (3) the amount of the gross installed capacity of the project's solar photovoltaic capacity measured in megawatts; and
- (4) the amount in megawatts of the project's energy generated by fuel cells.

Subd. 3. **Use of bond financing.** The project proposal must include a description of the bond financing that will be allocated for financing of one or more of the following:

- (1) the purchase, construction, integration, or other use of energy-efficiency, renewable energy, and sustainable design features of the project; or
- (2) compliance with certification standards cited under subdivision 1, paragraph (d).

EFFECTIVE DATE. This section is effective for bonds issued after June 30, 2010.

Sec. 21. Minnesota Statutes 2008, section 469.174, is amended by adding a subdivision to read:

Subd. 10c. **Compact development district.** "Compact development district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that the following conditions are satisfied:

- (1) parcels consisting of 70 percent of the area of the district are occupied by buildings or similar structures that are classified as class 3a property under section 273.13, subdivision 24; and
- (2) the planned redevelopment or development of the district, when completed, will increase the total square footage of buildings, classified as class 3a under section 273.13, subdivision 24, occupying the district by three times or more relative to the square footage of similar buildings occupying the district when the resolution was approved.

EFFECTIVE DATE. This section is effective for districts for which the request for certification is made after June 30, 2010.

Sec. 22. Minnesota Statutes 2009 Supplement, section 469.174, subdivision 22, is amended to read:

Subd. 22. **Tourism facility.** "Tourism facility" means property that:

- (1) is located in a county where the median income is no more than 85 percent of the state median income;
- (2) is located in a county in development region 1, 2, 3, 4, 5, or 7E, as defined in section 462.385;
- (3) is not located in a city with a population in excess of 20,000; and
- (4) is acquired, constructed, or rehabilitated for use as a convention and meeting facility that is privately owned, marina, hotel, motel, lodging facility, or nonhomestead dwelling unit that in each case is intended to serve primarily individuals from outside the county.

EFFECTIVE DATE. This section is effective for districts for which the request for certification is made after June 30, 2010.

Sec. 23. Minnesota Statutes 2008, section 469.175, is amended by adding a subdivision to read:

Subd. 2b. Compact development districts; sunset. The authority to establish or approve the tax increment financing plan for a new compact development district expires on June 30, 2012.

Sec. 24. Minnesota Statutes 2008, section 469.176, subdivision 1b, is amended to read:

Subd. 1b. Duration limits; terms. (a) No tax increment shall in any event be paid to the authority

(1) after 15 years after receipt by the authority of the first increment for a renewal and renovation district,

(2) after 20 years after receipt by the authority of the first increment for a soils condition district,

(3) after eight years after receipt by the authority of the first increment for an economic development district,

(4) for a housing district, a compact development district, or a redevelopment district, after 25 years from the date of receipt by the authority of the first increment.

(b) For purposes of determining a duration limit under this subdivision or subdivision 1e that is based on the receipt of an increment, any increments from taxes payable in the year in which the district terminates shall be paid to the authority. This paragraph does not affect a duration limit calculated from the date of approval of the tax increment financing plan or based on the recovery of costs or to a duration limit under subdivision 1c. This paragraph does not supersede the restrictions on payment of delinquent taxes in subdivision 1f.

(c) An action by the authority to waive or decline to accept an increment has no effect for purposes of computing a duration limit based on the receipt of increment under this subdivision or any other provision of law. The authority is deemed to have received an increment for any year in which it waived or declined to accept an increment, regardless of whether the increment was paid to the authority.

(d) Receipt by a hazardous substance subdistrict of an increment as a result of a reduction in original net tax capacity under section 469.174, subdivision 7, paragraph (b), does not constitute receipt of increment by the overlying district for the purpose of calculating the duration limit under this section.

EFFECTIVE DATE. This section is effective for districts for which the request for certification is made after June 30, 2010.

Sec. 25. Minnesota Statutes 2008, section 469.176, is amended by adding a subdivision to read:

Subd. 1i. Compact development districts. Tax increments derived from a compact development district may be used only to pay:

(1) administrative expenses up to the amount permitted under subdivision 3;

(2) the cost of acquiring land located in the district or abutting the boundary of the district;

(3) demolition and removal of buildings or other improvements and other site preparation costs for lands located in the district or abutting the boundary of the district; and

(4) installation of public infrastructure or public improvements serving the district, but excluding the costs of streets, roads, highways, parking, or other public improvements primarily designed to serve private passenger motor vehicles.

EFFECTIVE DATE. This section is effective for districts for which the request for certification is made after June 30, 2010.

Sec. 26. Minnesota Statutes 2008, section 469.176, subdivision 4c, is amended to read:

Subd. 4c. **Economic development districts.** (a) Revenue derived from tax increment from an economic development district may not be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if more than 15 percent of the buildings and facilities (determined on the basis of square footage) are used for a purpose other than:

(1) the manufacturing or production of tangible personal property, including processing resulting in the change in condition of the property;

(2) warehousing, storage, and distribution of tangible personal property, excluding retail sales;

(3) research and development related to the activities listed in clause (1) or (2);

(4) telemarketing if that activity is the exclusive use of the property;

(5) tourism facilities;

(6) qualified border retail facilities; or

(7) space necessary for and related to the activities listed in clauses (1) to (6).

~~(b) Notwithstanding the provisions of this subdivision, revenue derived from tax increment from an economic development district may be used to pay for site preparation and public improvements, if the following conditions are met:~~

~~(1) bedrock soils conditions are present in 80 percent or more of the acreage of the district;~~

~~(2) the estimated cost of physical preparation of the site exceeds the fair market value of the land before completion of the preparation; and~~

~~(3) revenues from tax increments are expended only for the additional costs of preparing the site because of unstable soils and the bedrock soils condition, the additional cost of installing public improvements because of unstable soils or the bedrock soils condition, and reasonable administrative costs.~~

(e) Notwithstanding the provisions of this subdivision, revenues derived from tax increment from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form for up to 15,000 square feet of any separately owned commercial facility located within the municipal jurisdiction of a small city, if the revenues derived from increments are spent only to assist the facility directly or for administrative expenses, the assistance is necessary to develop the facility, and all of the increments, except those

for administrative expenses, are spent only for activities within the district.

~~(d) For purposes of this subdivision, a qualified border retail facility is a development consisting of a shopping center or one or more retail stores, if the authority finds that all of the following conditions are satisfied:~~

- ~~(1) the district is in a small city located within one mile or less of the border of the state;~~
- ~~(2) the development is not located in the seven-county metropolitan area, as defined in section 473.121, subdivision 2;~~
- ~~(3) the development will contain new buildings or will substantially rehabilitate existing buildings that together contain at least 25,000 square feet of retail space; and~~
- ~~(4) without the use of tax increment financing for the development, the development or a similar competing development will instead occur in the bordering state or province.~~

~~(e) (c) A city is a small city for purposes of this subdivision if the city was a small city in the year in which the request for certification was made and applies for the rest of the duration of the district, regardless of whether the city qualifies or ceases to qualify as a small city.~~

(d) Notwithstanding the requirements of paragraph (a) and the finding requirements of section 469.174, subdivision 12, tax increments from an economic development district may be used to provide improvements, loans, subsidies, grants, interest rate subsidies, or assistance in any form to developments consisting of buildings and ancillary facilities, if all the following conditions are met:

- (1) the municipality finds that the project will create or retain jobs in this state, including construction jobs, and that construction of the project would not have commenced before July 1, 2011, without the authority providing assistance under the provisions of this paragraph;
- (2) construction of the project begins no later than July 1, 2011; and
- (3) the request for certification of the district is made no later than June 30, 2011.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to any economic development district for which the request for certification was made after June 30, 2009.

