

NINETY-FIRST DAY

St. Paul, Minnesota, Wednesday, April 21, 2010

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Bob Hart.

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

Anderson	Fischbach	Koering	Olson, M.	Senjem
Bakk	Fobbe	Kubly	Ortman	Sheran
Berglin	Foley	Langseth	Pappas	Sieben
Betzold	Frederickson	Latz	Pariseau	Skoe
Carlson	Gerlach	Limmer	Pogemiller	Skogen
Chaudhary	Gimse	Lourey	Prettner Solon	Sparks
Clark	Hann	Lynch	Rest	Tomassoni
Cohen	Higgins	Marty	Robling	Torres Ray
Dahle	Ingebrigtsen	Metzen	Rosen	Vandever
Dibble	Johnson	Michel	Rummel	Vickerman
Dille	Jungbauer	Moua	Saltzman	Wiger
Doll	Kelash	Murphy	Saxhaug	
Erickson Ropes	Koch	Olseen	Scheid	

The President declared a quorum present.

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

REPORTS OF COMMITTEES

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

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

H.F. No. 3386 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.
				3386	2832

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 3386 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 3386, the third engrossment; and insert the language after the enacting clause of S.F. No. 2832, the fourth engrossment; further, delete the title of H.F. No. 3386, the third engrossment; and insert the title of S.F. No. 2832, the fourth engrossment.

And when so amended H.F. No. 3386 will be identical to S.F. No. 2832, and further recommends that H.F. No. 3386 be given its second reading and substituted for S.F. No. 2832, and that the Senate File be indefinitely postponed.

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

SECOND READING OF HOUSE BILLS

H.F. No. 3386 was read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Stumpf and Olson, G. introduced—

S.F. No. 3373: A bill for an act relating to education; modifying teacher and principal licensure provisions; granting commissioner authority in low-achieving schools; requiring a report; authorizing rulemaking; amending Minnesota Statutes 2008, sections 122A.14, by adding subdivisions; 122A.18, subdivisions 1, 2, by adding a subdivision; 122A.23, subdivision 2; 122A.40, subdivisions 2, 5, 9, 10, 11, by adding a subdivision; 122A.41, subdivisions 1, 2, 4, 6, 14; 122A.413, as amended; 122A.414, as amended; 122A.60, as amended; 122A.61, subdivision 1; 123B.09, subdivision 8; 127A.05, by adding a subdivision; Minnesota Statutes 2009 Supplement, sections 120B.02; 122A.09, subdivision 4; 122A.40, subdivisions 6, 8; 122A.41, subdivisions 3, 5; 123B.143, subdivision 1; 124D.10, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 122A; repealing Minnesota Statutes 2008, section 122A.24.

Referred to the Committee on Finance.

Senator Robling introduced—

S.F. No. 3374: A bill for an act relating to trade practices; amending termination of sales representatives; amending Minnesota Statutes 2008, section 325E.37, subdivision 6.

Referred to the Committee on Judiciary.

Senator Torres Ray introduced—

S.F. No. 3375: A bill for an act relating to insurance; requiring compliance with federal law regarding health insurance coverage of clinical trials; providing an earlier effective date than federal law; proposing coding for new law in Minnesota Statutes, chapter 62Q.

Referred to the Committee on Commerce and Consumer Protection.

Senator Senjem introduced—

S.F. No. 3376: A bill for an act relating to taxation; individual income; removing certain additions to state income tax; amending Minnesota Statutes 2009 Supplement, sections 290.01, subdivision 19a; 290.06, subdivision 2c; 290.091, subdivision 2; 290A.03, subdivision 3.

Referred to the Committee on Taxes.

Senator Murphy introduced—

S.F. No. 3377: A bill for an act relating to transportation; amending trunk highway project bidding procedures; requiring use of alternative bidding for competing paving materials; amending Minnesota Statutes 2008, section 161.32, by adding a subdivision.

Referred to the Committee on Finance.

Senators Parry, Ingebrigtsen and Hann introduced—

S.F. No. 3378: A bill for an act proposing an amendment to the Minnesota Constitution; affirming the sovereignty of Minnesota citizens.

Referred to the Committee on Judiciary.

MOTIONS AND RESOLUTIONS

Senator Dahle introduced –

Senate Resolution No. 180: A Senate resolution congratulating Terry Bovee on receiving the MAPSS Distinguished Service Award.

Referred to the Committee on Rules and Administration.

Remaining on the Order of Business of Motions and Resolutions, Senator Pogemiller moved that the Senate revert to the Order of Business of Messages From the House. The motion prevailed.

MESSAGES FROM THE HOUSE

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 2231, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 2231 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 21, 2010

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2231

A bill for an act relating to transportation; allowing road authorities to remove snow from certain roads in uncompleted subdivisions; amending Minnesota Statutes 2008, section 160.21, by adding a subdivision.

April 13, 2010

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 2231 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment.

We request the adoption of this report and repassage of the bill.

House Conferees: Michael V. Nelson, Jeremy Kalin, Bob Gunther

Senate Conferees: Kenneth Kelash, Rick Olseen, Mike Parry

Senator Kelash moved that the foregoing recommendations and Conference Committee Report on H.F. No. 2231 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 2231 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

The roll was called, and there were yeas 47 and nays 15, as follows:

Those who voted in the affirmative were:

Anderson	Dille	Langseth	Pappas	Skoe
Bakk	Doll	Latz	Pariseau	Skogen
Berglin	Erickson Ropes	Lourey	Pogemiller	Sparks
Betzold	Fobbe	Lynch	Prettner Solon	Tomassoni
Carlson	Foley	Marty	Rest	Torres Ray
Chaudhary	Frederickson	Metzen	Rummel	Vickerman
Clark	Higgins	Moua	Saltzman	Wiger
Cohen	Ingebrigtsen	Murphy	Saxhaug	
Dahle	Kelash	Olseen	Scheid	
Dibble	Kubly	Olson, M.	Sheran	

Those who voted in the negative were:

Fischbach	Hann	Koch	Michel	Rosen
Gerlach	Johnson	Koering	Ortman	Senjem
Gimse	Jungbauer	Limmer	Robling	Vandev eer

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 3048, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 3048 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 21, 2010

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3048

A bill for an act relating to labor and industry; modifying construction codes and licensing provisions; modifying certain notice provisions; amending Minnesota Statutes 2008, sections 178.01; 178.03, subdivisions 3, 4; 178.06; 178.08; 178.11; 326.02, subdivision 5; 326B.04, subdivision 2; 326B.127, subdivision 3; 326B.13, subdivisions 3, 4, 5, 6; 326B.133, subdivision 5; 326B.139; 326B.142; 326B.148, subdivisions 2, 3; 326B.191; 326B.31, subdivision 28; 326B.33, subdivision 17; 326B.42, subdivisions 2, 6; 326B.435, subdivision 2; 326B.47; 326B.84; 326B.89, subdivisions 1, 5, 6, 7, 8, 10, 13, by adding subdivisions; 326B.921, subdivision 3; Minnesota Statutes 2009 Supplement, sections 14.14, subdivision 1a; 326B.145; Laws 2010, chapter 183, section 8; repealing Minnesota Statutes 2008, sections 299G.11; 299G.13, subdivisions 1, 6, 9, 16, 17, 18, 19, 20, 21, 22, 23, 24, 25, 26, 27, 28; 299G.14; 299G.15; 299G.16; 299G.17; 299G.18; 326B.115; 326B.37, subdivision 13; Minnesota Rules, parts 5200.0020; 5200.0050; 5200.0080, subparts 2, 3, 4, 4a, 4b, 6, 7, 8.

April 14, 2010

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 3048 report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 3048 be further amended as follows:

Page 19, line 5, delete "is a presumption affecting" and insert "affects"

We request the adoption of this report and repassage of the bill.

House Conferees: Kim Norton, Tim Mahoney, Doug Magnus

Senate Conferees: Kathy Saltzman, David Senjem, Dan Sparks

Senator Saltzman moved that the foregoing recommendations and Conference Committee Report on H.F. No. 3048 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 3048 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Anderson	Fischbach	Koering	Olson, M.	Senjem
Bakk	Fobbe	Kubly	Ortman	Sheran
Berglin	Foley	Langseth	Pappas	Sieben
Betzold	Frederickson	Latz	Pariseau	Skoe
Carlson	Gerlach	Limmer	Pogemiller	Skogen
Chaudhary	Gimse	Lourey	Prettner Solon	Sparks
Clark	Hann	Lynch	Rest	Tomassoni
Cohen	Higgins	Marty	Robling	Torres Ray
Dahle	Ingebrigtsen	Metzen	Rosen	Vickerman
Dibble	Johnson	Michel	Rummel	Wiger
Dille	Jungbauer	Moua	Saltzman	
Doll	Kelash	Murphy	Saxhaug	
Erickson Ropes	Koch	Olseen	Scheid	

Those who voted in the negative were:

Vanderveer

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MESSAGES FROM THE HOUSE - CONTINUED

Mr. President:

I have the honor to announce that the House has adopted the recommendation and report of the Conference Committee on House File No. 3391, and repassed said bill in accordance with the report of the Committee, so adopted.

House File No. 3391 is herewith transmitted to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Transmitted April 21, 2010

CONFERENCE COMMITTEE REPORT ON H. F. NO. 3391

A bill for an act relating to children; modifying certain provisions relating to children in need of protection and services; amending Minnesota Statutes 2008, sections 260C.007, subdivision 6; 260C.163, subdivision 2; Minnesota Statutes 2009 Supplement, section 260C.175, subdivision 1.

April 14, 2010

The Honorable Margaret Anderson Kelliher
Speaker of the House of Representatives

The Honorable James P. Metzen
President of the Senate

We, the undersigned conferees for H. F. No. 3391 report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendment and that H. F. No. 3391 be further amended as follows:

Page 3, line 22, after "child" insert a period

We request the adoption of this report and repassage of the bill.

House Conferees: Dave Olin, Gail Kulick Jackson, Tim Kelly

Senate Conferees: Mary Olson, Linda Higgins, Julianne Ortman

Senator Olson, M. moved that the foregoing recommendations and Conference Committee Report on H.F. No. 3391 be now adopted, and that the bill be repassed as amended by the Conference Committee. The motion prevailed. So the recommendations and Conference Committee Report were adopted.

H.F. No. 3391 was read the third time, as amended by the Conference Committee, and placed on its repassage.

The question was taken on the repassage of the bill, as amended by the Conference Committee.

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

Those who voted in the affirmative were:

Anderson	Fischbach	Koering	Olson, M.	Senjem
Bakk	Fobbe	Kubly	Ortman	Sheran
Berglin	Foley	Langseth	Pappas	Sieben
Betzold	Frederickson	Latz	Pariseau	Skoe
Carlson	Gerlach	Limmer	Pogemiller	Skogen
Chaudhary	Gimse	Lourey	Prettner Solon	Sparks
Clark	Hann	Lynch	Rest	Tomassoni
Cohen	Higgins	Marty	Robling	Torres Ray
Dahle	Ingebrigtsen	Metzen	Rosen	Vanderveer
Dibble	Johnson	Michel	Rummel	Vickerman
Dille	Jungbauer	Moua	Saltzman	Wiger
Doll	Kelash	Murphy	Saxhaug	
Erickson Ropes	Koch	Olseen	Scheid	

So the bill, as amended by the Conference Committee, was repassed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Remaining on the Order of Business of Motions and Resolutions, Senator Pogemiller moved that the Senate take up the General Orders Calendar. The motion prevailed.

GENERAL ORDERS

The Senate resolved itself into a Committee of the Whole, with Senator Metzen in the chair.

After some time spent therein, the committee arose, and Senator Frederickson reported that the committee had considered the following:

S.F. Nos. 2756, 3105, 3084, 1905, 2471, 2493, 560 and H.F. No. 1320, which the committee recommends to pass.

S.F. No. 1761, which the committee recommends to pass, subject to the following motions:

Senator Hann moved to amend S.F. No. 1761 as follows:

Delete everything after the enacting clause and insert:

"Section 1. **MANDATE REVIEW PROCESS.**

The commissioner of commerce must evaluate the health benefit mandate proposal embodied in 2010 S.F. No. 1761, the second engrossment, pursuant to the process set forth in Minnesota Statutes, section 62J.26, subdivision 2. The commissioner must submit a written report on the evaluation to the chairs and ranking minority members of the standing committees of the legislature with jurisdiction over the mandate by January 15, 2011."

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 21 and nays 39, as follows:

Those who voted in the affirmative were:

Berglin	Gerlach	Jungbauer	Pariseau	Vickerman
Dille	Gimse	Koch	Robling	
Erickson Ropes	Hann	Koering	Rosen	
Fischbach	Ingebrigtsen	Limmer	Senjem	
Fobbe	Johnson	Ortman	Vandev eer	

Those who voted in the negative were:

Anderson	Foley	Lynch	Pappas	Sheran
Bakk	Frederickson	Marty	Pogemiller	Sieben
Betzold	Higgins	Metzen	Prettner Solon	Skogen
Carlson	Kelash	Michel	Rest	Sparks
Clark	Kubly	Moua	Rummel	Tomassoni
Dahle	Langseth	Murphy	Saltzman	Torres Ray
Dibble	Latz	Olseen	Saxhaug	Wiger
Doll	Lourey	Olson, M.	Scheid	

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

Senator Scheid moved to amend S.F. No. 1761 as follows:

Page 1, line 9, delete "total of" and delete "and" and insert "or"

Page 1, line 10, after "prescription" insert "or refill"

Page 1, line 18, delete "plans providing" and insert "plan" and delete "to a Minnesota resident"

The motion prevailed. So the amendment was adopted.

The question was taken on the recommendation to pass S.F. No. 1761.

The roll was called, and there were yeas 50 and nays 9, as follows:

Those who voted in the affirmative were:

Anderson	Erickson Ropes	Kubly	Murphy	Saxhaug
Bakk	Fischbach	Langseth	Olseen	Scheid
Berglin	Fobbe	Latz	Olson, M.	Sheran
Betzold	Foley	Limmer	Pappas	Sieben
Carlson	Frederickson	Lourey	Pogemiller	Skogen
Clark	Gimse	Lynch	Prettner Solon	Sparks
Dahle	Johnson	Marty	Rest	Tomassoni
Dibble	Kelash	Metzen	Rosen	Torres Ray
Dille	Koch	Michel	Rummel	Vickerman
Doll	Koering	Moua	Saltzman	Wiger

Those who voted in the negative were:

Gerlach	Ingebrigtsen	Ortman	Robling	Vandev eer
Hann	Jungbauer	Pariseau	Senjem	

The motion prevailed. So S.F. No. 1761 was recommended to pass.

S.F. No. 2880, which the committee recommends to pass, with the following amendment offered by Senator Limmer:

Page 3, line 20, after "Court" insert ", at least one of whom must be a guardian ad litem, and"

Page 3, line 22, after "governor" insert ", at least one of whom must be a guardian ad litem"

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 30 and nays 28, as follows:

Those who voted in the affirmative were:

Carlson	Frederickson	Jungbauer	Michel	Saltzman
Dille	Gerlach	Koch	Olseen	Senjem
Doll	Gimse	Latz	Ortman	Sheran
Erickson Ropes	Hann	Limmer	Pariseau	Sieben
Fischbach	Ingebrigtsen	Lourey	Robling	Vandever
Fobbe	Johnson	Lynch	Rosen	Vickerman

Those who voted in the negative were:

Anderson	Dahle	Langseth	Pogemiller	Skoe
Bakk	Dibble	Metzen	Prettner Solon	Skogen
Berglin	Foley	Moua	Rest	Tomassoni
Betzold	Higgins	Murphy	Rummel	Wiger
Chaudhary	Kelash	Olson, M.	Saxhaug	
Clark	Kubly	Pappas	Scheid	

The motion prevailed. So the amendment was adopted.

S.F. No. 2874, which the committee recommends to pass, subject to the following motions:

Senator Pogemiller moved to amend S.F. No. 2874 as follows:

Page 1, delete lines 10 and 11

Page 6, delete article 2

Amend the title accordingly

The motion prevailed. So the amendment was adopted.

Senator Robling moved to amend S.F. No. 2874 as follows:

Page 5, delete section 6

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 23 and nays 36, as follows:

Those who voted in the affirmative were:

Dille	Gimse	Koch	Ortman	Senjem
Erickson Ropes	Hann	Koering	Pariseau	Tomassoni
Fischbach	Ingebrigtsen	Limmer	Robling	Vandever
Frederickson	Johnson	Lynch	Rosen	
Gerlach	Jungbauer	Michel	Saltzman	

Those who voted in the negative were:

Anderson	Carlson	Dibble	Higgins	Latz
Bakk	Chaudhary	Doll	Kelash	Lourey
Berglin	Clark	Fobbe	Kubly	Metzen
Betzold	Dahle	Foley	Langseth	Moua

Murphy	Pogemiller	Saxhaug	Skoe
Olseen	Prettner Solon	Scheid	Skogen
Olson, M.	Rest	Sheran	Vickerman
Pappas	Rummel	Sieben	Wiger

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

On motion of Senator Pogemiller, the report of the Committee of the Whole, as kept by the Secretary, was adopted.

RECESS

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

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

APPOINTMENTS

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

S.F. No. 364: Senators Sparks, Chaudhary and Frederickson.

S.F. No. 2846: Senators Skoe, Olseen and Gimse.

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

MOTIONS AND RESOLUTIONS - CONTINUED

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

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 referred

S.F. No. 3055: A bill for an act relating to tobacco; tobacco control and preventing tobacco use; modernizing definitions of cigarette, tobacco, tobacco products, and tobacco-related devices; modifying promotional and self-service distribution rules; subjecting sale of tobacco related devices to municipal licensing; proposing a study; appropriating money; amending Minnesota Statutes 2008, sections 297F.01, subdivisions 3, 19; 299F.850, subdivision 3; 325D.32, subdivision 2; 325F.77, subdivision 4; 461.12, subdivisions 1, 2, 3, 4, 5, 6; 609.685, subdivision 1.

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

Delete everything after the enacting clause and insert:

"Section 1. **CITATION.**

This act may be cited as the Tobacco Modernization and Compliance Act of 2010.

Sec. 2. Minnesota Statutes 2008, section 297F.01, subdivision 19, is amended to read:

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

Sec. 3. Minnesota Statutes 2008, section 325F.77, subdivision 4, is amended to read:

Subd. 4. **Prohibition.** No person shall distribute smokeless tobacco products or cigarettes, cigars, pipe tobacco, or other tobacco products suitable for smoking as defined in section 297F.01, subdivision 19, except that single serving samples of tobacco may be distributed in tobacco stores.

Sec. 4. Minnesota Statutes 2008, section 461.12, subdivision 1, as amended by Laws 2010, chapter 255, section 7, is amended to read:

Subdivision 1. **Authorization.** A town board or the governing body of a home rule charter or statutory city may license and regulate the retail sale of tobacco and tobacco-related devices as defined in section 609.685, subdivision 1, and establish a license fee for sales to recover the estimated cost of enforcing this chapter. The county board shall license and regulate the sale of tobacco and tobacco-related devices in unorganized territory of the county except on the State Fairgrounds and in a town or a home rule charter or statutory city if the town or city does not license and regulate retail tobacco sales. The State Agricultural Society shall license and regulate the sale of tobacco on the State Fairgrounds. Retail establishments licensed by a town or city to sell tobacco are not required to obtain a second license for the same location under the licensing ordinance of the county.

Sec. 5. Minnesota Statutes 2008, section 461.12, subdivision 2, is amended to read:

Subd. 2. **Administrative penalties; licensees.** If a licensee or employee of a licensee sells tobacco or tobacco-related devices to a person under the age of 18 years, or violates any other provision of this chapter, the licensee shall be charged an administrative penalty of \$75. An administrative penalty of \$200 must be imposed for a second violation at the same location within 24 months after the initial violation. For a third violation at the same location within 24 months after the initial violation, an administrative penalty of \$250 must be imposed, and the licensee's authority to sell tobacco at that location must be suspended for not less than seven days. No suspension or penalty may take effect until the licensee has received notice, served personally or by mail, of the alleged violation and an opportunity for a hearing before a person authorized by the licensing authority to conduct the hearing. A decision that a violation has occurred must be in

writing.

Sec. 6. Minnesota Statutes 2008, section 461.12, subdivision 3, is amended to read:

Subd. 3. **Administrative penalty; individuals.** An individual who sells tobacco or tobacco-related devices to a person under the age of 18 years must be charged an administrative penalty of \$50. No penalty may be imposed until the individual has received notice, served personally or by mail, of the alleged violation and an opportunity for a hearing before a person authorized by the licensing authority to conduct the hearing. A decision that a violation has occurred must be in writing.

Sec. 7. Minnesota Statutes 2008, section 461.12, subdivision 4, is amended to read:

Subd. 4. **Minors.** The licensing authority shall consult with interested educators, parents, children, and representatives of the court system to develop alternative penalties for minors who purchase, possess, and consume tobacco or tobacco-related devices. The licensing authority and the interested persons shall consider a variety of options, including, but not limited to, tobacco free education programs, notice to schools, parents, community service, and other court diversion programs.

Sec. 8. Minnesota Statutes 2008, section 461.12, subdivision 5, is amended to read:

Subd. 5. **Compliance checks.** A licensing authority shall conduct unannounced compliance checks at least once each calendar year at each location where tobacco is sold to test compliance with section 609.685. Compliance checks must involve minors over the age of 15, but under the age of 18, who, with the prior written consent of a parent or guardian, attempt to purchase tobacco or tobacco-related devices under the direct supervision of a law enforcement officer or an employee of the licensing authority.

Sec. 9. Minnesota Statutes 2008, section 461.12, subdivision 6, is amended to read:

Subd. 6. **Defense.** It is an affirmative defense to the charge of selling tobacco or tobacco-related devices to a person under the age of 18 years in violation of subdivision 2 or 3 that the licensee or individual making the sale relied in good faith upon proof of age as described in section 340A.503, subdivision 6.

Sec. 10. Minnesota Statutes 2008, section 461.18, subdivision 1, is amended to read:

Subdivision 1. **Except in adult-only facilities.** (a) No person shall offer for sale ~~single packages of cigarettes or smokeless~~ tobacco or tobacco-related devices, as defined in section 609.685, subdivision 1, in open displays which are accessible to the public without the intervention of a store employee.

(b) Cartons and other multipack units may be offered and sold through open displays accessible to the public.

(c) Paragraph (b) expires on August 28, 1997.

(d) This subdivision shall not apply to retail stores which derive at least 90 percent of their revenue from tobacco and tobacco-related products and ~~which cannot be entered at any time by persons younger than 18 years of age~~ where the retailer ensures that no person younger than 18 years of age is present, or permitted to enter, at any time.

Sec. 11. Minnesota Statutes 2008, section 609.685, subdivision 1, is amended to read:

Subdivision 1. **Definitions.** For the purposes of this section, the following terms shall have the meanings respectively ascribed to them in this section.

(a) "Tobacco" means cigarettes and any product containing, made, or derived from tobacco that is intended for human consumption, whether chewed, smoked, absorbed, dissolved, inhaled, snorted, sniffed, or ingested by any other means, or any component, part, or accessory of a tobacco product; cigars; cheroots; stogies; perique; granulated, plug cut, crimp cut, ready rubbed, and other smoking tobacco; snuff; snuff flour; cavendish; plug and twist tobacco; fine cut and other chewing tobaccos; shorts; refuse scraps, clippings, cuttings and sweepings of tobacco; and other kinds and forms of tobacco, prepared in such manner as to be suitable for chewing or smoking in a pipe or other tobacco-related devices. Tobacco excludes any tobacco product that has been approved by the United States Food and Drug Administration for sale as a tobacco cessation product, as a tobacco dependence product, or for other medical purposes, and is being marketed and sold solely for such an approved purpose.

(b) "Tobacco-related devices" means cigarette papers or pipes for smoking.

Sec. 12. **[609.6855] SALE OF NICOTINE DELIVERY PRODUCTS TO CHILDREN.**

Subdivision 1. **Penalty to sell.** (a) Whoever sells to a person under the age of 18 years a product containing or delivering nicotine or lobelia intended for human consumption, or any part of such a product, that is not tobacco as defined by section 609.685, is guilty of a misdemeanor for the first violation. Whoever violates this subdivision a subsequent time within five years of a previous conviction under this subdivision is guilty of a gross misdemeanor.

(b) It is an affirmative defense to a charge under this subdivision if the defendant proves by a preponderance of the evidence that the defendant reasonably and in good faith relied on proof of age as described in section 340A.503, subdivision 6.

(c) Notwithstanding paragraph (a), a product containing or delivering nicotine or lobelia intended for human consumption, or any part of such a product, that is not tobacco as defined by section 609.685, may be sold to persons under the age of 18 if the product has been approved or otherwise certified for legal sale by the United States Food and Drug Administration for tobacco use cessation, harm reduction, or for other medical purposes, and is being marketed and sold solely for that approved purpose.

Subd. 2. **Other offense.** A person under the age of 18 years who purchases or attempts to purchase a product containing or delivering nicotine or lobelia intended for human consumption, or any part of such a product, that is not tobacco as defined by section 609.685, and who uses a driver's license, permit, Minnesota identification card, or any type of false identification to misrepresent the person's age, is guilty of a misdemeanor.

Subd. 3. **Petty misdemeanor.** Except as otherwise provided in subdivisions 1 and 2, whoever is under the age of 18 years and possesses, purchases, or attempts to purchase a product containing or delivering nicotine or lobelia intended for human consumption, or any part of such a product, that is not tobacco as defined by section 609.685, is guilty of a petty misdemeanor."

Amend the title as follows:

Page 1, line 3, delete "cigarette"

Page 1, line 5, delete everything after the first semicolon

Page 1, line 6, delete "money" and insert "prescribing criminal penalties"

Amend the title numbers accordingly

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

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

S.F. No. 3327: A bill for an act relating to the financing of state and local government; making technical, policy, administrative, enforcement, and clarifying changes to individual income, corporate franchise, estate, sales and use, lodging, gross receipts, cigarette, tobacco, insurance, property, credits, payments, minerals, petroleum, local taxes, local government aid, job opportunity building zones, emergency debt certificates, and various taxes and tax-related provisions; clarifying nexus standards for sales and income taxes; specifying duties of assessors; tax increment financing; tax-forfeited lands; increasing watershed district borrowing authority; amending Minnesota Statutes 2008, sections 60A.209, subdivision 1; 82B.035, subdivision 2; 103D.335, subdivision 17; 270.41, subdivision 5; 270C.34, subdivision 1; 270C.52, subdivision 2; 270C.87; 270C.94, subdivision 3; 272.02, subdivision 42; 272.025, subdivisions 1, 3; 272.029, subdivisions 4, 7; 273.061, subdivisions 7, 8; 273.113, subdivision 3; 273.1392; 275.71, subdivision 5; 279.01, subdivision 3; 279.37, subdivision 1; 282.01, subdivisions 1, 1a, 1b, 1c, 1d, 2, 3, 4, 7, 7a, by adding subdivisions; 289A.08, subdivision 7; 289A.09, subdivision 2; 289A.10, subdivision 1; 289A.12, subdivision 14; 289A.30, subdivision 2; 289A.50, subdivisions 2, 4; 289A.60, subdivision 7; 290.014, subdivision 2; 290.067, subdivision 1; 290.0921, subdivision 3; 290.17, subdivision 2; 295.55, subdivisions 2, 3; 297A.61, subdivisions 3, 7, by adding subdivisions; 297A.62, as amended; 297A.66, by adding a subdivision; 297A.665; 297A.68, subdivision 39, by adding a subdivision; 297A.70, subdivision 13; 297A.995, subdivisions 10, 11; 297F.01, subdivision 22a; 297F.04, by adding a subdivision; 297F.07, subdivision 4; 297F.25, subdivision 1; 297I.01, subdivision 9; 297I.05, subdivision 7; 297I.30, subdivisions 1, 2, 7, 8; 297I.40, subdivisions 1, 5; 297I.65, by adding a subdivision; 298.282, subdivision 1; 469.319, subdivision 5; 469.3193; Minnesota Statutes 2009 Supplement, sections 134.34, subdivision 4; 273.111, subdivision 9; 273.114, subdivision 2; 273.124, subdivision 3a; 273.13, subdivision 25; 275.065, subdivision 3; 275.70, subdivision 5; 289A.18, subdivision 1; 290.01, subdivisions 19a, 19b, 19d; 290.06, subdivision 2c; 290.0671, subdivision 1; 290.091, subdivision 2; 291.005, subdivision 1; 297I.35, subdivision 2; 469.174, subdivision 22; 475.755; 477A.013, subdivision 8; Laws 2001, First Special Session chapter 5, article 3, section 50, as amended; Laws 2009, chapter 88, article 4, section 5; proposing coding for new law in Minnesota Statutes, chapters 270C; 296A; 645; repealing Minnesota Statutes 2008, sections 282.01, subdivisions 9, 10, 11; 297I.30, subdivisions 4, 5, 6; 383A.76; Laws 2009, chapter 88, article 12, section 21.

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

Delete everything after the enacting clause and insert:

"ARTICLE 1

INDIVIDUAL INCOME, CORPORATE FRANCHISE, AND ESTATE TAXES

Section 1. Minnesota Statutes 2008, section 270C.445, is amended by adding a subdivision to read:

Subd. 5c. **Homeless prevention and food shelf checkoff.** A tax preparer must give written notice of the option to contribute to the homeless prevention and food shelf management account in sections 290.433 and 290.434 to corporate clients that file an income tax return and to individual clients who file an income tax return or property tax refund claim form. This notification must be included with information sent to the client at the same time as the preliminary worksheets or other documents used in preparing the client's return and must include a line for displaying contributions.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009 and before January 1, 2013.

Sec. 2. Minnesota Statutes 2008, section 289A.08, subdivision 7, is amended to read:

Subd. 7. **Composite income tax returns for nonresident partners, shareholders, and beneficiaries.** (a) The commissioner may allow a partnership with nonresident partners to file a composite return and to pay the tax on behalf of nonresident partners who have no other Minnesota source income. This composite return must include the names, addresses, Social Security numbers, income allocation, and tax liability for the nonresident partners electing to be covered by the composite return.

(b) The computation of a partner's tax liability must be determined by multiplying the income allocated to that partner by the highest rate used to determine the tax liability for individuals under section 290.06, subdivision 2c. Nonbusiness deductions, standard deductions, or personal exemptions are not allowed.

(c) The partnership must submit a request to use this composite return filing method for nonresident partners. The requesting partnership must file a composite return in the form prescribed by the commissioner of revenue. The filing of a composite return is considered a request to use the composite return filing method.

(d) The electing partner must not have any Minnesota source income other than the income from the partnership and other electing partnerships. If it is determined that the electing partner has other Minnesota source income, the inclusion of the income and tax liability for that partner under this provision will not constitute a return to satisfy the requirements of subdivision 1. The tax paid for the individual as part of the composite return is allowed as a payment of the tax by the individual on the date on which the composite return payment was made. If the electing nonresident partner has no other Minnesota source income, filing of the composite return is a return for purposes of subdivision 1.

(e) This subdivision does not negate the requirement that an individual pay estimated tax if the individual's liability would exceed the requirements set forth in section 289A.25. A composite estimate may, however, be filed in a manner similar to and containing the information required under paragraph (a).

(f) If an electing partner's share of the partnership's gross income from Minnesota sources is less than the filing requirements for a nonresident under this subdivision, the tax liability is zero. However, a statement showing the partner's share of gross income must be included as part of the composite return.

(g) The election provided in this subdivision is only available to a partner who has no other Minnesota source income and who is either (1) a full-year nonresident individual or (2) a trust or estate that does not claim a deduction under either section 651 or 661 of the Internal Revenue Code.

(h) A corporation defined in section 290.9725 and its nonresident shareholders may make an election under this paragraph. The provisions covering the partnership apply to the corporation and the provisions applying to the partner apply to the shareholder.

(i) Estates and trusts distributing current income only and the nonresident individual beneficiaries of the estates or trusts may make an election under this paragraph. The provisions covering the partnership apply to the estate or trust. The provisions applying to the partner apply to the beneficiary.

(j) For the purposes of this subdivision, "income" means the partner's share of federal adjusted gross income from the partnership modified by the additions provided in section 290.01, subdivision 19a, clauses (6) to (10), and the subtractions provided in: (i) section 290.01, subdivision 19b, clause ~~(9)~~ (8), to the extent the amount is assignable or allocable to Minnesota under section 290.17; and (ii) section 290.01, subdivision 19b, clause ~~(14)~~ (13). The subtraction allowed under section 290.01, subdivision 19b, clause ~~(9)~~ (8), is only allowed on the composite tax computation to the extent the electing partner would have been allowed the subtraction.