Sec. 27. Minnesota Statutes 2008, section 469.176, is amended by adding a subdivision to read:

Subd. 4m. **Temporary authority to stimulate construction.** (a) Notwithstanding the restrictions in any other subdivision of this section or any other law to the contrary, except the requirement to pay bonds to which the increments are pledged and the provisions of subdivisions 4g and 4h, the authority may spend tax increments for one or more of the following purposes:

- (1) to provide improvements, loans, interest rate subsidies, or assistance in any form to private development consisting of the construction or substantial rehabilitation of buildings and ancillary facilities, if doing so will create or retain jobs in this state, including construction jobs, and that the construction commences before July 1, 2011, and would not have commenced before that date without the assistance; or
- (2) to make an equity or similar investment in a corporation, partnership, or limited liability

company that the authority determines is necessary to make construction of a development that meets the requirements of clause (1) financially feasible.

(b) The authority may undertake actions under the authority of this subdivision only after approval by the municipality of a written spending plan that specifically authorizes the authority to take the actions. The municipality shall approve the spending plan only after a public hearing after published notice in a newspaper of general circulation in the municipality at least once, not less than ten days nor more than 30 days prior to the date of the hearing.

(c) The authority to spend tax increments under this subdivision expires December 31, 2011.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to tax increments derived from a district, regardless of when the request for certification was made.

Sec. 28. Minnesota Statutes 2008, section 469.1763, subdivision 2, is amended to read:

Subd. 2. **Expenditures outside district.** (a) For each tax increment financing district, an amount equal to at least 75 percent of the total revenue derived from tax increments paid by properties in the district must be expended on activities in the district or to pay bonds, to the extent that the proceeds of the bonds were used to finance activities in the district or to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the in-district percentage for purposes of the preceding sentence is 80 percent. Not more than 25 percent of the total revenue derived from tax increments paid by properties in the district may be expended, through a development fund or otherwise, on activities outside of the district but within the defined geographic area of the project except to pay, or secure payment of, debt service on credit enhanced bonds. For districts, other than redevelopment districts for which the request for certification was made after June 30, 1995, the pooling percentage for purposes of the preceding sentence is 20 percent. The revenue derived from tax increments for the district that are expended on costs under section 469.176, subdivision 4h, paragraph (b), may be deducted first before calculating the percentages that must be expended within and without the district.

(b) In the case of a housing district, a housing project, as defined in section 469.174, subdivision 11, is an activity in the district.

(c) All administrative expenses are for activities outside of the district, except that if the only expenses for activities outside of the district under this subdivision are for the purposes described in paragraph (d), administrative expenses will be considered as expenditures for activities in the district.

(d) The authority may elect, in the tax increment financing plan for the district, to increase by up to ten percentage points the permitted amount of expenditures for activities located outside the geographic area of the district under paragraph (a). As permitted by section 469.176, subdivision 4k, the expenditures, including the permitted expenditures under paragraph (a), need not be made within the geographic area of the project. Expenditures that meet the requirements of this paragraph are legally permitted expenditures of the district, notwithstanding section 469.176, subdivisions 4b, 4c, and 4j. To qualify for the increase under this paragraph, the expenditures must:

(1) be used exclusively to assist housing that meets the requirement for a qualified low-income building, as that term is used in section 42 of the Internal Revenue Code; and

(2) not exceed the qualified basis of the housing, as defined under section 42(c) of the Internal Revenue Code, less the amount of any credit allowed under section 42 of the Internal Revenue Code; and

(3) be used to:

(i) acquire and prepare the site of the housing;

(ii) acquire, construct, or rehabilitate the housing; or

(iii) make public improvements directly related to the housing; or

(4) be used to develop housing that does not exceed 150 percent of the average market value of single-family homes in that municipality and to pay the cost of site acquisition, relocation, demolition of existing structures, site preparation, and pollution abatement on one or more parcels, if the parcel:

(i) contains a residence containing one to four family dwelling units that has been vacant for three or more months;

(ii) contains a residence containing one to four family dwelling units that is structurally substandard, as defined in section 469.174, subdivision 10;

(iii) is in foreclosure as defined in section 325N.10, subdivision 7, but without regard to whether the residence is the owner's principal residence; or

(iv) is a vacant site, if the authority uses the parcel in connection with the development or redevelopment of a parcel qualifying under items (i) to (iii).

(e) For a district created within a biotechnology and health sciences industry zone as defined in section 469.330, subdivision 6, or for an existing district located within such a zone, tax increment derived from such a district may be expended outside of the district but within the zone only for expenditures required for the construction of public infrastructure necessary to support the activities of the zone, land acquisition, and other redevelopment costs as defined in section 469.176, subdivision 4j. These expenditures are considered as expenditures for activities within the district.

(f) The authority under paragraph (d), clause (4), expires on December 31, 2015. Increments may continue to be expended under this authority after that date, if they are used to pay bonds or binding contracts that would qualify under subdivision 3, paragraph (a), if December 31, 2015, is considered to be the last date of the five-year period after certification under that provision.

EFFECTIVE DATE. This section is effective for any district that is subject to the provisions of Minnesota Statutes, section 469.1763, regardless of when the request for certification of the district was made.

Sec. 29. Minnesota Statutes 2008, section 469.310, subdivision 6, is amended to read:

Subd. 6. **Job opportunity building zone or zone.** "Job opportunity building zone" or "zone" means a zone designated by the commissioner under section 469.314, and includes an agricultural processing facility zone and a create automotive recovery zone.

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

Sec. 30. Minnesota Statutes 2008, section 469.310, subdivision 11, is amended to read:

Subd. 11. **Qualified business.** (a) A person carrying on a trade or business at a place of business located within a job opportunity building zone is a qualified business for the purposes of sections 469.310 to 469.320 according to the criteria in paragraphs (b) to (f).

(b) A person is a qualified business only on those parcels of land for which the person has entered into a business subsidy agreement, as required under section 469.313, with the appropriate local government unit in which the parcels are located.

(c) Prior to execution of the business subsidy agreement, the local government unit must consider the following factors:

- (1) how wages compare to the regional industry average;
- (2) the number of jobs that will be provided relative to overall employment in the community;
- (3) the economic outlook for the industry the business will engage in;
- (4) sales that will be generated from outside the state of Minnesota;
- (5) how the business will build on existing regional strengths or diversify the regional economy;
- (6) how the business will increase capital investment in the zone; and
- (7) any other criteria the commissioner deems necessary.