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

Sec. 3. Minnesota Statutes 2008, section 289A.09, subdivision 2, is amended to read:

Subd. 2. **Withholding statement.** (a) A person required to deduct and withhold from an employee a tax under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, or who would have been required to deduct and withhold a tax under section 290.92, subdivision 2a or 3, or persons required to withhold tax under section 290.923, subdivision 2, determined without regard to section 290.92, subdivision 19, if the employee or payee had claimed no more than one withholding exemption, or who paid wages or made payments not subject to withholding under section 290.92, subdivision 2a or 3, or 290.923, subdivision 2, to an employee or person receiving royalty payments in excess of \$600, or who has entered into a voluntary withholding agreement with a payee under section 290.92, subdivision 20, must give every employee or person receiving royalty payments in respect to the remuneration paid by the person to the employee or person receiving royalty payments during the calendar year, on or before January 31 of the succeeding year, or, if employment is terminated before the close of the calendar year, within 30 days after the date of receipt of a written request from the employee if the 30-day period ends before January 31, a written statement showing the following:

(1) name of the person;

(2) the name of the employee or payee and the employee's or payee's Social Security account number;

(3) the total amount of wages as that term is defined in section 290.92, subdivision 1, paragraph (1); the total amount of remuneration subject to withholding under section 290.92, subdivision 20; the amount of sick pay as required under section 6051(f) of the Internal Revenue Code; and the amount of royalties subject to withholding under section 290.923, subdivision 2; and

(4) the total amount deducted and withheld as tax under section 290.92, subdivision 2a or 3, or

290.923, subdivision 2.

(b) The statement required to be furnished by paragraph (a) with respect to any remuneration must be furnished at those times, must contain the information required, and must be in the form the commissioner prescribes.

(c) The commissioner may prescribe rules providing for reasonable extensions of time, not in excess of 30 days, to employers or payers required to give the statements to their employees or payees under this subdivision.

(d) A duplicate of any statement made under this subdivision and in accordance with rules prescribed by the commissioner, along with a reconciliation in the form the commissioner prescribes of the statements for the calendar year, including a reconciliation of the quarterly returns required to be filed under subdivision 1, must be filed with the commissioner on or before February 28 of the year after the payments were made.

(e) If an employer cancels the employer's Minnesota withholding account number required by section 290.92, subdivision 24, the information required by paragraph (d), must be filed with the commissioner within 30 days of the end of the quarter in which the employer cancels its account number.

(f) The employer must submit the statements required to be sent to the commissioner in the same manner required to satisfy the federal reporting requirements of section 6011(e) of the Internal Revenue Code and the regulations issued under it. ~~For wages paid in calendar year 2008,~~ An employer must submit statements to the commissioner required by this section by electronic means if the employer is required to send more than ~~400~~ 25 statements to the commissioner, even though the employer is not required to submit the returns federally by electronic means. ~~For calendar year 2009, the 100 statements threshold is reduced to 50, and for calendar year 2010, the threshold is reduced to 25, and for statements issued for wages paid in 2011 and after, the threshold is reduced to ten. All statements issued for withholding required under section 290.92 are aggregated for purposes of determining whether the electronic submission threshold is met.~~

(g) A "third-party bulk filer" as defined in section 290.92, subdivision 30, paragraph (a), clause (2), must submit the returns required by this subdivision and subdivision 1, paragraph (a), with the commissioner by electronic means.

EFFECTIVE DATE. This section is effective for statements required to be filed after December 31, 2010.

Sec. 4. Minnesota Statutes 2008, section 289A.10, subdivision 1, is amended to read:

Subdivision 1. **Return required.** In the case of a decedent who has an interest in property with a situs in Minnesota, the personal representative must submit a Minnesota estate tax return to the commissioner, on a form prescribed by the commissioner, if:

(1) a federal estate tax return is required to be filed; or

(2) the federal gross estate exceeds ~~\$700,000 for estates of decedents dying after December 31, 2001, and before January 1, 2004; \$850,000 for estates of decedents dying after December 31, 2003, and before January 1, 2005; \$950,000 for estates of decedents dying after December 31, 2004, and before January 1, 2006; and \$1,000,000 for estates of decedents dying after December 31, 2005.~~

The return must contain a computation of the Minnesota estate tax due. The return must be signed by the personal representative.

EFFECTIVE DATE. This section is effective for estates of decedents dying after December 31, 2005.

Sec. 5. Minnesota Statutes 2008, section 289A.12, subdivision 14, is amended to read:

Subd. 14. **Regulated investment companies; reporting exempt-interest dividends.** (a) A regulated investment company paying \$10 or more in exempt-interest dividends to an individual who is a resident of Minnesota must make a return indicating the amount of the exempt-interest dividends, the name, address, and Social Security number of the recipient, and any other information that the commissioner specifies. The return must be provided to the shareholder ~~no later than 30 days after the close of the taxable year~~ by February 15 of the year following the year of the payment. The return provided to the shareholder must include a clear statement, in the form prescribed by the commissioner, that the exempt-interest dividends must be included in the computation of Minnesota taxable income. ~~The regulated investment company is required in a manner prescribed by the commissioner to file a copy of the return with the commissioner. By June 1 of each year, the regulated investment company must file a copy of the return with the commissioner.~~

(b) This subdivision applies to regulated investment companies required to register under chapter 80A.

(c) For purposes of this subdivision, the following definitions apply.

(1) "Exempt-interest dividends" mean exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, but does not include the portion of exempt-interest dividends that are not required to be added to federal taxable income under section 290.01, subdivision 19a, clause (1)(ii).

(2) "Regulated investment company" means regulated investment company as defined in section 851(a) of the Internal Revenue Code or a fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for returns due after December 31, 2010.

Sec. 6. Minnesota Statutes 2009 Supplement, section 289A.18, subdivision 1, is amended to read:

Subdivision 1. **Individual income, fiduciary income, corporate franchise, and entertainment taxes; partnership and S corporation returns; information returns; mining company returns.** The returns required to be made under sections 289A.08 and 289A.12 must be filed at the following times:

(1) returns made on the basis of the calendar year must be filed on April 15 following the close of the calendar year, except that returns of corporations must be filed on ~~March 15 following the close of the calendar year~~ the due date for filing the federal income tax return;

(2) returns made on the basis of the fiscal year must be filed on the 15th day of the fourth month following the close of the fiscal year, except that returns of corporations must be filed on the ~~15th~~

day of the third month following the close of the fiscal year due date for filing the federal income tax return;

~~(3) returns for a fractional part of a year must be filed on the 15th day of the fourth month following the end of the month in which falls the last day of the period for which the return is made, except that the returns of corporations must be filed on the 15th day of the third month following the end of the tax year; or, in the case of a corporation which is a member of a unitary group, the return of the corporation must be filed on the 15th day of the third month following the end of the tax year of the unitary group in which falls the last day of the period for which the return is made due date for filing the federal income tax return;~~

(4) in the case of a final return of a decedent for a fractional part of a year, the return must be filed on the 15th day of the fourth month following the close of the 12-month period that began with the first day of that fractional part of a year;

(5) in the case of the return of a cooperative association, returns must be filed on or before the 15th day of the ninth month following the close of the taxable year;

(6) if a corporation has been divested from a unitary group and files a return for a fractional part of a year in which it was a member of a unitary business that files a combined report under section 290.17, subdivision 4, the divested corporation's return must be filed on the 15th day of the third month following the close of the common accounting period that includes the fractional year;

(7) returns of entertainment entities must be filed on April 15 following the close of the calendar year;

(8) returns required to be filed under section 289A.08, subdivision 4, must be filed on the 15th day of the fifth month following the close of the taxable year;

(9) returns of mining companies must be filed on May 1 following the close of the calendar year; and

(10) returns required to be filed with the commissioner under section 289A.12, subdivision 2, 4 to 10, or 16 must be filed within 30 days after being demanded by the commissioner.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009.

Sec. 7. Minnesota Statutes 2008, section 289A.30, subdivision 2, is amended to read:

Subd. 2. **Estate tax.** Where good cause exists, the commissioner may extend the time for payment of estate tax for a period of not more than six months. If an extension to pay the federal estate tax has been granted under section 6161 of the Internal Revenue Code, the time for payment of the estate tax without penalty is extended for that period. A taxpayer who owes at least \$5,000 in taxes and who, under section 6161 or 6166 of the Internal Revenue Code has been granted an extension for payment of the tax shown on the return, may elect to pay the tax due to the commissioner in equal amounts at the same time as required for federal purposes. A taxpayer electing to pay the tax in installments shall defer a percentage of tax that does not exceed the percentage of federal tax deferred and must notify the commissioner in writing no later than nine months after the death of the person whose estate is subject to taxation. If the taxpayer fails to pay an installment on time, unless it is shown that the failure is due to reasonable cause, the election is

revoked and the entire amount of unpaid tax plus accrued interest is due and payable 90 days after the date on which the installment was payable.

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

Sec. 8. Minnesota Statutes 2008, section 289A.50, subdivision 4, is amended to read:

Subd. 4. **Notice of refund.** The commissioner shall determine the amount of refund, if any, that is due, and notify the taxpayer of the determination as soon as practicable after a claim has been filed.

If the commissioner determines that the address provided by the taxpayer to claim a refund is invalid or is no longer the current address of the taxpayer, then the date of the mailing of the notification provided under this subdivision is considered the date that the refund is paid for purposes of the payment of interest under section 289A.56 and is considered the date of issuance of the original warrant or check for purposes of issuing a new warrant or check under section 270C.347.

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

Sec. 9. Minnesota Statutes 2008, section 289A.60, subdivision 7, is amended to read:

Subd. 7. **Penalty for frivolous return.** If a taxpayer files what purports to be a tax return or a claim for refund but which does not contain information on which the substantial correctness of the purported return or claim for refund may be judged or contains information that on its face shows that the purported return or claim for refund is substantially incorrect and the conduct is due to a position that is frivolous or a desire that appears on the purported return or claim for refund to delay or impede the administration of Minnesota tax laws, then the ~~individual~~ taxpayer shall pay a penalty of the greater of \$1,000 or 25 percent of the amount of tax required to be shown on the return. In a proceeding involving the issue of whether or not a ~~person~~ taxpayer is liable for this penalty, the burden of proof is on the commissioner.

EFFECTIVE DATE. This section is effective for returns filed after the day following final enactment.

Sec. 10. Minnesota Statutes 2009 Supplement, section 290.01, subdivision 19a, is amended to read:

Subd. 19a. **Additions to federal taxable income.** For individuals, estates, and trusts, there shall be added to federal taxable income:

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

(ii) exempt-interest dividends as defined in section 852(b)(5) of the Internal Revenue Code, except:

(A) the portion of the exempt-interest dividends exempt from state taxation under the laws of the United States; and

(B) the portion of the exempt-interest dividends derived from interest income on obligations of

the state of Minnesota or its political or governmental subdivisions, municipalities, governmental agencies or instrumentalities, but only if the portion of the exempt-interest dividends from such Minnesota sources paid to all shareholders represents 95 percent or more of the exempt-interest dividends, including any dividends exempt under subitem (A), that are paid by the regulated investment company as defined in section 851(a) of the Internal Revenue Code, or the fund of the regulated investment company as defined in section 851(g) of the Internal Revenue Code, making the payment; and

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

(2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed;

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

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

(5) the amount of expense, interest, or taxes disallowed pursuant to section 290.10 other than expenses or interest used in computing net interest income for the subtraction allowed under subdivision 19b, clause (1);

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

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

(8) 80 percent of the amount by which the deduction allowed by section 179 of the Internal

Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

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

(10) the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

(11) the amount of expenses disallowed under section 290.10, subdivision 2;

(12) the amount deducted for qualified tuition and related expenses under section 222 of the Internal Revenue Code, to the extent deducted from gross income;

(13) the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted from gross income;

(14) the additional standard deduction for property taxes payable that is allowable under section 63(c)(1)(C) of the Internal Revenue Code;

(15) the additional standard deduction for qualified motor vehicle sales taxes allowable under section 63(c)(1)(E) of the Internal Revenue Code;

(16) discharge of indebtedness income resulting from reacquisition of business indebtedness and deferred under section 108(i) of the Internal Revenue Code; and

(17) the amount of unemployment compensation exempt from tax under section 85(c) of the Internal Revenue Code.

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

Sec. 11. Minnesota Statutes 2009 Supplement, section 290.01, subdivision 19b, is amended to read:

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

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

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

(3) the amount paid to others, less the amount used to claim the credit allowed under section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and transportation of each qualifying child in attending an elementary or secondary school situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a resident of this state may legally fulfill the state's compulsory attendance laws, which is not operated for profit, and which adheres to the provisions of the Civil Rights Act of 1964 and chapter 363A. For the purposes of this clause,

"tuition" includes fees or tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause, "textbooks" includes books and other instructional materials and equipment purchased or leased for use in elementary and secondary schools in teaching only those subjects legally and commonly taught in public elementary and secondary schools in this state. Equipment expenses qualifying for deduction includes expenses as defined and limited in section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional books and materials used in the teaching of religious tenets, doctrines, or worship, the purpose of which is to instill such tenets, doctrines, or worship, nor does it include books or materials for, or transportation to, extracurricular activities including sporting events, musical or dramatic events, speech activities, driver's education, or similar programs. No deduction is permitted for any expense the taxpayer incurred in using the taxpayer's or the qualifying child's vehicle to provide such transportation for a qualifying child. For purposes of the subtraction provided by this clause, "qualifying child" has the meaning given in section 32(c)(3) of the Internal Revenue Code;

(4) income as provided under section 290.0802;

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

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

~~(7) for taxable years beginning before January 1, 2008, the amount of the federal small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code which is included in gross income under section 87 of the Internal Revenue Code;~~

~~(8) for individuals who are allowed a federal foreign tax credit for taxes that do not qualify for a credit under section 290.06, subdivision 22, an amount equal to the carryover of subnational foreign taxes for the taxable year, but not to exceed the total subnational foreign taxes reported in claiming the foreign tax credit. For purposes of this clause, "federal foreign tax credit" means the credit allowed under section 27 of the Internal Revenue Code, and "carryover of subnational foreign taxes" equals the carryover allowed under section 904(c) of the Internal Revenue Code minus national level foreign taxes to the extent they exceed the federal foreign tax credit;~~

~~(9) (8) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. The resulting delayed depreciation cannot be less than zero;~~

~~(10) (9) job opportunity building zone income as provided under section 469.316;~~

~~(11) (10) to the extent included in federal taxable income, the amount of compensation paid to members of the Minnesota National Guard or other reserve components of the United States military~~

for active service performed in Minnesota, excluding compensation for services performed under the Active Guard Reserve (AGR) program. For purposes of this clause, "active service" means (i) state active service as defined in section 190.05, subdivision 5a, clause (1); (ii) federally funded state active service as defined in section 190.05, subdivision 5b; or (iii) federal active service as defined in section 190.05, subdivision 5c, but "active service" excludes service performed in accordance with section 190.08, subdivision 3;

~~(12)~~ (11) to the extent included in federal taxable income, the amount of compensation paid to Minnesota residents who are members of the armed forces of the United States or United Nations for active duty performed outside Minnesota under United States Code, title 10, section 101(d); United States Code, title 32, section 101(12); or the authority of the United Nations;

~~(13)~~ (12) an amount, not to exceed \$10,000, equal to qualified expenses related to a qualified donor's donation, while living, of one or more of the qualified donor's organs to another person for human organ transplantation. For purposes of this clause, "organ" means all or part of an individual's liver, pancreas, kidney, intestine, lung, or bone marrow; "human organ transplantation" means the medical procedure by which transfer of a human organ is made from the body of one person to the body of another person; "qualified expenses" means unreimbursed expenses for both the individual and the qualified donor for (i) travel, (ii) lodging, and (iii) lost wages net of sick pay, except that such expenses may be subtracted under this clause only once; and "qualified donor" means the individual or the individual's dependent, as defined in section 152 of the Internal Revenue Code. An individual may claim the subtraction in this clause for each instance of organ donation for transplantation during the taxable year in which the qualified expenses occur;

~~(14)~~ (13) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the case of a shareholder of a corporation that is an S corporation, minus the positive value of any net operating loss under section 172 of the Internal Revenue Code generated for the tax year of the addition. If the net operating loss exceeds the addition for the tax year, a subtraction is not allowed under this clause;

~~(15)~~ (14) to the extent included in federal taxable income, compensation paid to a service member as defined in United States Code, title 10, section 101(a)(5), for military service as defined in the Servicemembers Civil Relief Act, Public Law 108-189, section 101(2);

~~(16)~~ (15) international economic development zone income as provided under section 469.325;

~~(17)~~ (16) to the extent included in federal taxable income, the amount of national service educational awards received from the National Service Trust under United States Code, title 42, sections 12601 to 12604, for service in an approved Americorps National Service program; and

~~(18)~~ (17) to the extent included in federal taxable income, discharge of indebtedness income resulting from reacquisition of business indebtedness included in federal taxable income under section 108(i) of the Internal Revenue Code. This subtraction applies only to the extent that the income was included in net income in a prior year as a result of the addition under section 290.01, subdivision 19a, clause (16).

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

Sec. 12. Minnesota Statutes 2009 Supplement, section 290.01, subdivision 19d, is amended to read:

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

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

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

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

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

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

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

(5) the deduction for capital losses pursuant to sections 1211 and 1212 of the Internal Revenue Code, except that:

(i) for capital losses incurred in taxable years beginning after December 31, 1986, capital loss carrybacks shall not be allowed;

(ii) for capital losses incurred in taxable years beginning after December 31, 1986, a capital loss carryover to each of the 15 taxable years succeeding the loss year shall be allowed;

(iii) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryback to each of the three taxable years preceding the loss year, subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed; and

(iv) for capital losses incurred in taxable years beginning before January 1, 1987, a capital loss carryover to each of the five taxable years succeeding the loss year to the extent such loss was not used in a prior taxable year and subject to the provisions of Minnesota Statutes 1986, section 290.16, shall be allowed;

(6) an amount for interest and expenses relating to income not taxable for federal income tax purposes, if (i) the income is taxable under this chapter and (ii) the interest and expenses were disallowed as deductions under the provisions of section 171(a)(2), 265 or 291 of the Internal Revenue Code in computing federal taxable income;

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a reasonable

allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

(8) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, an amount equal to the allowance for depreciation under Minnesota Statutes 1986, section 290.09, subdivision 7;

(9) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under section 290.01, subdivision 19c, clause (1), in a prior taxable year;

(10) 80 percent of royalties, fees, or other like income accrued or received from a foreign operating corporation or a foreign corporation which is part of the same unitary business as the receiving corporation, unless the income resulting from such payments or accruals is income from sources within the United States as defined in subtitle A, chapter 1, subchapter N, part 1, of the Internal Revenue Code;

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

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

(13) the amount of qualified research expenses not allowed for federal income tax purposes under section 280C(c) of the Internal Revenue Code, but only to the extent that the amount exceeds the amount of the credit allowed under section 290.068;

(14) the amount of salary expenses not allowed for federal income tax purposes due to claiming the Indian employment credit under section 45A(a) of the Internal Revenue Code;

~~(15) for taxable years beginning before January 1, 2008, the amount of the federal small ethanol producer credit allowed under section 40(a)(3) of the Internal Revenue Code which is included in gross income under section 87 of the Internal Revenue Code;~~

~~(16) for a corporation whose foreign sales corporation, as defined in section 922 of the Internal Revenue Code, constituted a foreign operating corporation during any taxable year ending before January 1, 1995, and a return was filed by August 15, 1996, claiming the deduction under section 290.21, subdivision 4, for income received from the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of income excluded under section 114 of the Internal Revenue Code, provided the income is not income of a foreign operating company;~~

~~(17)~~ (16) any decrease in subpart F income, as defined in section 952(a) of the Internal Revenue Code, for the taxable year when subpart F income is calculated without regard to the provisions of Division C, title III, section 303(b) of Public Law 110-343;

~~(18)~~ (17) in each of the five tax years immediately following the tax year in which an addition is required under subdivision 19c, clause (15), an amount equal to one-fifth of the delayed depreciation. For purposes of this clause, "delayed depreciation" means the amount of the addition made by the taxpayer under subdivision 19c, clause (15). The resulting delayed depreciation cannot be less than zero;

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

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

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

Sec. 13. Minnesota Statutes 2008, section 290.014, subdivision 2, is amended to read:

Subd. 2. **Nonresident individuals.** Except as provided in section 290.015, a nonresident individual is subject to the return filing requirements and to tax as provided in this chapter to the extent that the income of the nonresident individual is:

(1) allocable to this state under section 290.17, 290.191, or 290.20;

(2) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a beneficiary of an estate with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 662(b) of the Internal Revenue Code, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the estate;

(3) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal Revenue Code by reason of its character but of a character that is taxable under this chapter) in the individual's capacity as a beneficiary or grantor or other person treated as a substantial owner of a trust with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 652(b), 662(b), or 664(b) of the Internal Revenue Code, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the trust;

(4) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a limited or general partner in a partnership with income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 702(b) of the Internal Revenue Code, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the partnership; ø

(5) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal

Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as a shareholder of a corporation treated as an "S" corporation under section 290.9725, and income allocable to this state under section 290.17, 290.191, or 290.20 and the income, taking into account the income character provisions of section 1366(b) of the Internal Revenue Code, would be allocable to this state under section 290.17, 290.191, or 290.20 if realized by the individual directly from the source from which realized by the corporation; or

(6) taxed to the individual under the Internal Revenue Code (or not taxed under the Internal Revenue Code by reason of its character but of a character which is taxable under this chapter) in the individual's capacity as the sole member of a limited liability company that is disregarded for federal income tax purposes, with income allocable to this state under section 290.17, 290.191, or 290.20, as though realized by the individual directly from the source from which it was realized by the limited liability company.

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

Sec. 14. Minnesota Statutes 2009 Supplement, section 290.06, subdivision 2c, is amended to read:

Subd. 2c. **Schedules of rates for individuals, estates, and trusts.** (a) The income taxes imposed by this chapter upon married individuals filing joint returns and surviving spouses as defined in section 2(a) of the Internal Revenue Code must be computed by applying to their taxable net income the following schedule of rates:

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

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

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

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

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

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

(d) In lieu of a tax computed according to the rates set forth in this subdivision, the tax of any individual taxpayer whose taxable net income for the taxable year is less than an amount determined by the commissioner must be computed in accordance with tables prepared and issued by the commissioner of revenue based on income brackets of not more than \$100. The amount of tax for each bracket shall be computed at the rates set forth in this subdivision, provided that the commissioner may disregard a fractional part of a dollar unless it amounts to 50 cents or more, in which case it may be increased to \$1.

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

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by the additions required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), (16), and (17), and reduced by the Minnesota assignable portion of the subtraction for United States government interest under section 290.01, subdivision 19b, clause (1), and the subtractions under section 290.01, subdivision 19b, clauses ~~(9), (10), (14), (15), (16), and (18)~~ (8), (9), (13), (14), (15), and (17), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

(2) the denominator is the individual's federal adjusted gross income as defined in section 62 of the Internal Revenue Code of 1986, increased by the amounts specified in section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), (16), and (17), and reduced by the amounts specified in section 290.01, subdivision 19b, clauses (1), ~~(9), (10), (14), (15), (16), and (18)~~ (8), (9), (13), (14), (15), and (17).

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

Sec. 15. Minnesota Statutes 2008, section 290.067, subdivision 1, is amended to read:

Subdivision 1. **Amount of credit.** (a) A taxpayer may take as a credit against the tax due from the taxpayer and a spouse, if any, under this chapter an amount equal to the dependent care credit for which the taxpayer is eligible pursuant to the provisions of section 21 of the Internal Revenue Code subject to the limitations provided in subdivision 2 except that in determining whether the child qualified as a dependent, income received as a Minnesota family investment program grant or allowance to or on behalf of the child must not be taken into account in determining whether the child received more than half of the child's support from the taxpayer, and the provisions of section 32(b)(1)(D) of the Internal Revenue Code do not apply.

(b) If a child who has not attained the age of six years at the close of the taxable year is cared for at a licensed family day care home operated by the child's parent, the taxpayer is deemed to have paid employment-related expenses. If the child is 16 months old or younger at the close of the taxable year, the amount of expenses deemed to have been paid equals the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code. If the child is older than 16 months of age but has not attained the age of six years at the close of the taxable year, the amount of expenses deemed to have been paid equals the amount the licensee would charge for the care of a child of the same age for the same number of hours of care.

(c) If a married couple:

- (1) has a child who has not attained the age of one year at the close of the taxable year;
- (2) files a joint tax return for the taxable year; and

(3) does not participate in a dependent care assistance program as defined in section 129 of the Internal Revenue Code, in lieu of the actual employment related expenses paid for that child under paragraph (a) or the deemed amount under paragraph (b), the lesser of (i) the combined earned income of the couple or (ii) the amount of the maximum limit for one qualified individual under section 21(c) and (d) of the Internal Revenue Code will be deemed to be the employment related expense paid for that child. The earned income limitation of section 21(d) of the Internal Revenue Code shall not apply to this deemed amount. These deemed amounts apply regardless of whether any employment-related expenses have been paid.

(d) If the taxpayer is not required and does not file a federal individual income tax return for the tax year, no credit is allowed for any amount paid to any person unless:

(1) the name, address, and taxpayer identification number of the person are included on the return claiming the credit; or

(2) if the person is an organization described in section 501(c)(3) of the Internal Revenue Code and exempt from tax under section 501(a) of the Internal Revenue Code, the name and address of the person are included on the return claiming the credit.

In the case of a failure to provide the information required under the preceding sentence, the preceding sentence does not apply if it is shown that the taxpayer exercised due diligence in attempting to provide the information required.

In the case of a nonresident, part-year resident, or a person who has earned income not subject to tax under this chapter including earned income excluded pursuant to section 290.01, subdivision 19b, clause ~~(10)~~ (9) or ~~(16)~~ (15), the credit determined under section 21 of the Internal Revenue Code must be allocated based on the ratio by which the earned income of the claimant and the claimant's spouse from Minnesota sources bears to the total earned income of the claimant and the claimant's spouse.

For residents of Minnesota, the subtractions for military pay under section 290.01, subdivision 19b, clauses ~~(14)~~ (10) and ~~(12)~~ (11), are not considered "earned income not subject to tax under this chapter."

For residents of Minnesota, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."

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

Sec. 16. Minnesota Statutes 2009 Supplement, section 290.0671, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** (a) An individual is allowed a credit against the tax imposed by this chapter equal to a percentage of earned income. To receive a credit, a taxpayer must be eligible for a credit under section 32 of the Internal Revenue Code.

(b) For individuals with no qualifying children, the credit equals 1.9125 percent of the first \$4,620 of earned income. The credit is reduced by 1.9125 percent of earned income or adjusted

gross income, whichever is greater, in excess of \$5,770, but in no case is the credit less than zero.

(c) For individuals with one qualifying child, the credit equals 8.5 percent of the first \$6,920 of earned income and 8.5 percent of earned income over \$12,080 but less than \$13,450. The credit is reduced by 5.73 percent of earned income or adjusted gross income, whichever is greater, in excess of \$15,080, but in no case is the credit less than zero.

(d) For individuals with two or more qualifying children, the credit equals ten percent of the first \$9,720 of earned income and 20 percent of earned income over \$14,860 but less than \$16,800. The credit is reduced by 10.3 percent of earned income or adjusted gross income, whichever is greater, in excess of \$17,890, but in no case is the credit less than zero.

(e) For a nonresident or part-year resident, the credit must be allocated based on the percentage calculated under section 290.06, subdivision 2c, paragraph (e).

(f) For a person who was a resident for the entire tax year and has earned income not subject to tax under this chapter, including income excluded under section 290.01, subdivision 19b, clause ~~(10)~~ (9) or ~~(16)~~ (15), the credit must be allocated based on the ratio of federal adjusted gross income reduced by the earned income not subject to tax under this chapter over federal adjusted gross income. For purposes of this paragraph, the subtractions for military pay under section 290.01, subdivision 19b, clauses ~~(14)~~ (10) and ~~(12)~~ (11), are not considered "earned income not subject to tax under this chapter."

For the purposes of this paragraph, the exclusion of combat pay under section 112 of the Internal Revenue Code is not considered "earned income not subject to tax under this chapter."

(g) For tax years beginning after December 31, 2007, and before December 31, 2010, the \$5,770 in paragraph (b), the \$15,080 in paragraph (c), and the \$17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by \$3,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2008, the commissioner shall annually adjust the \$3,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2007" shall be substituted for the word "1992." For 2009, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2007, to the 12 months ending on August 31, 2008, and in each subsequent year, from the 12 months ending on August 31, 2007, to the 12 months ending on August 31 of the year preceding the taxable year. The earned income thresholds as adjusted for inflation must be rounded to the nearest \$10. If the amount ends in \$5, the amount is rounded up to the nearest \$10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

(h) The commissioner shall construct tables showing the amount of the credit at various income levels and make them available to taxpayers. The tables shall follow the schedule contained in this subdivision, except that the commissioner may graduate the transition between income brackets.

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

Sec. 17. Minnesota Statutes 2009 Supplement, section 290.091, subdivision 2, is amended to read:

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

(a) "Alternative minimum taxable income" means the sum of the following for the taxable year:

(1) the taxpayer's federal alternative minimum taxable income as defined in section 55(b)(2) of the Internal Revenue Code;

(2) the taxpayer's itemized deductions allowed in computing federal alternative minimum taxable income, but excluding:

(i) the charitable contribution deduction under section 170 of the Internal Revenue Code;

(ii) the medical expense deduction;

(iii) the casualty, theft, and disaster loss deduction; and

(iv) the impairment-related work expenses of a disabled person;

(3) for depletion allowances computed under section 613A(c) of the Internal Revenue Code, with respect to each property (as defined in section 614 of the Internal Revenue Code), to the extent not included in federal alternative minimum taxable income, the excess of the deduction for depletion allowable under section 611 of the Internal Revenue Code for the taxable year over the adjusted basis of the property at the end of the taxable year (determined without regard to the depletion deduction for the taxable year);

(4) to the extent not included in federal alternative minimum taxable income, the amount of the tax preference for intangible drilling cost under section 57(a)(2) of the Internal Revenue Code determined without regard to subparagraph (E);

(5) to the extent not included in federal alternative minimum taxable income, the amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and

(6) the amount of addition required by section 290.01, subdivision 19a, clauses (7) to (9), (12), (13), (16), and (17);

less the sum of the amounts determined under the following:

(1) interest income as defined in section 290.01, subdivision 19b, clause (1);

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

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

(4) amounts subtracted from federal taxable income as provided by section 290.01, subdivision 19b, clauses (6), ~~(9)~~ (8) to ~~(16)~~ (15), and ~~(18)~~ (17).

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

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

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

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

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

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

Sec. 18. Minnesota Statutes 2008, section 290.0921, subdivision 3, is amended to read:

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

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

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

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

(3) The subtraction for depreciation allowed under section 290.01, subdivision 19d, clause ~~(18)~~ (17), is allowed as a depreciation deduction in determining alternative minimum taxable income.

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

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

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

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

(8) The tax preference for intangible drilling costs under section 57(a)(2) of the Internal Revenue Code must be calculated without regard to subparagraph (E) and the subtraction under

section 290.01, subdivision 19d, clause (4).

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

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

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

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

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

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

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

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

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

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

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

Sec. 19. Minnesota Statutes 2008, section 290.17, subdivision 2, is amended to read:

Subd. 2. **Income not derived from conduct of a trade or business.** The income of a taxpayer subject to the allocation rules that is not derived from the conduct of a trade or business must be assigned in accordance with paragraphs (a) to (f):

(a)(1) Subject to paragraphs (a)(2) and (a)(3), income from wages as defined in section 3401(a)

and (f) of the Internal Revenue Code is assigned to this state if, and to the extent that, the work of the employee is performed within it; all other income from such sources is treated as income from sources without this state.

Severance pay shall be considered income from labor or personal or professional services.