(d) A person that relocates a trade or business from outside a job opportunity building zone into a zone is not a qualified business unless the business meets all of the requirements of paragraphs (b) and (c) and:

(1) increases full-time employment in the first full year of operation within the job opportunity building zone by a minimum of five jobs or 20 percent, whichever is greater, measured relative to the operations that were relocated and maintains the required level of employment for each year the zone designation applies; and

(2) enters a binding written agreement with the commissioner that:

(i) pledges the business will meet the requirements of clause (1);

(ii) provides for repayment of all tax benefits enumerated under section 469.315 to the business under the procedures in section 469.319, if the requirements of clause (1) are not met for the taxable year or for taxes payable during the year in which the requirements were not met; and

(iii) contains any other terms the commissioner determines appropriate.

(e) The commissioner may waive the requirements under paragraph (d), clause (1), if the commissioner determines that the qualified business will substantially achieve the factors under this subdivision.

(f) A business is not a qualified business if, at its location or locations in the zone, the business is primarily engaged in making retail sales to purchasers who are physically present at the business's zone location.

(g) A qualifying business must pay each employee compensation, including benefits not mandated by law, that on an annualized basis is equal to at least 110 percent of the federal poverty level for a family of four.

(h) A public utility, as defined in section 336B.01, is not a qualified business.

(i) A business operating in a create automotive recovery zone is a qualified business only if it engages in the assembly of motor vehicles at the zone location.

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

Sec. 31. Minnesota Statutes 2008, section 469.310, is amended by adding a subdivision to read:

Subd. 14. **Motor vehicle assembly facility.** "Motor vehicle assembly facility" means a manufacturing facility with at least 500 employees that is used to assemble motor vehicles and is located in a city of the first class.

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

Sec. 32. Minnesota Statutes 2008, section 469.310, is amended by adding a subdivision to read:

Subd. 15. **Create automotive recovery zone.** "Create automotive recovery zone" means a zone designated by the commissioner under section 469.314 that contains a motor vehicle assembly facility.

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

Sec. 33. Minnesota Statutes 2008, section 469.312, subdivision 1, is amended to read:

Subdivision 1. **Maximum size.** A job opportunity building zone may not exceed 5,000 acres. For a zone designated as an agricultural processing facility zone, the zone also may not exceed the size of a site necessary for the agricultural processing facility, including ancillary operations and space for expansion in the reasonably foreseeable future. For a zone designated as a create automotive recovery zone, the zone also may not exceed the size of the site necessary for the assembly of motor vehicles, including ancillary operations and space for expansion in the reasonably foreseeable future.

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

Sec. 34. Minnesota Statutes 2008, section 469.312, subdivision 3, is amended to read:

Subd. 3. **Outside metropolitan area.** Except for a create automotive recovery zone, the area of a job opportunity building zone must be located outside of the metropolitan area, as defined in section 473.121, subdivision 2.

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

Sec. 35. Minnesota Statutes 2009 Supplement, section 469.312, subdivision 5, is amended to read:

Subd. 5. **Duration limit.** (a) The maximum duration of a zone is 12 years. The applicant may request a shorter duration. The commissioner may specify a shorter duration, regardless of the requested duration.

(b) The duration limit under this subdivision and the duration of the zone for purposes of

allowance of tax incentives described in section 469.315 is extended by three calendar years for each parcel of property that meets the following requirements:

(1) the qualified business operates an ethanol plant, as defined in section 41A.09, on the site that includes the parcel; and

(2) the business subsidy agreement was executed after April 30, 2006.

(c) The duration limit under this subdivision and the duration of the zone for purposes of allowance of tax incentives described in section 469.315 is extended by five calendar years for each parcel of property that meets the following requirements:

(1) the parcel is located in a county with an unemployment rate that on the date that the business subsidy agreement is executed (i) equals or exceeds ten percent or (ii) is ten percent higher than the statewide average;

(2) the operations of the qualified business on the site include:

(i) its headquarters;

(ii) facilities for research and development; and

(iii) the manufacturing of products, used by the building, transport, consumer products, and industrial products sectors, that reduce the use of or increase the efficiency of the use of energy resources and that are manufactured using innovative and high technology processes; and

(3) the business subsidy agreement is executed after July 1, 2009, and before July 1, 2011.

(d) The duration of a create automotive recovery zone is 12 years from the date of the designation of a zone by the commissioner under section 469.314, subdivision 4, paragraph (g).

(e) The duration limit under this subdivision and the duration of the zone for purposes of allowance of tax incentives described in section 469.315 is extended by five calendar years for each parcel of property that meets the following requirements:

(1) the parcel is located in a county with an unemployment rate for any of the twelve months preceding the date on which the business subsidy agreement is executed that (i) equals or exceeds ten percent or (ii) is ten percent higher than the statewide average;

(2) the qualified business is engaged in the business of manufacturing wind turbines and related products for the generation of energy, and the parcel includes one or more of the following facilities of the qualified business:

(i) the headquarters of the business in this country;

(ii) training facilities; or

(iii) manufacturing facilities; and

(3) the initial business subsidy agreement is executed after July 1, 2010, and before November 1, 2011.

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

Sec. 36. Minnesota Statutes 2008, section 469.314, subdivision 1, is amended to read:

Subdivision 1. **Commissioner to designate.** (a) The commissioner, in consultation with the commissioner of revenue, shall designate not more than ten job opportunity building zones and not more than one create automotive recovery zone. In making the designations, the commissioner shall consider need and likelihood of success to yield the most economic development and revitalization of economically distressed rural areas of Minnesota.

(b) In addition to the designations under paragraph (a), the commissioner may, in consultation with the commissioners of agriculture and revenue, designate up to five agricultural processing facility zones.

(c) The commissioner may, upon designation of a zone, modify the development plan, including the boundaries of the zone or subzones, if in the commissioner's opinion a modified plan would better meet the objectives of the job opportunity building zone program. The commissioner shall notify the applicant of the modification and provide a statement of the reasons for the modifications.

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

Sec. 37. Minnesota Statutes 2008, section 469.314, subdivision 4, is amended to read:

Subd. 4. **Designation schedule.** (a) The schedule in paragraphs (b) to (f) applies to the designation of job opportunity building zones. Paragraph (g) applies to the designation of a create automotive recovery zone.

(b) The commissioner shall publish the form for applications and any procedural, form, or content requirements for applications by no later than August 1, 2003. The commissioner may publish these requirements on the Internet, in the State Register, or by any other means the commissioner determines appropriate to disseminate the information to potential applicants for designation.

(c) Applications must be submitted by October 15, 2003.

(d) The commissioner shall designate the zones by no later than December 31, 2003.

(e) The designation of the zones takes effect January 1, 2004.

(f) The commissioner may reserve one or more of the ten authorized zones for a second round of designations in calendar year 2004. If the commissioner chooses to reserve designations for this purpose, the commissioner shall establish the schedule for the second round of designations, notwithstanding the dates in paragraphs (c), (d), and (e). The commissioner shall allow a period of at least 90 days for submission of applications after notification of the second round. A zone designated in the second round takes effect on January 1, 2005.

(g) The commissioner may accept applications for a create automotive recovery zone at any time before January 1, 2016. The commissioner may designate a create automotive recovery zone at any time after December 31, 2011, and before January 1, 2016, but only if the applicant has entered a written agreement with a qualified business committing to make a capital investment of at least \$100,000,000 to improve or retrofit a motor vehicle assembly facility located in the zone.

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

Sec. 38. Minnesota Statutes 2008, section 469.315, is amended to read:

469.315 TAX INCENTIVES AVAILABLE IN ZONES.

Qualified businesses that operate in a job opportunity building zone, individuals who invest in a qualified business that operates in a job opportunity building zone, and property located in a job opportunity building zone qualify for:

- (1) exemption from individual income taxes as provided under section 469.316;
- (2) exemption from corporate franchise taxes as provided under section 469.317;
- (3) exemption from the state sales and use tax and any local sales and use taxes on qualifying purchases as provided in section 297A.68, subdivision 37;
- (4) exemption from the state sales tax on motor vehicles and any local sales tax on motor vehicles as provided under section 297B.03;
- (5) exemption from the property tax as provided in section 272.02, subdivision 64;
- (6) exemption from the wind energy production tax under section 272.029, subdivision 7; and
- (7) the jobs credit allowed under section 469.318, except that a qualified business located in a create automotive recovery zone is not eligible for the credit under section 469.318 but is eligible for the credit under section 469.3181.

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

Sec. 39. **[469.3181] CREATE AUTOMOTIVE RECOVERY JOBS CREDIT.**

Subdivision 1. **Credit allowed.** (a) A qualified business located in a create automotive recovery zone is allowed a credit against the tax imposed under chapter 290 equal to \$2,500 times the number of full-time equivalent employees receiving wages from the qualified business for working at the facility during the taxable year. The qualified business is allowed an additional credit equal to \$1,000 times the number of full-time equivalent employees receiving wages from the qualified business for working at the facility during the taxable year in excess of 750 employees.

(b) For purposes of this section, "employee" and "wages" have the meanings given them in section 290.92, subdivisions 1 and 3.

(c) For purposes of this section, "full-time equivalent employees" means the equivalent of annualized expected hours of work equal to 2,080 hours.

Subd. 2. **Refundable.** If the amount of the credit exceeds the liability for tax under chapter 290, the commissioner of revenue shall refund the excess to the qualified business.

Subd. 3. **Appropriation.** An amount sufficient to pay the refunds authorized by this section is appropriated to the commissioner of revenue from the general fund.

Subd. 4. **Manner of claiming credit.** The commissioner shall prescribe the manner in which the credit may be issued or claimed. This may include allowing the credit only as a separately processed claim for refund. For taxable years beginning before January 1, 2014, the commissioner must require

a taxpayer to claim the credit on a separately processed claim form and may not make any payments of any credit allowed before July 1, 2013.

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

Sec. 40. Laws 1986, chapter 391, section 1, is amended to read:

Section 1.

The legislature finds that providing areawide and local financial assistance, including the provision of security for debt financing, but not including direct subsidies to private interests, in the development of the former metropolitan stadium site Industrial Development District 1 (Airport South) of the city of Bloomington, as amended, including any phase of the Mall of America, and the Old Cedar Avenue Bridge, is a public purpose of state, metropolitan, and local government in Minnesota and that it is a benefit to the metropolitan area within the purpose of the metropolitan revenue distribution program pursuant to chapter 473F.

EFFECTIVE DATE. This section is effective upon local approval of and compliance by the governing body of the city of Bloomington with the requirements of Minnesota Statutes, section 645.021.

Sec. 41. Laws 1995, chapter 264, article 5, section 44, subdivision 4, as amended by Laws 1996, chapter 471, article 7, section 21, and Laws 1997, chapter 231, article 10, section 12, and Laws 2008, chapter 154, article 9, section 18, is amended to read:

Subd. 4. **Authority.** For housing replacement projects in the city of Crystal, "authority" means the Crystal economic development authority. For housing replacement projects in the city of Fridley, "authority" means the housing and redevelopment authority in and for the city of Fridley or a successor in interest. For housing replacement projects in the city of Minneapolis, "authority" means the Minneapolis community development agency or its successors and assigns. For housing replacement projects in the city of St. Paul, "authority" means the St. Paul housing and redevelopment authority. For housing replacement projects in the city of Duluth, "authority" means the Duluth economic development authority. For housing replacement projects in the city of Richfield, "authority" is the authority as defined in Minnesota Statutes, section 469.174, subdivision 2, that is designated by the governing body of the city of Richfield. For housing replacement projects in the city of Columbia Heights, "authority" is the authority as defined in Minnesota Statutes, section 469.174, subdivision 2, that is designated by the governing body of the city of Columbia Heights. For housing replacement projects in the city of Brooklyn Park, "authority" is the authority as defined in Minnesota Statutes, section 469.174, subdivision 2, that is designated by the governing body of the city of Brooklyn Park.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the city of Brooklyn Park without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

Sec. 42. Laws 1995, chapter 264, article 5, section 45, subdivision 1, as amended by Laws 1996, chapter 471, article 7, section 22, and Laws 1997, chapter 231, article 10, section 13, and Laws 2002, chapter 377, article 7, section 6, and Laws 2008, chapter 154, article 9, section 19, is amended to read:

Subdivision 1. **Creation of projects.** (a) An authority may create a housing replacement project under sections 44 to 47, as provided in this section.

(b) For the cities of Crystal, Fridley, Richfield, ~~and~~ Columbia Heights, and Brooklyn Park, the authority may designate up to ~~50~~ 100 parcels in the city to be included in a housing replacement district over the life of a district or districts. ~~No more than ten parcels may be included in year one of the district, with up to ten additional parcels added to the district in each of the following nine years.~~ For the cities of St. Paul and Duluth, each authority may designate not more than 200 parcels in the city to be included in a housing replacement district over the life of the district. For the city of Minneapolis, the authority may designate not more than 400 parcels in the city to be included in housing replacement districts over the life of the districts. The only parcels that may be included in a district are (1) vacant sites, (2) parcels containing vacant houses, or (3) parcels containing houses that are structurally substandard, as defined in Minnesota Statutes, section 469.174, subdivision 10.

(c) The city in which the authority is located must pay at least 25 percent of the housing replacement project costs from its general fund, a property tax levy, or other unrestricted money, not including tax increments.

(d) The housing replacement district plan must have as its sole object the acquisition of parcels for the purpose of preparing the site to be sold for market rate housing. As used in this section, "market rate housing" means housing that has a market value that does not exceed 150 percent of the average market value of single-family housing in that municipality.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to the affected cities without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

Sec. 43. Laws 2006, chapter 259, article 10, section 14, subdivision 3, is amended to read:

Subd. 3. **Application of tax increment law.** Minnesota Statutes, sections 469.174 to 469.179, shall apply to the administration of the district, except:

(1) as this section provides otherwise; and

(2) with respect to the portion of the increment to be expended for homeless shelter and services pursuant to subdivision 5, paragraph (b):

(i) the use for which tax increment that may be expended is as provided by subdivision 5; ~~and~~

(ii) Minnesota Statutes, sections 469.1761 and 469.1763, do not apply; and

(iii) tax increment may be used for reimbursement of costs incurred at any time after the effective date of this section, even if incurred prior to establishment of the district or execution of a city tax increment agreement.