(2) In the case of an individual who is a nonresident of Minnesota and who is an athlete or entertainer, income from compensation for labor or personal services performed within this state shall be determined in the following manner:

(i) The amount of income to be assigned to Minnesota for an individual who is a nonresident salaried athletic team employee shall be determined by using a fraction in which the denominator contains the total number of days in which the individual is under a duty to perform for the employer, and the numerator is the total number of those days spent in Minnesota. For purposes of this paragraph, off-season training activities, unless conducted at the team's facilities as part of a team imposed program, are not included in the total number of duty days. Bonuses earned as a result of play during the regular season or for participation in championship, play-off, or all-star games must be allocated under the formula. Signing bonuses are not subject to allocation under the formula if they are not conditional on playing any games for the team, are payable separately from any other compensation, and are nonrefundable; and

(ii) The amount of income to be assigned to Minnesota for an individual who is a nonresident, and who is an athlete or entertainer not listed in clause (i), for that person's athletic or entertainment performance in Minnesota shall be determined by assigning to this state all income from performances or athletic contests in this state.

(3) For purposes of this section, amounts received by a nonresident as "retirement income" as defined in section (b)(1) of the State Income Taxation of Pension Income Act, Public Law 104-95, are not considered income derived from carrying on a trade or business or from wages or other compensation for work an employee performed in Minnesota, and are not taxable under this chapter.

(b) Income or gains from tangible property located in this state that is not employed in the business of the recipient of the income or gains must be assigned to this state.

(c) Income or gains from intangible personal property not employed in the business of the recipient of the income or gains must be assigned to this state if the recipient of the income or gains is a resident of this state or is a resident trust or estate.

Gain on the sale of a partnership interest is allocable to this state in the ratio of the original cost of partnership tangible property in this state to the original cost of partnership tangible property everywhere, determined at the time of the sale. If more than 50 percent of the value of the partnership's assets consists of intangibles, gain or loss from the sale of the partnership interest is allocated to this state in accordance with the sales factor of the partnership for its first full tax period immediately preceding the tax period of the partnership during which the partnership interest was sold.

Gain on the sale of an interest in a single member limited liability company that is disregarded for federal income tax purposes is allocable to this state as if the single member limited liability company did not exist and the assets of the limited liability company are personally owned by the sole member.

Gain on the sale of goodwill or income from a covenant not to compete that is connected with a business operating all or partially in Minnesota is allocated to this state to the extent that the income from the business in the year preceding the year of sale was assignable to Minnesota under subdivision 3.

When an employer pays an employee for a covenant not to compete, the income allocated to this state is in the ratio of the employee's service in Minnesota in the calendar year preceding leaving the employment of the employer over the total services performed by the employee for the employer in that year.

(d) Income from winnings on a bet made by an individual while in Minnesota is assigned to this state. In this paragraph, "bet" has the meaning given in section 609.75, subdivision 2, as limited by section 609.75, subdivision 3, clauses (1), (2), and (3).

(e) All items of gross income not covered in paragraphs (a) to (d) and not part of the taxpayer's income from a trade or business shall be assigned to the taxpayer's domicile.

(f) For the purposes of this section, working as an employee shall not be considered to be conducting a trade or business.

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

Sec. 20. Minnesota Statutes 2008, section 290.21, subdivision 4, is amended to read:

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

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

(ii) the remaining 20 percent of dividends if the dividends are received from a corporation which is subject to tax under section 290.36 and which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and the dividend is eliminated in consolidation under Treasury Department Regulation 1.1502-14(a), as amended through December 31, 1989, or is deducted under an election under section 243(b) of the Internal Revenue Code; or

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

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

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

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

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

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

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

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

(f) If one or more of the members of the unitary group whose income is included on the combined report received a dividend, the deduction under this subdivision for each member of the unitary business required to file a return under this chapter is the product of: (1) 100 percent of the dividends received by members of the group; (2) the percentage allowed pursuant to paragraph (a) or (b); and (3) the percentage of the taxpayer's business income apportionable to this state for the taxable year under section 290.191 or 290.20.

(g) The deduction provided by this subdivision does not apply to dividends received from a real estate investment trust, if the dividends are not considered to be dividends under section 243(d)(3) and section 857(c) of the Internal Revenue Code.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009.

Sec. 21. [290.433] HOMELESS PREVENTION AND FOOD SHELF CHECKOFF.

Every individual who files an income tax return or property tax refund claim form may designate on their original return that \$1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that individual and paid into an account to be established for the management of homeless prevention and food shelf programs. The commissioner of revenue shall, on the income tax return and the property tax refund claim form, notify filers of their right to designate that a portion of their tax or refund be paid into the homeless prevention and food shelf management account. The sum of the amounts designated to be paid shall be credited to the homeless prevention and food shelf management account for use in the following manner: (1) 50 percent for homeless prevention and services through emergency services grants established under section 256E.36 and administered by the Department of Human Services; and (2) 50 percent of the amounts to the food shelf program established in section 256E.34 and administered by the Department of Human Services. An amount to pay the personnel and administrative costs to administer the check-off is annually appropriated to the commissioner from the homeless prevention and food shelf management account. All interest earned on money accrued, gifts to the program, contributions to the program, and reimbursements of expenditures in the homeless prevention and food shelf management account shall be credited to the account by the commissioner of management and budget, except that gifts or contributions received directly by the commissioner of human services and directed by the contributor for use in specific homeless prevention and food shelf programs shall be handled directly by this department.

The state pledges and agrees with all contributors to the homeless prevention and food shelf programs account to use the funds contributed solely for the management of homeless prevention and food shelf programs and for administration of the check-off program and further agrees that it will not impose additional conditions or restrictions that limit or otherwise restrict the ability of the commissioner of human services to use the available funds for the most efficient and effective management of homeless prevention and food shelf programs. The dedicated money under this section must supplement traditional sources of funding for these purposes and may not be used as a substitute.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009 and before January 1, 2013.

Sec. 22. [290.434] CORPORATE HOMELESS PREVENTION AND FOOD SHELF CHECKOFF.

A corporation that files an income tax return may designate on its original return that \$1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that corporation and paid into the homeless prevention and food shelf management account established by section 290.433 for use in the following manner: (1) 50 percent for homeless prevention and services through emergency services grants under section 256E.36 and administered by the Department of Human Services; and (2) 50 percent of the amounts to the food shelf program established in section 256E.34 and administered by the Department of Human Services. An amount to pay the personnel and administrative costs to administer the check-off is annually appropriated to the commissioner from the homeless prevention and food shelf management account. The commissioner of revenue shall, on the corporate tax return, notify filers of their right to designate that a portion of their tax return be paid into the homeless prevention and food shelf management account for homeless prevention and food shelf programs. All interest earned on money accrued, gifts to the program, contributions to the program, and reimbursements of expenditures in the

homeless prevention and food shelf management account shall be credited to the account by the commissioner of management and budget, except that gifts or contributions received directly by the commissioner of human services and directed by the contributor for use in specific homeless prevention and food shelf programs shall be handled directly by this department.

The state pledges and agrees with all contributors to the homeless prevention and food shelf programs account to use the funds contributed solely for the management of homeless prevention and food shelf programs and for administration of the check-off program and further agrees that it will not impose additional conditions or restrictions that limit or otherwise restrict the ability of the commissioner of human services to use the available funds for the most efficient and effective management of homeless prevention and food shelf programs. The dedicated money under this section must supplement traditional sources of funding for these purposes and may not be used as a substitute.

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2009 and before January 1, 2013.

Sec. 23. Minnesota Statutes 2009 Supplement, section 291.005, subdivision 1, is amended to read:

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

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

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

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through March 31, 2009, but without regard to the provisions of sections 501 and 901 of Public Law 107-16.

(4) "Minnesota adjusted taxable estate" means federal adjusted taxable estate as defined by section 2011(b)(3) of the Internal Revenue Code, increased by the amount of deduction for state death taxes allowed under section 2058 of the Internal Revenue Code.

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

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

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

of the property and the Minnesota estate tax due with respect to the property.

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

(9) "Situs of property" means, with respect to real property, the state or country in which it is located; with respect to tangible personal property, the state or country in which it was normally kept or located at the time of the decedent's death; and with respect to intangible personal property, the state or country in which the decedent was domiciled at death. For a nonresident decedent with an ownership interest in a pass-through entity with assets that include real or tangible personal property, situs of the real or tangible personal property is determined as if the pass-through entity does not exist and the real or tangible personal property is personally owned by the decedent. If the pass-through entity is owned by a person or persons in addition to the decedent, ownership of the property is attributed to the decedent in proportion to the decedent's capital ownership share of the pass-through entity.

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

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

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

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

(iv) a trust.

EFFECTIVE DATE. The change in paragraph (3) is effective the day following final enactment and applies regardless of when the decedent dies. The changes in paragraphs (9) and (10) are effective for estates of decedents dying after December 31, 2009. This section is effective for estates of decedents dying after December 31, 2009.

Sec. 24. [524.2-712] DECEDENTS DYING AFTER DECEMBER 31, 2009, AND BEFORE JANUARY 1, 2011; CONSTRUCTION OF CERTAIN FORMULA CLAUSES BY REFERENCE TO FEDERAL TRANSFER TAX LAW.

(a) A governing instrument, including a will or trust agreement, of a decedent who dies after December 31, 2009, and before January 1, 2011, that contains a formula or provision referring to the "unified credit," "estate tax exemption," "applicable exemption amount," "applicable credit amount," "applicable exclusion amount," "generation-skipping transfer tax exemption," "GST exemption," "marital deduction," "maximum marital deduction," "unlimited marital deduction," "inclusion ratio," "applicable fraction," or any section of the Internal Revenue Code relating to the federal estate tax or federal generation-skipping transfer tax, or that measures a share of an estate or trust by reference to federal estate taxes or federal generation-skipping transfer taxes, is deemed to refer to the federal estate tax and the federal generation-skipping transfer tax laws as they applied with respect to the estates of decedents dying on December 31, 2009. This paragraph does not apply to a governing instrument, including a will or trust agreement, that manifests an intent that a contrary rule applies if the decedent dies on a date on which there is no then-applicable federal estate or federal generation-skipping transfer tax.

(b) If the federal estate or federal generation-skipping transfer tax becomes effective before January 1, 2011, then the reference to January 1, 2011, in paragraph (a) instead refers to the first date on which the tax becomes legally effective.

(c) The personal representative, trustee, or any interested person under the governing instrument, including a will or trust agreement, may bring a proceeding to determine whether the decedent intended that a formula or provision described in paragraph (a) be construed with respect to the law as it existed after December 31, 2009. Such a proceeding must be commenced by December 31, 2011.

EFFECTIVE DATE. This section is effective on January 1, 2010.

ARTICLE 2

SALES AND USE TAXES

Section 1. Minnesota Statutes 2008, section 289A.50, subdivision 2, is amended to read:

Subd. 2. **Refund of sales tax to vendors; limitation.** (a) If a vendor has collected from a purchaser and remitted to the state a tax on a transaction that is not subject to the tax imposed by chapter 297A, the tax is refundable to the vendor only if and to the extent that the tax and any interest earned on the tax is credited to amounts due to the vendor by the purchaser or returned to the purchaser by the vendor.

(b) In addition to the requirements of subdivision 1, a claim for refund under this subdivision must state in writing that the tax and interest earned on the tax has been or will be refunded or credited to the purchaser by the vendor.

(c) Within 60 days after the date the commissioner issues the refund, any amount not refunded or credited to the purchaser by the vendor, as required by paragraph (a), must be returned to the commissioner by the vendor.

(d) After the commissioner refunds the tax and interest to the vendor, if the commissioner determines that the vendor did not refund or credit the tax and interest as provided in this subdivision, or did not return the amount required to be returned under paragraph (c), the commissioner may assess the vendor for underpayment of tax and interest equal to that portion of the amount that was not refunded or credited to the purchaser. The assessment bears interest which is computed at the rate specified in section 270C.40, subdivision 5, on the unpaid amount from the date the commissioner issues the refund until the date the amount is paid to the commissioner. The assessment may be made at any time within 3-1/2 years after the commissioner refunds the tax and interest to the vendor. If part of the refund was induced by fraud or misrepresentation of a material fact, the assessment may be made at any time.

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

Sec. 2. Minnesota Statutes 2008, section 297A.61, subdivision 3, is amended to read:

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

(b) Sale and purchase include:

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

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

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

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

- (1) prepared food sold by the retailer;
- (2) soft drinks;
- (3) candy;
- (4) dietary supplements; and
- (5) all food sold through vending machines.

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

(f) A sale and a purchase includes the transfer for a consideration of prewritten computer software whether delivered electronically, by load and leave, or otherwise.

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

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

(2) lodging and related services by a hotel, rooming house, resort, campground, motel, or trailer camp, including furnishing the guest of the facility with access to telecommunication services, and the granting of any similar license to use real property in a specific facility, other than the renting or leasing of it for a continuous period of 30 days or more under an enforceable written agreement that may not be terminated without prior notice;

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

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

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

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

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

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

(6) services as provided in this clause:

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

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

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

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

(v) pet grooming services;

(vi) lawn care, fertilizing, mowing, spraying and sprigging services; garden planting and maintenance; tree, bush, and shrub pruning, bracing, spraying, and surgery; indoor plant care; tree, bush, shrub, and stump removal, except when performed as part of a land clearing contract as defined in section 297A.68, subdivision 40; and tree trimming for public utility lines. Services performed under a construction contract for the installation of shrubbery, plants, sod, trees, bushes, and similar items are not taxable;

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

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

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

affiliated group of corporations are not taxable. For purposes of the preceding sentence, "affiliated group of corporations" means those entities that would be classified as members of an affiliated group as defined under United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

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

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

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

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

(k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a customer when (1) the vehicle is rented by the customer for a consideration, or (2) the motor vehicle dealer is reimbursed pursuant to a service contract as defined in section 65B.29, subdivision 1, clause (1).

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2010.

Sec. 3. Minnesota Statutes 2008, section 297A.61, subdivision 4, is amended to read:

Subd. 4. **Retail sale.** (a) A "retail sale" means any sale, lease, or rental for any purpose, other than resale, sublease, or subrent of items by the purchaser in the normal course of business as defined in subdivision 21.

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

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

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

(e) A sale of carpeting, linoleum, or similar floor covering to a person who provides for installation of the floor covering is a retail sale and not a sale for resale since a sale of floor covering

which includes installation is a contract for the improvement of real property.

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

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

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

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

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

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

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

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

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

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

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

(n) A sale of motor vehicle repair paint and supplies by a motor vehicle repair or body shop

business is a retail sale and the sales tax is imposed on the gross receipts from the retail sale of the paint and supplies. The motor vehicle repair or body shop may multiply the number of labor hours by a rate of consideration for the paint and supplies used in the repair of the motor vehicle in order to calculate the sales price of the paint and supplies. If this method does not fairly reflect the taxable amount, the taxpayer may petition the commissioner for the use of another method, if that method fairly reflects the gross receipts from the retail sale of the paint and supplies that become part of a repaired motor vehicle or are consumed in repairing motor vehicles. This clause does not apply to wholesale transactions at an auto auction facility.

Sec. 4. Minnesota Statutes 2008, section 297A.61, is amended by adding a subdivision to read:

Subd. 47. **Motor vehicle repair paint and supplies.** "Motor vehicle repair paint" includes primer, body paint, clear coat, and paint thinner used to paint motor vehicles, as defined in section 297B.01. "Motor vehicle repair supplies" are items that become a part of a repaired motor vehicle or are consumed in repairing the motor vehicle at retail, and include abrasives, battery water, body filler or putty, bolts and nuts, brake fluid, buffing pads, chamois, cleaning compounds, degreasing compounds, glaze, grease, grinding discs, hydraulic jack oil, lubricants, masking tape, oxygen and acetylene, polishes, rags, razor blades, sandpaper, sanding discs, scuff pads, sealer, solder, solvents, striping tape, tack cloth, thinner, waxes, and welding rods. Motor vehicle repair supplies do not include items that are not used directly on the motor vehicle, such as floor dry, which is used to clean the shop, or cleaning compounds and rags that are used to clean tools and equipment or the shop and are not used to clean the motor vehicle.

Sec. 5. Minnesota Statutes 2008, section 297A.62, as amended by Laws 2009, chapter 88, article 4, section 4, is amended to read:

297A.62 SALES TAX IMPOSED; RATES.

Subdivision 1. **Generally.** Except as otherwise provided in subdivision 3 or in this chapter, a sales tax of 6.5 percent is imposed on the gross receipts from retail sales as defined in section 297A.61, subdivision 4, made in this state or to a destination in this state by a person who is required to have or voluntarily obtains a permit under section 297A.83, subdivision 1.

Subd. 1a. **Constitutionally required sales tax increase.** Except as otherwise provided in subdivision 3 or in this chapter, an additional sales tax of 0.375 percent, as required under the Minnesota Constitution, article XI, section 15, is imposed on the gross receipts from retail sales as defined in section 297A.61, subdivision 4, made in this state or to a destination in this state by a person who is required to have or voluntarily obtains a permit under section 297A.83, subdivision 1. This additional tax expires July 1, 2034.

Subd. 3. **Manufactured housing and park trailers.** For retail sales of manufactured homes as defined in section 327.31, subdivision 6, for residential uses, the sales tax under ~~subdivision~~ subdivisions 1 and 1a is imposed on 65 percent of the dealer's cost of the manufactured home. For retail sales of new or used park trailers, as defined in section 168.002, subdivision 23, the sales tax under ~~subdivision~~ subdivisions 1 and 1a is imposed on 65 percent of the sales price of the park trailer.

Subd. 4. **Combined rates.** In this chapter, wherever there is a reference to the rate under subdivision 1, or to a combined rate under subdivisions 1 and 1a, the rate to be applied is the combined rate under subdivisions 1 and 1a until the additional tax imposed by subdivision 1a

expires. This subdivision does not apply to section 297A.65.

EFFECTIVE DATE. This section is effective retroactively for sales and purchases made after June 30, 2009, except for sales and purchases subject to subdivision 3. This section is effective for sales and purchases subject to subdivision 3 made after June 30, 2010.

Sec. 6. Minnesota Statutes 2008, section 297A.665, is amended to read:

297A.665 PRESUMPTION OF TAX; BURDEN OF PROOF.

(a) For the purpose of the proper administration of this chapter and to prevent evasion of the tax, until the contrary is established, it is presumed that:

(1) all gross receipts are subject to the tax; and

(2) all retail sales for delivery in Minnesota are for storage, use, or other consumption in Minnesota.

(b) The burden of proving that a sale is not a taxable retail sale is on the seller. However, a seller is relieved of liability if:

(1) the seller obtains a fully completed exemption certificate or all the relevant information required by section 297A.72, subdivision 2, at the time of the sale or within 90 days after the date of the sale; or

(2) if the seller has not obtained a fully completed exemption certificate or all the relevant information required by section 297A.72, subdivision 2, within the time provided in clause (1), within 120 days after a request for substantiation by the commissioner, the seller either:

(i) obtains in good faith a fully completed exemption certificate or all the relevant information required by section 297A.72, subdivision 2, from the purchaser; or

(ii) proves by other means that the transaction was not subject to tax.

(c) Notwithstanding paragraph (b), relief from liability does not apply to a seller who:

(1) fraudulently fails to collect the tax; or

(2) solicits purchasers to participate in the unlawful claim of an exemption.

(d) A certified service provider, as defined in section 297A.995, subdivision 2, is relieved of liability under this section to the extent a seller who is its client is relieved of liability.

(e) A purchaser of tangible personal property or any items listed in section 297A.63 that are shipped or brought to Minnesota by the purchaser has the burden of proving that the property was not purchased from a retailer for storage, use, or consumption in Minnesota.

(f) If a seller claims that certain sales are exempt and does not provide the certificate, information, or proof required by paragraph (b), clause (2), within 120 days after the date of the commissioner's request for substantiation, then the exemptions claimed by the seller that required substantiation are disallowed.

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

Sec. 7. Minnesota Statutes 2008, section 297A.68, subdivision 39, is amended to read:

Subd. 39. **Preexisting bids or contracts.** (a) The sale of tangible personal property or services is exempt from tax or a tax rate increase for a period of six months from the effective date of the law change that results in the imposition of the tax or the tax rate increase under this chapter if:

(1) the act imposing the tax or increasing the tax rate does not have transitional effective date language for existing construction contracts and construction bids; and

(2) the requirements of paragraph (b) are met.

(b) A sale is tax exempt under paragraph (a) if it meets the requirements of either clause (1) or (2):

(1) For a construction contract:

(i) the goods or services sold must be used for the performance of a bona fide written lump sum or fixed price construction contract;

(ii) the contract must be entered into before the date the goods or services become subject to the sales tax or the tax rate was increased;

(iii) the contract must not provide for allocation of future taxes; and

(iv) for each qualifying contract the contractor must ~~give the seller~~ keep documentation of the contract on which an exemption is to be claimed.

(2) For a construction bid:

(i) the goods or services sold must be used pursuant to an obligation of a bid or bids;

(ii) the bid or bids must be submitted and accepted before the date the goods or services became subject to the sales tax or the tax rate was increased;

(iii) the bid or bids must not be able to be withdrawn, modified, or changed without forfeiting a bond; and

(iv) for each qualifying bid, the contractor must ~~give the seller~~ keep documentation of the bid on which an exemption is to be claimed.

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

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

Subd. 42. **Motor vehicle repair paint and supplies.** Paint and supplies, as defined in section 297A.61, subdivision 47, that are purchased by a motor vehicle repair or body shop business in providing repair services on motor vehicles, as defined in section 297B.01, at retail and become part of a repaired motor vehicle or are consumed in repairing a motor vehicle are exempt.

Sec. 9. Minnesota Statutes 2008, section 297A.70, subdivision 8, is amended to read:

Subd. 8. **Regionwide public safety radio communication system; products and services.** Products and services including, but not limited to, end user equipment used for construction, ownership, operation, maintenance, and enhancement of the backbone system of the regionwide

public safety radio communication system established under sections 403.21 to 403.40, are exempt. For purposes of this subdivision, backbone system is defined in section 403.21, subdivision 9. ~~This subdivision is effective for purchases, sales, storage, use, or consumption for use in the first and second phases of the system, as defined in section 403.21, subdivisions 3, 10, and 11, that portion of the third phase of the system that is located in the southeast district of the State Patrol and the counties of Benton, Sherburne, Stearns, and Wright, and that portion of the system that is located in Itasca County.~~

EFFECTIVE DATE. This section is effective for purchases by local governments after June 30, 2006, and for purchases by the state after June 30, 2010. After June 30, 2010, a local government may apply for a refund of tax paid for purchases before July 1, 2010, under this subdivision, in the manner provided in section 297A.75.

Sec. 10. Minnesota Statutes 2008, section 297A.70, subdivision 13, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

Sec. 11. Minnesota Statutes 2008, section 297A.71, subdivision 23, is amended to read:

Subd. 23. **Construction materials for qualified low-income housing projects.** (a) Purchases of materials and supplies used or consumed in and equipment incorporated into the construction, improvement, or expansion of qualified low-income housing projects are exempt from the tax imposed under this chapter if the owner of the qualified low-income housing project is:

- (1) the public housing agency or housing and redevelopment authority of a political subdivision;
- (2) an entity exercising the powers of a housing and redevelopment authority within a political subdivision;
- (3) a limited partnership in which the sole or managing general partner is an authority under clause (1) or an entity under clause (2) ~~or~~, (4), or (5);
- (4) a nonprofit corporation subject to the provisions of chapter 317A, and qualifying under section 501(c)(3) or 501(c)(4) of the Internal Revenue Code of 1986, as amended; ~~or~~
- (5) a limited liability company if it consists of a sole member that is an entity under clause (4);
or
- (6) an owner entity, as defined in Code of Federal Regulations, title 24, part 941.604, for a qualified low-income housing project described in paragraph (b), clause (5).

This exemption applies regardless of whether the purchases are made by the owner of the facility or a contractor.

(b) For purposes of this exemption, "qualified low-income housing project" means:

- (1) a housing or mixed use project in which at least 20 percent of the residential units are qualifying low-income rental housing units as defined in section 273.126;
- (2) a federally assisted low-income housing project financed by a mortgage insured or held by the United States Department of Housing and Urban Development under United States Code, title 12, section 1701s, 1715l(d)(3), 1715l(d)(4), or 1715z-1; United States Code, title 42, section 1437f; the Native American Housing Assistance and Self-Determination Act, United States Code, title 25, section 4101 et seq.; or any similar successor federal low-income housing program;
- (3) a qualified low-income housing project as defined in United States Code, title 26, section 42(g), meeting all of the requirements for a low-income housing credit under section 42 of the Internal Revenue Code regardless of whether the project actually applies for or receives a low-income housing credit;
- (4) a project that will be operated in compliance with Internal Revenue Service revenue procedure 96-32; or

(5) a housing or mixed use project in which all or a portion of the residential units are subject to the requirements of section 5 of the United States Housing Act of 1937.

(c) For a project, a portion of which is not used for low-income housing units, the amount of purchases that are exempt under this subdivision must be determined by multiplying the total purchases, as specified in paragraph (a), by the ratio of:

(1) the total gross square footage of units subject to the income limits under section 273.126, the financing for the project, the federal low-income housing tax credit, revenue procedure 96-32, or section 5 of the United States Housing Act of 1937, as applicable to the project; and

(2) the total gross square footage of all units in the project.

(d) 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.

EFFECTIVE DATE. This section is effective for sales and purchases made after June 30, 2010.

Sec. 12. Minnesota Statutes 2008, section 297A.71, is amended by adding a subdivision to read:

Subd. 42. **Aerospace defense manufacturing facility.** (a) Materials and supplies used or consumed in, capital equipment incorporated into, and privately owned infrastructure in support of the construction, improvement, or expansion of an aerospace defense manufacturing facility are exempt if:

(1) the facility is used for the manufacturing of aerospace or defense-related sensors and the production of micro-electro-mechanical systems; and

(2) the total capital investment made at the facility is at least \$59,000,000.

(b) The tax must be imposed and collected as if the rate under section 297A.62, subdivision 1, applied, and refunded in the manner provided in section 297A.75, only after the following criteria have been met:

(1) a refund may not be issued until the owner of the aerospace defense manufacturing facility has received certification from the Department of Employment and Economic Development that the aerospace defense manufacturing facility employs no less than 1,560 full-time equivalent workers within the state, and has made a total capital investment of at least \$59,000,000;

(2) for each year that the owner of the aerospace defense manufacturing facility receives certification from the Department of Employment and Economic Development that no less than 1,560 full-time equivalent worker residents are employed workers within the state, the refund may be issued to the owner of the aerospace defense manufacturing facility at a rate of 25 percent of the total allowable refund payable to date, provided that the Department of Employment and Economic Development continues to certify that no less than 1,560 full-time equivalent workers are employed workers within the state, the commissioner of revenue may make annual payments of the remaining refund until all of the refund has been paid; and

(3) to receive the refund, the owner of the aerospace defense manufacturing facility must initially apply to the Department of Employment and Economic Development for certification no later than one year from the final completion date of construction of the expansion of the aerospace defense manufacturing facility.

EFFECTIVE DATE. This section is effective for sales and purchases made after July 1, 2010, and before December 31, 2015.

Sec. 13. 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;
- (15) products and services for a statewide public safety radio communication system exempt under section 297A.70, subdivision 8, purchased by a local government after June 30, 2006, and before July 1, 2010; and
- (16) materials, supplies, and equipment for construction, improvement, or expansion of an aerospace defense manufacturing facility exempt under section 297A.71, subdivision 42.

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

Sec. 14. 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), the owner of the qualifying business; and
- (8) for subdivision 1, clauses (12) ~~and~~, (13), (15), and (16), the applicant must be the governmental entity that owns or contracts for the project or facility.

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

Sec. 15. Minnesota Statutes 2008, section 297A.75, subdivision 3, is amended to read:

Subd. 3. **Application.** (a) The application must include sufficient information to permit the commissioner to verify the tax paid. If the tax was paid by a contractor, subcontractor, or builder, under subdivision 1, clause (4), (5), (6), (7), (8), (9), (10), (11), (12), (13), ~~or~~ (14), or (15), the contractor, subcontractor, or builder must furnish to the refund applicant a statement including the cost of the exempt items and the taxes paid on the items unless otherwise specifically provided by this subdivision. The provisions of sections 289A.40 and 289A.50 apply to refunds under this section.

(b) An applicant may not file more than two applications per calendar year for refunds for taxes paid on capital equipment exempt under section 297A.68, subdivision 5.

(c) Total refunds for purchases of items in section 297A.71, subdivision 40, must not exceed \$5,000,000 in fiscal years 2010 and 2011. Applications for refunds for purchases of items in sections 297A.70, subdivision 3, paragraph (a), clause (11), and 297A.71, subdivision 40, must not be filed until after June 30, 2009. Application for refunds for purchases of items in section 297A.75, subdivision 1, clause (15), must not be filed until after June 30, 2010.

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

Sec. 16. Minnesota Statutes 2008, section 297A.995, subdivision 10, is amended to read:

Subd. 10. **Relief from certain liability.** (a) Notwithstanding subdivision 9, sellers and certified

service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider (1) relying on erroneous data provided by the commissioner in the database files on tax rates, boundaries, or taxing jurisdiction assignments, or (2) relying on erroneous data provided by the state in its taxability matrix concerning the taxability of products and services.

(b) Notwithstanding subdivision 9, sellers and certified service providers are relieved from liability to the state for having charged and collected the incorrect amount of sales or use tax resulting from the seller or certified service provider relying on the certification by the commissioner as to the accuracy of a certified automated system as to the taxability of product categories. The relief from liability provided by this paragraph does not apply when the sellers or certified service providers have incorrectly classified an item or transaction into a product category, unless the item or transaction within a product category was approved by the commissioner or approved jointly by the states that are signatories to the agreement. The sellers and certified service providers must revise a classification within ten days after receipt of notice from the commissioner that an item or transaction within a product category is incorrectly classified as to its taxability, or they are not relieved from liability for the incorrect classification following the notification.

(c) Notwithstanding subdivision 9, if there are not at least 30 days between the enactment of a new tax rate and the effective date of the new rate, sellers and certified service providers shall be relieved from liability for failing to collect tax at the new rate during the first 30 days of the rate change, beginning on the day after the date of enactment of the rate change, provided the seller or certified service provider continued to impose and collect the tax at the immediately preceding tax rate during this period. Relief from liability provided by this paragraph shall not apply if the failure to collect at the newly effective rate extends beyond 30 days after the enactment of the new rate. The relief provided by this paragraph shall not apply if the commissioner determines that the seller or certified service provider fraudulently failed to collect at the new rate or that the seller or certified service provider solicited purchasers based on the immediately preceding tax rate.

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

Sec. 17. Minnesota Statutes 2008, section 297A.995, subdivision 11, is amended to read:

Subd. 11. **Purchaser relief from certain liability.** (a) Notwithstanding other provisions in the law, a purchaser is relieved from liability resulting from having paid the incorrect amount of sales or use tax if a purchaser, whether or not ~~holding a~~ the commissioner gave the purchaser direct pay permit authorization, or a purchaser's seller or certified service provider relied on erroneous data provided by this state in the database files on tax rates, boundaries, taxing jurisdiction assignments, or in the taxability matrix. After providing an address-based database for assigning taxing jurisdictions and their associated rates, no relief for errors resulting from the purchaser's reliance on a database using zip codes is allowed.

(b) With respect to reliance on the taxability matrix provided by this state in paragraph (a), relief is limited to erroneous classifications in the taxability matrix for items included within the classifications as "taxable," "exempt," "included in sales price," "excluded from sales price," "included in the definition," and "excluded from the definition."

(c) Notwithstanding other provisions in the law, if there are not at least 30 days between the enactment of a new tax rate and the effective date of the new rate, a purchaser shall be relieved from liability resulting from failing to pay the tax at the new rate during the first 30 days of the rate change,

beginning on the day after the date of enactment of the rate change, whether or not the purchaser has been given direct pay authorization by the commissioner. Relief from liability provided by this paragraph shall not apply if the failure to pay at the newly effective rate extends beyond 30 days after the enactment of the new rate, and shall not apply to a purchaser that did not continue to pay the tax at the immediately preceding tax rate during the 30-day period. The relief provided by this paragraph shall not apply if the commissioner determines that the purchaser fraudulently failed to pay at the new rate.