EFFECTIVE DATE. This section is effective upon compliance by the city of Minneapolis with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 44. Laws 2008, chapter 366, article 5, section 28, subdivision 1, is amended to read:

Subdivision 1. **Additional taxes authorized; use of proceeds.** (a) Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or charter provision to the contrary, the

governing body of the city of Bloomington may impose any or all of the taxes described in this section. The proceeds of any taxes imposed under this section or section 27, less refunds and the cost of collection, must be used to provide financing for parking facilities or other public improvements for any phase of the Mall of America phase II. The Port Authority of the city of Bloomington may, but is not required to, issue or cause the sale of bonds, a developer's note, or other obligations to finance the improvements. If a governmental entity other than the city of Bloomington issues the obligations used to finance the parking facilities and other public improvements, the city may transfer the funds available under this section and section 27 for financing the project to the entity that issued the bonds.

(b) As a condition to exercising the authority provided in this subdivision, the governing bodies of the city of Bloomington and the Bloomington Port Authority shall require the developers of any phase of the Mall of America project to enter into a labor peace agreement with the labor organization which is most actively engaged in representing and attempting to represent hotel workers in Hennepin and Ramsey Counties. The labor peace agreement must be an enforceable agreement and must prohibit the labor organization and its members from engaging in any boycott or other activity advising customers not to patronize any hotel that is part of any phase of the Mall of America for at least the first five years of the hotel's operation, and must cover all operations at the hotel, other than construction, alteration, or repair of the premises separately owned and operated, which are conducted by lessees or tenants or under management agreements, except retail operations, including gift, jewelry, and clothing shops that have annual gross revenues of less than \$250,000.

EFFECTIVE DATE. This section is effective upon local approval of and compliance by the governing body of the city of Bloomington with the requirements of Minnesota Statutes, section 645.021, except that the provisions of paragraph (b) are effective if the city of Bloomington approves any one of sections 43, 44, 45, 46, or 55.

Sec. 45. Laws 2008, chapter 366, article 5, section 28, subdivision 2, is amended to read:

Subd. 2. **Sales tax.** The city of Bloomington may charter a special taxing authority, which is a separate political subdivision. The geographic area of the special taxing authority consists of Tax Increment Financing Districts No. 1-C and No. 1-G in the city. The city council is the governing body of the special taxing authority. The special taxing authority may impose, by resolution, a sales tax of ~~not less than one-half of one percent and~~ not more than one percent within its boundaries. The provisions of Minnesota Statutes, section 297A.99, except for subdivisions 2 and 3, govern the imposition, administration, collection, and enforcement of the tax authorized in this subdivision.

EFFECTIVE DATE. This section is effective upon local approval and compliance by the governing body of the city of Bloomington with the provisions of Minnesota Statutes, section 645.021.

Sec. 46. Laws 2008, chapter 366, article 5, section 29, subdivision 1, is amended to read:

Subdivision 1. **Issuing authority.** (a) The city of Bloomington may contract with any of the following authorities to issue and sell revenue bonds for the purposes and in the amounts specified in subdivision 2:

(1) the commissioner of finance, exercising the authority granted under this section and Minnesota Statutes, sections 16A.672 to 16A.675;

(2) the Agricultural and Economic Development Board, exercising the powers granted under this section and Minnesota Statutes, chapter 41A; or

(3) the Minnesota Public Facilities Authority, exercising the powers granted under this section and Minnesota Statutes, chapter 446A.

(b) The authority granted in this section is in addition to the statutes in paragraph (a) and notwithstanding any contrary provisions in them.

(c) The contract must include as a party the developer of any phase ~~H~~ of the Mall of America and may include as a party any other entity deemed appropriate by the city of Bloomington, the issuing authority, and the developer.

EFFECTIVE DATE. This section is effective upon local approval of and compliance by the governing body of the city of Bloomington with the requirements of Minnesota Statutes, section 645.021.

Sec. 47. Laws 2008, chapter 366, article 5, section 29, subdivision 2, is amended to read:

Subd. 2. **Purposes and amounts.** (a) The revenue bonds may be issued in a single or multiple issues and sold for the following purposes:

(1) to pay the costs to design, construct, furnish, and equip parking facilities and ~~related~~ other public improvements for any phase ~~H~~ of the Mall of America;

(2) to pay the costs of issuance, debt service, and bond insurance or other credit enhancements, and to fund reserves; and

(3) to refund bonds issued under this section.

(b) The amount of bonds that may be issued for the purposes of paragraph (a), clause (1), may not exceed per issue the estimated cost from time to time of the parking facilities and other public improvements, including soft costs; the amount of bonds that may be issued for the purposes of paragraph (a), clauses (2) and (3), is not limited.

EFFECTIVE DATE. This section is effective upon local approval of and compliance by the governing body of the city of Bloomington with the requirements of Minnesota Statutes, section 645.021.

Sec. 48. Laws 2008, chapter 366, article 5, section 29, subdivision 4, is amended to read:

Subd. 4. **Sale and issuance; proceeds.** (a) The issuing authority may sell and issue the bonds on the terms and conditions the issuing authority determines to be in the best interests of the state after reviewing an agreement between the city of Bloomington and the developer of any phase ~~H~~ of the Mall of America setting out the terms upon which the city of Bloomington will use the proceeds of the bond sales. The bonds may be sold at public or private sale at a price or prices the issuing authority finds appropriate. The issuing authority may enter any agreements or pledges the issuing authority determines necessary or useful to sell the bonds that are not inconsistent with this section.

(b) The city may enter into a preliminary agreement with the issuing authority under which the city agrees, if the revenue bonds are not issued, to pay or cause to be paid the costs and expenses incurred by the issuing authority relating to the proposed issuance of the revenue bonds.

(c) The proceeds of the bonds issued under this section must be credited to a special Mall of America revenue bond proceeds account with the issuing authority or a trustee and are appropriated to the issuing authority for payment to the city of Bloomington for the purposes specified in subdivision 2.

EFFECTIVE DATE. This section is effective upon local approval of and compliance by the governing body of the city of Bloomington with the requirements of Minnesota Statutes, section 645.021.

Sec. 49. Laws 2009, chapter 78, article 7, section 2, is amended to read:

Sec. 2. IRON RANGE RESOURCES AND REHABILITATION; EARLY SEPARATION INCENTIVE PROGRAM AUTHORIZATION.

(a) Notwithstanding any law to the contrary, the commissioner of Iron Range resources and rehabilitation, in consultation with the commissioner of management and budget, ~~may~~ shall offer a targeted early separation incentive program for employees of the commissioner who have attained the age of 60 years or who have received credit for at least 30 years of allowable service under the provisions of Minnesota Statutes, chapter 352.

(b) The early separation incentive program may include one or more of the following:

(1) employer-paid postseparation health, medical, and dental insurance until age 65; and

(2) cash incentives that may, but are not required to be, used to purchase additional years of service credit through the Minnesota State Retirement System, to the extent that the purchases are otherwise authorized by law.