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

Sec. 18. **[645.025] SPECIAL LAWS; LOCAL TAXES.**

Subdivision 1. **Definitions.** (a) If a special law grants a local government unit or group of units the authority to impose a local tax other than sales tax, including but not limited to taxes such as lodging, entertainment, admissions, or food and beverage taxes, and the Department of Revenue either has agreed to or is required to administer the tax, such that the tax is reported and paid with the chapter 297A taxes, then the local government unit or group of units must adopt each definition used in the special law as follows:

(1) the definition must be identical to the definition found in chapter 297A or in Minnesota Rules, chapter 8130; or

(2) if the specific term is not defined either in chapter 297A or in Minnesota Rules, chapter 8130, then the definition must be consistent with the position of the Department of Revenue as to the extent of the tax base.

(b) This subdivision does not apply to terms that are defined by the authorizing special law.

Subd. 2. **Application.** This section applies to a special law that is described in subdivision 1 that was:

(1) originally enacted prior to 2010, and that was amended by special law in or after 2010, to extend the time for imposing the tax or to modify the tax base; or

(2) first enacted in or after 2010.

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

Sec. 19. Laws 1999, chapter 243, article 4, section 18, subdivision 3, as amended by Laws 2008, chapter 366, article 7, section 13, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for construction and, improvement, and maintenance of the following city facilities:

(1) streets; and

(2) constructing and equipping the Proctor community activity center.

Authorized expenses include, but are not limited to, acquiring property, paying construction and operating expenses related to the development of an authorized facility, maintenance expenses, and paying debt service on bonds or other obligations, including lease obligations, issued to finance

the construction, expansion, ~~or improvement~~ or maintenance of an authorized facility. ~~The capital expenses for all projects authorized under this paragraph that may be paid with these taxes is limited to \$3,600,000, plus an amount equal to the costs related to issuance of the bonds.~~

(b) Additional revenues received from taxes authorized by subdivision 1, may be used by the city to pay for the following capital improvement projects: public utilities, including water, sanitary sewer, storm sewer, and electric; sidewalks; bikeways and trails; and parks and recreation.

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

Sec. 20. Laws 1999, chapter 243, article 4, section 18, subdivision 4, is amended to read:

Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes, chapter 475, to finance the capital expenditure and improvement projects described in subdivision 3. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 279.61.

(c) The bonds are not included in computing any debt limitation applicable to the city, and the levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

(d) The aggregate principal amount of bonds, plus the aggregate of the taxes used directly to pay eligible capital expenditures and improvements, may not exceed ~~\$3,600,000, plus an amount equal to the costs related to issuance of the bonds, including interest on the bonds~~ \$20,000,000.

(e) The sales and use and excise taxes authorized in this section may be pledged to and used for the payment of the bonds and any bonds issued to refund them only if the bonds and any refunding bonds are general obligations of the city.

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

Sec. 21. Laws 2002, chapter 377, article 3, section 25, as amended by Laws 2009, chapter 88, article 4, section 19, is amended to read:

Sec. 25. **ROCHESTER LODGING TAX.**

Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or 477A.016, or any other law, the city of Rochester may impose an additional tax of one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more.

Subd. 1a. **Authorization.** Notwithstanding Minnesota Statutes, section 469.190 or 477A.016, or any other law, and in addition to the tax authorized by subdivision 1, the city of Rochester may impose an additional tax of one percent on the gross receipts from the furnishing for consideration of lodging at a hotel, motel, rooming house, tourist court, or resort, other than the renting or leasing of it for a continuous period of 30 days or more only upon the approval of the city governing body of a total financial package for the project.

Subd. 2. **Disposition of proceeds.** (a) The gross proceeds from the tax imposed under subdivision 1 must be used by the city to fund a local convention or tourism bureau for the purpose of marketing and promoting the city as a tourist or convention center.

(b) The gross proceeds from the one percent tax imposed under subdivision 1a shall be used to pay for (1) construction, renovation, improvement, and expansion of the Mayo Civic Center and related skyway access, lighting, parking, or landscaping; and (2) for payment of any principal, interest, or premium on bonds issued to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex.

Subd. 2a. **Bonds.** The city of Rochester may issue, without an election, general obligation bonds of the city, in one or more series, in the aggregate principal amount not to exceed \$43,500,000, to pay for capital and administrative costs for the design, construction, renovation, improvement, and expansion of the Mayo Civic Center Complex, and related skyway, access, lighting, parking, and landscaping. The city may pledge the lodging tax authorized by subdivision 1a and the food and beverage tax authorized under Laws 2009, chapter 88, article 4, section 23, to the payment of the bonds. The debt represented by the bonds is not included in computing any debt limitations applicable to the city, and the levy of taxes required by Minnesota Statutes, section 475.61, to pay the principal of and interest on the bonds is not subject to any levy limitation or included in computing or applying any levy limitation applicable to the city.

Subd. 3. **Expiration of taxing authority.** The authority of the city to impose a tax under subdivision 1a shall expire when the principal and interest on any bonds or other obligations issued prior to December 31, 2014, to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex and related skyway access, lighting, parking, or landscaping have been paid, including any bonds issued to refund such bonds, or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of the project and retirement or redemption of the bonds shall be placed in the general fund of the city.

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

Sec. 22. Laws 2006, chapter 259, article 3, section 12, subdivision 3, as amended by Laws 2009, chapter 88, article 4, section 20, is amended to read:

Subd. 3. **Use of revenues.** (a) Revenues received from the taxes authorized by subdivisions 1 and 2 must be used to pay all or part of the capital costs of transportation projects included in the 2004 U.S. Highway 14-Owatonna Beltline Study by the Minnesota Department of Transportation, Steele County, and the city of Owatonna; regional parks and trail developments; and the West Hills complex, including the firehall, and library improvement projects; as described in the city resolution No. 4-06, Exhibit A, as adopted by the city on January 17, 2006. Notwithstanding the specific transportation projects described in city resolution No. 4-06, Exhibit A, the city may transfer up to \$1,500,000 of the sales and use tax revenues from the Alexander Street to 39th Avenue Southwest project to the reconstruction of 18th Street Southwest from 24th Avenue Southwest to 39th Avenue West. The amount paid from these revenues for transportation projects may not exceed \$4,450,000 plus associated bond costs. The amount paid from these revenues for park and trail projects may not exceed \$5,400,000 plus associated bond costs. The amount paid from these revenues for West Hills complex, fire hall, and library improvement projects may not exceed \$2,823,000 plus associated

bond costs.

(b) Notwithstanding Minnesota Statutes, section 297A.99, subdivision 3, revenues received from the taxes authorized by subdivisions 1 and 2 may be used to pay all or part of the capital costs of development of Lake Chase Park and the North Straight River trail projects; and additional improvements to the West Hills complex, including the library. The amount paid from these revenues for Lake Chase Park and the North Straight River Park trail system may not exceed \$1,050,000 plus associated bond costs. The amount paid from these revenues for the additional West Hills and library complex improvement project may not exceed \$1,490,000 plus associated bond costs.

(c) The revenues from the taxes imposed under subdivisions 1 and 2 shall not be used for the purposes listed in paragraph (b) until the use of these revenues to fund those purposes has been approved by the voters at a general election held before November 30, 2011.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Owatonna with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 23. Laws 2006, chapter 259, article 3, section 12, subdivision 4, is amended to read:

Subd. 4. **Bonds.** (a) The city of Owatonna, if approved by voters pursuant to Minnesota Statutes, section 297A.99, may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects described in subdivision 3, paragraph (a), in an amount that does not exceed \$12,700,000. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The city of Owatonna, if approved by voters pursuant to subdivision 3, paragraph (c), may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the projects described in subdivision 3, paragraph (b), in an amount that does not exceed \$3,540,000. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(c) The debt represented by the bonds is not included in computing any debt limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds, is not subject to any levy limitation.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Owatonna with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 24. Laws 2006, chapter 259, article 3, section 12, subdivision 5, is amended to read:

Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire at the earlier of (1) ten years plus one additional year for every \$1,100,000, or a portion of that amount, of additional projects approved under subdivision 3, paragraphs (b) and (c), after the tax is first imposed, or (2) when the city council determines that the amount of revenues received from the taxes to pay for the projects under subdivision 3 first equals or exceeds the amount authorized to be spent for each project plus the additional amount needed to pay the costs related to issuance of the bonds under subdivision 4, including interest on the bonds. Any funds remaining after completion of the projects and retirement or redemption of the bonds shall be placed in a capital project fund of the city. The taxes imposed under sections 1 and 2 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body

of the city of Owatonna with Minnesota Statutes, section 645.021, subdivision 3.

Sec. 25. Laws 2009, chapter 88, article 4, section 5, the effective date, is amended to read:

EFFECTIVE DATE. This section is effective July 1, 2009, and applies to ~~registrations~~ leases or rentals made or renewed on or after that date.

EFFECTIVE DATE. This section is effective retroactively for leases or rentals made or renewed after June 30, 2009.

Sec. 26. Laws 2009, chapter 88, article 4, section 23, subdivision 4, is amended to read:

Subd. 4. **Expiration of taxing authority.** The authority granted under subdivision 1 to the city to impose a one percent tax on food and beverages shall expire when the principal and interest on any bonds or other obligations issued prior to December 31, 2014, to finance the construction, renovation, improvement, and expansion of the Mayo Civic Center Complex and related skyway access, lighting, parking, or landscaping, and any bonds issued to refund such bonds, have been paid or at an earlier time as the city shall, by ordinance, determine. Any funds remaining after completion of the project and retirement or redemption of the bonds shall be placed in the general fund of the city.

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

Sec. 27. **CITY OF CLOQUET; TAXES AUTHORIZED.**

Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters pursuant to Minnesota Statutes, section 297A.99, or at a special election held for this purpose, the city of Cloquet may impose by ordinance a sales and use tax of up to one-half of one percent for the purpose specified in subdivision 3. Except as provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters, the city of Cloquet may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. **Use of revenues.** Revenues received from taxes authorized by subdivisions 1 and 2 must be used by the city to pay the cost of collecting the taxes and to pay for the following projects:

(1) construction and completion of park improvement projects, including, but not limited to: St. Louis River riverfront improvements; Veteran's Park construction and improvements; improvements to the Hilltop Park soccer complex and Braun Park baseball complex; and development of pedestrian trails within the city;

(2) extension of utilities and the construction of all improvements associated with the development of property adjacent to Highway 33 and Interstate 35, including payment of all debt

service on bonds issued for these;

(3) engineering and construction of infrastructure improvements, including, but not limited to, storm sewer, sanitary sewer, and water in areas identified as part of the city's comprehensive land use plan; and

(4) payment of outstanding debt, including the issuance of bonds, related to the construction of the Cloquet Area Recreation Center.

Authorized expenses include, but are not limited to, acquiring property and paying construction expenses related to these improvements, and paying debt service on bonds or other obligations issued to finance acquisition and construction of these improvements.

Subd. 4. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the improvements described in subdivision 3 in an amount that does not exceed \$16,500,000. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The debt represented by the bonds is not included in computing any debt limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and interest on the bonds is not subject to any levy limitation.

Subd. 5. **Termination of taxes.** The taxes imposed under subdivisions 1 and 2 expire at the earlier of (1) 30 years, or (2) when the city council determines that the amount of revenues received from the taxes to finance the improvements described in subdivision 3 first equals or exceeds \$16,500,000, plus the additional amount needed to pay the costs related to issuance of bonds under subdivision 4, including interest on the bonds. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

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

Sec. 28. **CITY OF DETROIT LAKES; LOCAL TAXES AUTHORIZED.**

Subdivision 1. **Food and beverage tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any ordinance, city charter, or other provision of law, the city of Detroit Lakes may, by ordinance, impose a sales tax of up to one percent on the gross receipts of all food and beverages by a restaurant or place of refreshment, as defined by resolution of the city, that is located within the city. For purposes of this section, "food and beverages" include retail on-sale of intoxicating liquor and fermented malt beverages.

Subd. 2. **Use of proceeds from authorized taxes.** The proceeds of the taxes imposed under subdivision 1 must be used by the city to pay all or a portion of the expenses of the following projects:

- (1) control of flowering rush infestation;
- (2) construction and improvement of bike trail facilities;
- (3) parking improvements near public facilities; and
- (4) redevelopment of the area returned to the city as a result of realignment of Highway 10.

Subd. 3. **Expiration of taxing authority.** The taxes authorized under subdivision 1 expire when the governing body of the city determines that sufficient revenues have been raised to finance the projects in subdivision 2, including the amount to prepay to retire at maturity the principal, interest, and premium due on any bonds issued for the projects.

Subd. 4. **Collection, administration, and enforcement.** The city may enter into an agreement with the commissioner of revenue to administer, collect, and enforce the taxes under subdivision 1. If the commissioner agrees to collect the tax, the provisions of Minnesota Statutes, section 297A.99, related to collection, administration, and enforcement apply.

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

Sec. 29. **CITY OF ELY; SALES AND USE TAX AUTHORIZED.**

Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section 297A.99, subdivision 1, or 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters pursuant to Minnesota Statutes, section 297A.99, or at a special election held for this purpose, the city of Ely may impose by ordinance a sales and use tax of one-half of one percent for the purposes specified in subdivision 2. Except as provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 2. **Use of revenues.** Revenues received from the taxes authorized by subdivision 1 must be used by the city to pay the cost of collecting the taxes and to pay for the following projects:

- (1) improvements to the community center, city hall, Semer's Park, and Whiteside Park related to compliance with the Americans with Disabilities Act;
- (2) improvements to the recreation center; and
- (3) trail improvements and repairs.

Subd. 3. **Bonding authority.** (a) The city may issue bonds under Minnesota Statutes, chapter 475, to pay capital and administrative expenses for the improvements described in subdivision 2 in an amount that does not exceed \$7,500,000. An election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

(b) The issuance of bonds under this subdivision is not subject to Minnesota Statutes, sections 275.60 and 275.61.

(c) The debt represented by the bonds is not included in computing any debt limitation applicable to the city, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal of and

interest on the bonds is not subject to any levy limitation.

Subd. 4. **Expiration of taxing authority.** The taxes authorized under subdivision 1 expire at the earlier of: (1) 30 years; or (2) when the governing body of the city determines that sufficient revenues have been raised to finance the projects in subdivision 2, including the amount to prepay to retire at maturity the principal, interest, and premium due on any bonds issued for the projects. Any funds remaining after completion of the project and retirement or redemption of the bonds may be placed in the general fund of the city. The taxes imposed under subdivision 1 may expire at an earlier time if the city so determines by ordinance.

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

Sec. 30. **GIANTS RIDGE RECREATION AREA TAXING AUTHORITY.**

Subdivision 1. **Additional taxes authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other law, ordinance, or charter provision to the contrary, the city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose any or all of the taxes described in this section.

Subd. 2. **Use of proceeds.** The proceeds of any taxes imposed under this section, less refunds and costs of collection, must be deposited into the Iron Range Resources and Rehabilitation Board account enterprise fund created under the provisions of Minnesota Statutes, section 298.221, paragraph (c), and must be dedicated and expended by the commissioner of the Iron Range Resources and Rehabilitation Board, upon approval by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, to pay costs for the construction, renovation, improvement, expansion, and maintenance of public recreational facilities located in those portions of the city within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7, or to pay any principal, interest, or premium on any bond issued to finance the construction, renovation, improvement, or expansion of such public recreational facilities.

Subd. 3. **Sales tax.** The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, a sales tax of not more than one percent within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7. 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.

Subd. 4. **Lodging tax.** The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190. This tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and may be imposed only on gross lodging receipts generated within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7.

Subd. 5. **Admissions and recreation tax.** (a) The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, a tax of not more than five percent on admission

receipts to entertainment and recreational facilities and on receipts from the rental of recreation equipment, at sites within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7. 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.

(b) If the city imposes the tax under paragraph (a), it must include in the ordinance an exemption for purchases of season tickets or passes.

Subd. 6. **Food and beverage tax.** The city of Biwabik, upon approval both by its governing body and by the vote of at least seven members of the Iron Range Resources and Rehabilitation Board, may impose, by ordinance, an additional sales tax of not more than one percent on sales of food and beverages primarily for consumption on or off the premises by restaurants and places of refreshment as defined by resolution of the city within the Giants Ridge Recreation Area as defined in Minnesota Statutes, section 298.22, subdivision 7. 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 the day after compliance by the governing body of the city of Biwabik with Minnesota Statutes, section 645.021, subdivisions 2 and 3. Notwithstanding Minnesota Statutes, section 645.021, subdivision 3, the city may comply with Minnesota Statutes, section 645.021, at any time before January 1, 2012.