(c) The commissioner of Iron Range resources and rehabilitation shall establish eligibility requirements for employees to receive an incentive.

(d) The commissioner of Iron Range resources and rehabilitation, consistent with the established program provisions under paragraph (b), and with the eligibility requirements under paragraph (c), may designate specific programs or employees as eligible to be offered the incentive program.

(e) Acceptance of the offered incentive must be voluntary on the part of the employee and must be in writing. The incentive may only be offered at the sole discretion of the commissioner of Iron Range resources and rehabilitation.

(f) The cost of the incentive is payable solely by funds made available to the commissioner of Iron Range resources and rehabilitation by law, but only on prior approval of the expenditures by a majority of the Iron Range Resources and Rehabilitation Board.

(g) This section and section 3 are repealed ~~June 30, 2011~~ December 31, 2012.

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

Sec. 50. CITY OF EAST GRAND FORKS; PERMITTED USE OF TIF.

Notwithstanding any other law to the contrary or the provisions of the tax increment financing plan, the governing body of the city of East Grand Forks may authorize, by resolution, the expenditure of tax increments from redevelopment district 1-1, 1-2 or both for the purpose

of making improvements to the Red River State Recreation Area, including the construction of additional campsites. If so authorized, the expenditures are permitted expenditures of tax increments by the authority.

EFFECTIVE DATE. This section is effective the day following final enactment without local approval.

Sec. 51. CITY OF ST. PAUL; AUTHORITY TO EXERCISE SPECIAL LAW AUTHORITY.

Notwithstanding the failure of the governing body of the city of St. Paul to approve Laws 1995, chapter 264, article 5, sections 44 to 47, as required by Laws 1995, chapter 264, article 5, section 49, the provisions of sections 44 to 47, as amended, apply to the city of St. Paul without local approval under Minnesota Statutes, section 645.023, subdivision 1, paragraph (a).

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

Sec. 52. OAKDALE; TAX INCREMENT FINANCING DISTRICT.

Subdivision 1. **Duration of district.** Notwithstanding the provisions of Minnesota Statutes, section 469.176, subdivision 1b, the city of Oakdale may collect tax increments from Tax Increment Financing District No. 6 (Bergen Plaza) through December 31, 2024, subject to the conditions described in subdivision 2.

Subd. 2. **Conditions for extension.** (a) Subdivision 1 applies only if the following conditions are met:

(1) by July 1, 2011, the city of Oakdale has entered into a development agreement with a private developer for development or redevelopment of all or a substantial part of the area; and

(2) by November 1, 2011, the city of Oakdale or a private developer commences construction of streets, traffic improvements, water, sewer, or related infrastructure that serves one or both of the parcels with the following parcel identification numbers: 2902921330001 and 2902921330005. For the purposes of this section, construction commences upon grading or other visible improvements that are part of the subject infrastructure.

(b) All tax increments received by the city of Oakdale under subdivision 1 after December 31, 2016, must be used only to pay costs that are both (1) related to redevelopment of the parcels specified in this subdivision including, without limitation, any of the infrastructure referenced in this subdivision; and (2) otherwise eligible under law to be paid with increments from the specified tax increment financing district, except the authority under this clause does not apply to increments collected after the conclusion of the duration limit under general law.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Oakdale with the requirements of Minnesota Statutes, sections 469.1782, subdivision 2, and 645.021, subdivision 3.

Sec. 53. CITY OF NORTH MANKATO; TAX INCREMENT FINANCING DISTRICT; PROJECT REQUIREMENTS.

Subdivision 1. **Addition of parcel to district.** Notwithstanding Minnesota Statutes, sections 469.174, subdivision 10, and 469.175, subdivision 4, paragraph (d), or any other law to the

contrary, the governing body of the city of North Mankato may elect to expand the boundaries of Tax Increment Financing District No. IDD 1-8 to include real property, described as follows:

Lots 3, 4, 5, 6, 7, 8, B, and C and part of vacated Cedar Street, Lots A, 1, and 2 lying northwesterly of a line beginning at a point on the South line of Lot A 74.67 feet West of the southeast corner of Lot A; thence northeasterly 107.30 feet to a point on the East line of Lot 2; thence continuing northeasterly 47.47 feet to a point on the East right-of-way line of vacated Cedar Street; said point being 101.93 feet southerly from the intersection of the south right-of-way line of Wheeler Avenue and the east right-of-way line vacated Cedar Street, Lamm's Second Addition, City of North Mankato, Nicollet County, Minnesota (tax parcel number R 18.614.0040).

Subd. 2. **Five-year rule.** Minnesota Statutes, section 469.1763, subdivision 3, does not apply to Tax Increment Financing District No. IDD 1-8, as enlarged.

Subd. 3. **Original tax capacity of district.** Upon addition of the property described in subdivision 1 to Tax Increment Financing District No. IDD 1-8, the Nicollet County auditor shall increase the original tax capacity of Tax Increment Financing District No. IDD 1-8 by the amount required by Minnesota Statutes, section 469.177.

Subd. 4. **Use of increments.** Tax increments and other revenues derived from any portion of Tax Increment Financing District No. IDD 1-8, as enlarged, may be used:

(1) to reimburse or otherwise pay the port authority of the city of North Mankato and the city of North Mankato for allowable expenditures under the plan budget for Tax Increment Financing District No. IDD 1-8, as amended from time to time; and

(2) to pay the principal, premium, and interest on the \$990,000 city of North Mankato taxable general obligation tax increment bonds, series 2001D, issued by the city of North Mankato for redevelopment costs in Tax Increment Financing District No. IDD 1-8 under the tax increment financing plan for Tax Increment Financing District No. IDD 1-8 as originally adopted January 16, 1990, and amended April 2, 2001.

Subd. 5. **Approval and effect of modification.** When the governing body of the city elects to exercise the authority provided in subdivision 1 to modify the district, the following conditions apply:

(1) it must comply with Minnesota Statutes, section 469.175, subdivision 4, except for paragraph (d); and

(2) beginning with the subsequent calendar year, except as otherwise explicitly provided in this section, the district is subject to the provisions of Minnesota Statutes, sections 469.174 to 469.1794, as if the request for certification of the entire district had been made on the date the city elected to exercise the authority provided in subdivision 1.

Subd. 6. **Conditions.** The authority granted by this section may only be exercised by the city if:

(1) by July 1, 2011, the city has entered into a development agreement with a private developer for redevelopment of all or a substantial part of the area; and

(2) substantial and ongoing construction of improvements for the project has begun by November 1, 2011.

EFFECTIVE DATE. This section is effective upon approval by the governing body of the city of North Mankato and upon compliance by the city with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 54. CITY OF COHASSET; USE OF TAX INCREMENTS.

(a) The authority operating Tax Increment Financing Districts No. 2-1 and No. 3-1 in the city of Cohasset may transfer tax increments from each of those districts to the city in an amount equal to the advances made by the city from its general fund to finance expenditures under Minnesota Statutes, section 469.176, subdivision 4, for the benefit of that district.

(b) The authority granted by this section may only be exercised by the authority if, by July 1, 2011, the authority has entered into a development agreement with a private developer of property to be served by the road financed by the expenditures under this section and if substantial and ongoing construction has begun by November 1, 2011.

EFFECTIVE DATE. This section is effective the day following final enactment, upon approval by the governing body of the city of Cohasset and compliance with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 55. 2010 DISTRIBUTIONS ONLY.

For distributions in 2010 only, a special fund is established to receive the sum of the cents per ton required to be paid under this section, which otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6:

(1) 0.764 cent per ton must be paid to Northern Minnesota Dental to provide incentives for at least two dentists to establish dental practices in high-need areas of the taconite tax relief area;

(2) 0.955 cent per ton must be paid to the city of Virginia for repairs and geothermal heat at the Olcott Park Greenhouse/Virginia Commons project;

(3) 0.796 cent per ton must be paid to the city of Virginia for health and safety repairs at the Miners Memorial;

(4) 1.114 cents per ton must be paid to the city of Eveleth for the reconstruction of Highway 142/Grant and Park Avenues;

(5) 0.478 cent per ton must be paid to the Greenway Joint Recreation Board for upgrades and capital improvements to the public arena in Coleraine;

(6) 0.796 cent per ton must be paid to the city of Calumet for water treatment and pumphouse modifications;

(7) 0.159 cent per ton must be paid to the city of Bovey for residential and commercial claims for water damage due to water and flood-related damage caused by the Canisteo Pit;

(8) 0.637 cent per ton must be paid to the city of Nashwauk for a community and child care center;

(9) 0.637 cent per ton must be paid to the city of Keewatin for water and sewer upgrades;

(10) 0.637 cent per ton must be paid to the city of Marble for the city hall and library project;

(11) 0.955 cent per ton must be paid to the city of Grand Rapids for extension of water and sewer services for Lakewood Housing;

(12) 0.159 cent per ton must be paid to the city of Grand Rapids for exhibits at the Children's Museum;

(13) 0.637 cent per ton must be paid to the city of Grand Rapids for Block 20/21 soil corrections. This amount must be matched by local sources;

(14) 0.605 cent per ton must be paid to the city of Aitkin for three water loops;

(15) 0.048 cent per ton must be paid to the city of Aitkin for signage;

(16) 0.159 cent per ton must be paid to Aitkin County for a trail;

(17) 0.637 cent per ton must be paid to the city of Cohasset for the Beiers Road railroad crossing;

(18) 0.088 cent per ton must be paid to the town of Clinton for expansion and striping of the community center parking lot;

(19) 0.398 cent per ton must be paid to the city of Kinney for water line replacement;

(20) 0.796 cent per ton must be paid to the city of Gilbert for infrastructure improvements, milling, and overlay for Summit Street between Alaska Avenue and Highway 135;

(21) 0.318 cent per ton must be paid to the city of Gilbert for sanitary sewer main replacements and improvements in the Northeast Lower Alley area;

(22) 0.637 cent per ton must be paid to the town of White for replacement of the Stepetz Road culvert;

(23) 0.796 cent per ton must be paid to the city of Buhl for reconstruction of Sharon Street and associated infrastructure;

(24) 0.796 cent per ton must be paid to the city of Mountain Iron for site improvements at the Park Ridge development;

(25) 0.796 cent per ton must be paid to the city of Mountain Iron for infrastructure and site preparation for its renewable and sustainable energy park;

(26) 0.637 cent per ton must be paid to the city of Biwabik for sanitary sewer improvements;

(27) 0.796 cent per ton must be paid to the city of Aurora for alley and road rebuilding for the Summit Addition;

(28) 0.955 cent per ton must be paid to the city of Silver Bay for bioenergy facility improvements;

(29) 0.318 cent per ton must be paid to the city of Grand Marais for water and sewer infrastructure improvements;

(30) 0.318 cent per ton must be paid to the city of Orr for airport, water, and sewer improvements;

(31) 0.716 cent per ton must be paid to the city of Cook for street and bridge improvements and industrial park land purchase;

- (32) 0.955 cent per ton must be paid to the city of Ely for street, water, and sewer improvements;
- (33) 0.318 cent per ton must be paid to the city of Tower for water and sewer improvements;
- (34) 0.955 cent per ton must be paid to the city of Two Harbors for water and sewer improvements;
- (35) 0.637 cent per ton must be paid to the city of Babbitt for water and sewer improvements;
- (36) 0.096 cent per ton must be paid to the township of Duluth for infrastructure improvements;
- (37) 0.096 cent per ton must be paid to the township of Tofte for infrastructure improvements;
- (38) 3.184 cents per ton must be paid to the city of Hibbing for sewer improvements;
- (39) 1.273 cents per ton must be paid to the city of Chisholm for NW Area Project infrastructure improvements;
- (40) 0.318 cent per ton must be paid to the city of Chisholm for health and safety improvements at the athletic facility;
- (41) 0.796 cent per ton must be paid to the city of Hoyt Lakes for residential street improvements;
- (42) 0.796 cent per ton must be paid to the Bois Forte Indian Reservation for infrastructure related to a housing development;
- (43) 0.159 cent per ton must be paid to Balkan Township for building improvements;
- (44) 0.159 cent per ton must be paid to the city of Grand Rapids for a grant to a nonprofit for a signage kiosk;
- (45) 0.318 cent per ton must be paid to the city of Crane Lake for sanitary sewer lines and adjacent development near County State-Aid Highway 24; and
- (46) 0.159 cent per ton must be paid to the city of Chisholm to rehabilitate historic wall infrastructure around the athletic complex.

EFFECTIVE DATE. This section is effective for the 2010 distribution, all of which must be made in the August 2010 payment.

Sec. 56. **REPEALER.**

- (a) Minnesota Statutes 2008, section 290.06, subdivision 34, is repealed.
- (b) Laws 1996, chapter 464, article 1, section 8, subdivision 5, is repealed.

EFFECTIVE DATE. Paragraph (a) is effective for tax years beginning after December 31, 2009. Paragraph (b) is effective upon local approval of and compliance by the governing body of the city of Bloomington with the requirements of Minnesota Statutes, section 645.021."

Delete the title and insert:

"A bill for an act relating to economic development; encouraging job creation; allowing tax credits for small business investment and historic structure rehabilitation; expanding the use of special assessment for certain energy improvements; expanding the permitted use of

tax increment financing for certain projects; repealing restrictions on city of Bloomington's development of the Mall of America site; providing for tax system and debt collection management; establishing voluntary energy improvement financing program for local governments, transportation infrastructure loans, qualified green building and sustainable design projects, a create automotive recovery zone, and tax increment financing districts; modifying apprenticeship training facility property tax exemption and production tax distributions; repealing the lower income fuel credit; appropriating money; amending Minnesota Statutes 2008, sections 13.4967, by adding a subdivision; 297A.68, subdivision 37; 297A.815, subdivision 3; 297I.20, by adding a subdivision; 429.021, subdivision 1; 429.101, subdivision 1; 446A.085, by adding a subdivision; 469.174, by adding a subdivision; 469.175, by adding a subdivision; 469.176, subdivisions 1b, 4c, by adding subdivisions; 469.1763, subdivision 2; 469.310, subdivisions 6, 11, by adding subdivisions; 469.312, subdivisions 1, 3; 469.314, subdivisions 1, 4; 469.315; Minnesota Statutes 2009 Supplement, sections 272.02, subdivision 86; 297A.75, subdivisions 1, 2; 298.227; 298.28, subdivision 4; 298.294; 469.153, subdivision 2; 469.174, subdivision 22; 469.312, subdivision 5; Laws 1986, chapter 391, section 1; Laws 1995, chapter 264, article 5, sections 44, subdivision 4, as amended; 45, subdivision 1, as amended; Laws 2006, chapter 259, article 10, section 14, subdivision 3; Laws 2008, chapter 366, article 5, sections 28, subdivisions 1, 2; 29, subdivisions 1, 2, 4; Laws 2009, chapter 78, article 7, section 2; proposing coding for new law in Minnesota Statutes, chapters 116J; 216C; 290; 469; repealing Minnesota Statutes 2008, section 290.06, subdivision 34; Laws 1996, chapter 464, article 1, section 8, subdivision 5."

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

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

H.F. No. 3172 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.
				3172	2797

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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 3067 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.
				3067	2843

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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 2823 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.
				2823	2232

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2823 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2823, the first engrossment; and insert the language after the enacting clause of S.F. No. 2232, the first engrossment; further, delete the title of H.F. No. 2823, the first engrossment; and insert the title of S.F. No. 2232, the first engrossment.

And when so amended H.F. No. 2823 will be identical to S.F. No. 2232, and further recommends that H.F. No. 2823 be given its second reading and substituted for S.F. No. 2232, 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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 2828 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.
				2828	2231

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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 3350 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.
				3350	2953

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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 3318 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.
				3318	2984

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 3318 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3318, the second engrossment; and insert the language after the enacting clause of S.F. No. 2984; further, delete the title of H.F. No. 3318, the second engrossment; and insert the title of S.F. No. 2984.

And when so amended H.F. No. 3318 will be identical to S.F. No. 2984, and further recommends that H.F. No. 3318 be given its second reading and substituted for S.F. No. 2984, 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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 3391 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.
				3391	2999

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 3391 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3391, the first engrossment; and insert the language after the enacting clause of S.F. No. 2999, the first engrossment; further, delete the title of H.F. No. 3391, the first engrossment; and insert the title of S.F. No. 2999, the first engrossment.

And when so amended H.F. No. 3391 will be identical to S.F. No. 2999, and further recommends that H.F. No. 3391 be given its second reading and substituted for S.F. No. 2999, 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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 2949 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.
				2949	2925

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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 3259 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.
				3259	2875

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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 3187 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.
				3187	2328

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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 2616 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.
				2616	2453

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2616 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2616; and insert the language after the enacting clause of S.F. No. 2453, the second engrossment; further, delete the title of H.F. No. 2616; and insert the title of S.F. No. 2453, the second engrossment.

And when so amended H.F. No. 2616 will be identical to S.F. No. 2453, and further recommends that H.F. No. 2616 be given its second reading and substituted for S.F. No. 2453, 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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 1217 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.
				1217	1568

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 1217 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 1217, the fourth engrossment; and insert the language after the enacting clause of S.F. No. 1568, the second engrossment; further, delete the title of H.F. No. 1217, the fourth engrossment; and insert the title of S.F. No. 1568, the second engrossment.

And when so amended H.F. No. 1217 will be identical to S.F. No. 1568, and further recommends that H.F. No. 1217 be given its second reading and substituted for S.F. No. 1568, 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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 3139 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.
				3139	2952

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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 3336 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.
				3336	3031

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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 3362 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.
				3362	2841

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 3362 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3362; and insert the language after the enacting clause of S.F. No. 2841, the first engrossment; further, delete the title of H.F. No. 3362; and insert the title of S.F. No. 2841, the first engrossment.

And when so amended H.F. No. 3362 will be identical to S.F. No. 2841, and further recommends that H.F. No. 3362 be given its second reading and substituted for S.F. No. 2841, 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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 2956 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.
				2956	2563

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 2956 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 2956, the first engrossment; and insert the language after the enacting clause of S.F. No. 2563, the first engrossment; further, delete the title of H.F. No. 2956, the first engrossment; and insert the title of S.F. No. 2563, the first engrossment.

And when so amended H.F. No. 2956 will be identical to S.F. No. 2563, and further recommends

that H.F. No. 2956 be given its second reading and substituted for S.F. No. 2563, 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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 3027 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.
				3027	2604

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 Pogemiller, from the Committee on Rules and Administration, to which was referred

H.F. No. 3061 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.
				3061	2991

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 3061 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3061; and insert the language after the enacting clause of S.F. No. 2991, the first engrossment; further, delete the title of H.F. No. 3061; and insert the title of S.F. No. 2991, the first engrossment.

And when so amended H.F. No. 3061 will be identical to S.F. No. 2991, and further recommends that H.F. No. 3061 be given its second reading and substituted for S.F. No. 2991, 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 Pogemiller, from the Committee on Rules and Administration, to which was

referred

H.F. No. 3048 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.
				3048	2928

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 3048 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3048, the second engrossment; and insert the language after the enacting clause of S.F. No. 2928, the second engrossment; further, delete the title of H.F. No. 3048, the second engrossment; and insert the title of S.F. No. 2928, the second engrossment.

And when so amended H.F. No. 3048 will be identical to S.F. No. 2928, and further recommends that H.F. No. 3048 be given its second reading and substituted for S.F. No. 2928, 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 SENATE BILLS

S.F. No. 2568 was read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 3172, 3067, 2823, 2828, 3350, 3318, 3391, 2949, 3259, 3187, 2616, 1217, 3139, 3336, 3362, 2956, 3027, 3061 and 3048 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Doll, Bonoff, Michel, Ingebrigtsen and Saxhaug introduced—

S.F. No. 3324: A bill for an act relating to education; dedicating certain money from the in-lieu of sales tax on lottery ticket sales to early childhood family education; amending Minnesota Statutes 2009 Supplement, section 297A.94.

Referred to the Committee on State and Local Government Operations and Oversight.

Senator Latz introduced—

S.F. No. 3325: A bill for an act relating to local government; authorizing chairs and ranking minority members of the Committees on Finance and Ways and Means to request local impact notes; amending Minnesota Statutes 2008, section 3.987, subdivision 1.

Referred to the Committee on Finance.

Senator Latz introduced—

S.F. No. 3326: A bill for an act relating to the legislature; requiring racial impact screening of certain legislation; proposing coding for new law in Minnesota Statutes, chapter 3.

Referred to the Committee on Judiciary.

MOTIONS AND RESOLUTIONS

Senator Senjem moved that his name be stricken as a co-author to S.F. No. 2613. The motion prevailed.

ADJOURNMENT

Senator Pogemiller moved that the Senate do now adjourn until 8:30 a.m., Monday, March 29, 2010. The motion prevailed.

Peter S. Wattson, Secretary of the Senate (Legislative)