Sec. 31. CITY OF HUTCHINSON; TAXES AUTHORIZED.

Subdivision 1. **Sales and use tax.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters pursuant to Minnesota Statutes, section 297A.99, the city of Hutchinson may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. Except as otherwise provided in this section, the provisions of Minnesota Statutes, section 297A.99, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision. Minnesota Statutes, section 297A.99, subdivision 1, paragraph (d), does not apply to this section.

Subd. 2. **Excise tax authorized.** Notwithstanding Minnesota Statutes, section 477A.016, or any other provision of law, ordinance, or city charter, if approved by the voters, the city of Hutchinson may impose by ordinance, for the purposes specified in subdivision 3, an excise tax of up to \$20 per motor vehicle, as defined by ordinance, purchased or acquired from any person engaged within the city in the business of selling motor vehicles at retail.

Subd. 3. **Use of revenues.** Revenues received from the taxes authorized by this section must be used to pay the cost of collecting and administering the tax and to finance the costs of constructing a new water treatment facility and renovating the wastewater treatment facility in the city of Hutchinson. Authorized costs include, but are not limited to, construction and engineering costs of the projects and associated bond costs.

Subd. 4. **Termination of tax.** The taxes authorized under subdivisions 1 and 2 terminate at the earlier of: (1) 20 years after the date of initial imposition of the tax; or (2) when the Hutchinson City Council determines that the amount of revenues raised is sufficient to pay for the projects under subdivision 3, plus the amount needed to finance the capital and administrative costs for the projects

specified in subdivision 3, and to repay or retire at maturity the principal, interest, and premium due on any bonds issued for the projects. Any funds remaining after completion of the projects specified in subdivision 3 and retirement or redemption of the associated bonds may be placed in the general fund of the city. The taxes imposed under subdivisions 1 and 2 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Hutchinson with Minnesota Statutes, section 645.021, subdivisions 2 and 3.

Sec. 32. CITY OF MARSHALL; SALES AND USE TAX.

Subdivision 1. **Authorization.** Notwithstanding Minnesota Statutes, section 297A.99, subdivisions 1, 2, and 3, or 477A.016, or any other law, ordinance, or city charter, the city of Marshall may impose any or all of the taxes described in this section.

Subd. 2. **Sales and use tax authorized.** If approved by the voters at a general election or a special election held within two years of the date of final enactment of this section, the city of Marshall may impose by ordinance a sales and use tax of up to one-half of one percent for the purposes specified in subdivision 3. The provisions of Minnesota Statutes, section 297A.99, except subdivisions 1, 2, and 3, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 3. **Use of sales and use tax revenues.** The revenues derived from the taxes imposed under subdivision 2 must be used by the city of Marshall to pay the costs of collecting and administering the sales and use taxes and to pay all or part of the costs of the new and existing facilities of the Minnesota Emergency Response and Industry Training Center and all or part of the costs of the facilities of the Southwest Minnesota Regional Amateur Sports Center. Authorized expenses include, but are not limited to, acquiring property, predesign, design, and paying construction, furnishing, and equipment costs related to these facilities and paying debt service on bonds or other obligations issued by the city of Marshall under subdivision 4 to finance the capital costs of these facilities.

Subd. 4. **Bonds.** (a) If the imposition of a sales and use tax is approved by the voters, the city of Marshall may issue bonds under Minnesota Statutes, chapter 475, to finance all or a portion of the costs of the facilities authorized in subdivision 3, and may issue bonds to refund bonds previously issued. The aggregate principal amount of bonds issued under this subdivision may not exceed \$17,290,000, plus an amount to be applied to the payment of the costs of issuing the bonds. The bonds may be paid from or secured by any funds available to the city of Marshall, including the taxes authorized under subdivision 2.

(b) The bonds are not included in computing any debt limitation applicable to the city of Marshall, and any levy of taxes under Minnesota Statutes, section 475.61, to pay principal and interest on the bonds, is not subject to any levy limitation. A separate election to approve the bonds under Minnesota Statutes, section 475.58, is not required.

Subd. 5. **Lodging tax.** The city of Marshall may impose by ordinance a tax of up to one and one-half percent on the gross receipts subject to the lodging tax under Minnesota Statutes, section 469.190, for the purposes specified in subdivision 6. This lodging tax is in addition to any tax imposed under Minnesota Statutes, section 469.190, and may be imposed within a tax district defined by the city council.

Subd. 6. **Use of lodging tax revenues.** The revenues derived from the tax imposed under subdivision 5 must be used by the city of Marshall to pay the costs of collecting and administering the lodging tax, to pay all or part of the operating costs of the new and existing facilities of the Minnesota Emergency Response and Industry Training Center, and to pay all or part of the operating costs of the facilities of the Southwest Minnesota Regional Amateur Sports Center, including funds necessary for promotion and marketing.

Subd. 7. **Food and beverages tax.** The city of Marshall may impose by ordinance an additional sales tax of up to one and one-half percent on all sales of food and beverages primarily for consumption on the premises by restaurants and places of refreshment that occur in the city of Marshall. The provisions of Minnesota Statutes, section 297A.99, except subdivisions 1, 2, and 3, govern the imposition, administration, collection, and enforcement of the tax authorized under this subdivision.

Subd. 8. **Use of food and beverages tax.** The revenues derived from the tax imposed under subdivision 7 must be used by the city of Marshall to pay the costs of collecting and administering the food and beverages tax, to pay all or part of the operating costs of the new and existing facilities of the Minnesota Emergency Response and Industry Training Center, and to pay all or part of the operating costs of the facilities of the Southwest Minnesota Regional Amateur Sports Center, including funds necessary for promotion and marketing.

Subd. 9. **Termination of taxes.** The taxes imposed under subdivisions 2, 5, and 7 expire at the earlier of (1) 15 years after the tax is first imposed, or (2) when the city council determines that the amount of revenues received from the taxes to pay for the capital, operating, and administrative costs of the facilities under subdivisions 3, 6, and 8 first equals or exceeds the amount authorized to be spent for the facilities plus the additional amount needed to pay the costs related to issuance of the bonds under subdivision 4, including interest on the bonds. Any funds remaining after payment of all the costs and retirement or redemption of the bonds must be placed in the general fund of the city. The taxes imposed under subdivisions 2, 5, and 7 may expire at an earlier time if the city so determines by ordinance.

EFFECTIVE DATE. This section is effective the day after compliance by the governing body of the city of Marshall with Minnesota Statutes, section 645.021, subdivision 3.

ARTICLE 3

SPECIAL TAXES

Section 1. Minnesota Statutes 2008, section 60A.209, subdivision 1, is amended to read:

Subdivision 1. **Authorization; regulation.** A resident of this state may obtain insurance from an ineligible surplus lines insurer in this state through a surplus lines licensee. The licensee shall first attempt to place the insurance with a licensed insurer, or if that is not possible, with an eligible surplus lines insurer. If coverage is not obtainable from a licensed insurer or an eligible surplus lines insurer, the licensee shall certify to the commissioner, on a form prescribed by the commissioner, that these attempts were made. Upon obtaining coverage from an ineligible surplus lines insurer, the licensee shall:

(a) Have printed, typed, or stamped in red ink upon the face of the policy in not less than 10-point type the following notice: "THIS INSURANCE IS ISSUED PURSUANT TO THE

MINNESOTA SURPLUS LINES INSURANCE ACT. THIS INSURANCE IS PLACED WITH AN INSURER THAT IS NOT LICENSED BY THE STATE NOR RECOGNIZED BY THE COMMISSIONER OF COMMERCE AS AN ELIGIBLE SURPLUS LINES INSURER. IN CASE OF ANY DISPUTE RELATIVE TO THE TERMS OR CONDITIONS OF THE POLICY OR THE PRACTICES OF THE INSURER, THE COMMISSIONER OF COMMERCE WILL NOT BE ABLE TO ASSIST IN THE DISPUTE. IN CASE OF INSOLVENCY, PAYMENT OF CLAIMS IS NOT GUARANTEED." The notice may not be covered or concealed in any manner; and

(b) Collect from the insured appropriate premium taxes, as provided under chapter 297I, and report the transaction to the commissioner of revenue on a form prescribed by the commissioner. If the insured fails to pay the taxes when due, the insured shall be subject to a civil fine of not more than \$3,000, plus accrued interest from the inception of the insurance.

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

Sec. 2. Minnesota Statutes 2008, section 295.55, subdivision 2, is amended to read:

Subd. 2. **Estimated tax; hospitals; surgical centers.** (a) Each hospital or surgical center must make estimated payments of the taxes for the calendar year in monthly installments to the commissioner within 15 days after the end of the month.

(b) Estimated tax payments are not required of hospitals or surgical centers if: (1) the tax for the current calendar year is ~~less than \$500 or less~~; or (2) the tax for the previous calendar year is ~~less than \$500, if the taxpayer had a tax liability and was doing business the entire year or less~~.

(c) Underpayment of estimated installments bear interest at the rate specified in section 270C.40, from the due date of the payment until paid or until the due date of the annual return whichever comes first. An underpayment of an estimated installment is the difference between the amount paid and the lesser of (1) 90 percent of one-twelfth of the tax for the calendar year or (2) one-twelfth of the total tax for the previous calendar year ~~if the taxpayer had a tax liability and was doing business the entire year~~.

EFFECTIVE DATE. This section is effective for gross revenues received after December 31, 2010.

Sec. 3. Minnesota Statutes 2008, section 295.55, subdivision 3, is amended to read:

Subd. 3. **Estimated tax; other taxpayers.** (a) Each taxpayer, other than a hospital or surgical center, must make estimated payments of the taxes for the calendar year in quarterly installments to the commissioner by April 15, July 15, October 15, and January 15 of the following calendar year.

(b) Estimated tax payments are not required if: (1) the tax for the current calendar year is ~~less than \$500 or less~~; or (2) the tax for the previous calendar year is ~~less than \$500, if the taxpayer had a tax liability and was doing business the entire year or less~~.

(c) Underpayment of estimated installments bear interest at the rate specified in section 270C.40, from the due date of the payment until paid or until the due date of the annual return whichever comes first. An underpayment of an estimated installment is the difference between the amount paid and the lesser of (1) 90 percent of one-quarter of the tax for the calendar year or (2) one-quarter of the total tax for the previous calendar year ~~if the taxpayer had a tax liability and was doing business the entire year~~.

EFFECTIVE DATE. This section is effective for gross revenues received after December 31, 2010.

Sec. 4. **[296A.061] CANCELLATION OR NONRENEWAL OF LICENSES.**

The commissioner may cancel a license or not renew a license if one of the following conditions occurs:

- (1) the license holder has not filed a petroleum tax return or report for at least one year;
- (2) the license holder has not reported any petroleum tax liability on the license holder's returns or reports for at least one year; or
- (3) the license holder requests cancellation of the license.

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

Sec. 5. Minnesota Statutes 2008, section 297F.01, subdivision 22a, is amended to read:

Subd. 22a. **Weighted average retail price.** "Weighted average retail price" means (1) the average retail price per pack of 20 cigarettes, with the average price weighted by the number of packs sold at each price, (2) reduced by the sales tax included in the retail price, and (3) adjusted for the expected inflation ~~from the time of the survey to the average of the 12 months that the sales tax will be imposed. The commissioner shall make the inflation adjustment in accordance with the Consumer Price Index for all urban consumers inflation indicator as published in the most recent state budget forecast. The inflation factor for the calendar year in which the new tax rate takes effect must be used. If the survey indicates that the average retail price of cigarettes has not increased relative to the average retail price in the previous year's survey, then no inflation adjustment must be made as provided in section 297F.25, subdivision 1.~~

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 6. Minnesota Statutes 2008, section 297F.04, is amended by adding a subdivision to read:

Subd. 2a. **Cancellation or nonrenewal.** The commissioner may cancel a license or not renew a license if one of the following conditions occurs:

- (1) the license holder has not filed a cigarette or tobacco products tax return for at least one year;
- (2) the license holder has not reported any cigarette or tobacco products tax liability on the license holder's returns for at least one year; or
- (3) the license holder requests cancellation of the license.

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

Sec. 7. Minnesota Statutes 2008, section 297F.07, subdivision 4, is amended to read:

Subd. 4. **Sales to nonqualified buyers.** A retailer who sells or otherwise disposes of unstamped or untaxed stock other than to a qualified purchaser shall collect from the buyer or transferee the tax imposed by section 297F.05, and remit the tax to the Department of Revenue at the same time and manner as required by section 297F.09. If the retailer fails to collect the tax from the buyer or transferee, or fails to remit the tax, the retailer is personally responsible for the tax and

the commissioner may seize any product destined to be delivered to the retailer. The product so seized shall be considered contraband and be subject to the procedures outlined in section 297F.21, subdivision 3. ~~The proceeds of the sale of the stock may be applied to any tax liability owed by the retailer after deducting all costs and expenses.~~

This section does not relieve the buyer or possessor of unstamped or untaxed stock from personal liability for the tax.

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

Sec. 8. Minnesota Statutes 2008, section 297F.25, subdivision 1, is amended to read:

Subdivision 1. **Imposition.** (a) A tax is imposed on distributors on the sale of cigarettes by a cigarette distributor to a retailer or cigarette subjobber for resale in this state. The tax is equal to 6.5 percent of the weighted average retail price. ~~The weighted average retail price and~~ must be expressed in cents per pack ~~when~~ rounded to the nearest one-tenth of a cent. The weighted average retail price must be determined annually, with new rates published by ~~May~~ November 1, and effective for sales on or after ~~August~~ January 1 of the following year. The weighted average retail price must be established by surveying cigarette retailers statewide in a manner and time determined by the commissioner. The commissioner shall make an inflation adjustment in accordance with the Consumer Price Index for all urban consumers inflation indicator as published in the most recent state budget forecast. The commissioner shall use the inflation factor for the calendar year in which the new tax rate takes effect. If the survey indicates that the average retail price of cigarettes has not increased relative to the average retail price in the previous year's survey, then the commissioner shall not make an inflation adjustment. The determination of the commissioner pursuant to this subdivision is not a "rule" and is not subject to the Administrative Procedure Act contained in chapter 14. ~~As of August 1, 2005, the tax is 25.5 cents per pack of 20 cigarettes.~~ For packs of cigarettes with other than 20 cigarettes, the tax must be adjusted proportionally.

(b) Notwithstanding paragraph (a), and in lieu of a survey of cigarette retailers, the tax calculation of the weighted average retail price for the sales of cigarettes from August 1, 2011, through December 31, 2011, shall be calculated by (1) increasing the average retail price per pack of 20 cigarettes from the most recent survey by the percentage change in a weighted average of the presumed legal prices for cigarettes during the year after completion of that survey, as reported and published by the Department of Commerce under section 325D.371; (2) subtracting the sales tax included in the retail price; and (3) adjusting for expected inflation. The rate is published by May 1 and is effective for sales after July 31. If the weighted average of the presumed legal prices indicates that the average retail price of cigarettes has not increased relative to the average retail price in the most recent survey, then no inflation adjustment must be made. For packs of cigarettes with other than 20 cigarettes, the tax must be adjusted proportionally.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 9. Minnesota Statutes 2008, section 297I.01, subdivision 9, is amended to read:

Subd. 9. **Gross premiums.** "Gross premiums" means total premiums paid by policyholders and applicants of policies, whether received in the form of money or other valuable consideration, on property, persons, lives, interests and other risks located, resident, or to be performed in this state, but excluding consideration and premiums for reinsurance assumed from other insurance companies.

~~The term~~ (a) "Gross premiums" includes the total consideration paid to bail bond agents for bail bonds.

(b) For title insurance companies, "gross premiums" means the charge for title insurance made by a title insurance company or its agents according to the company's rate filing approved by the commissioner of commerce without a deduction for commissions paid to or retained by the agent. Gross premiums of a title insurance company does not include any other charge or fee for abstracting, searching, or examining the title, or escrow, closing, or other related services.

~~The term~~ (c) "Gross premiums" includes any workers' compensation special compensation fund premium surcharge pursuant to section 176.129.

(d) "Gross premiums" for surplus lines insurance includes all related charges, commissions, and fees received by the licensee. "Gross premiums" does not include the stamping fee, as provided under section 60A.2085, subdivision 7, nor the operating assessment, as provided under section 60A.208, subdivision 8.

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

Sec. 10. Minnesota Statutes 2008, section 297I.05, subdivision 7, is amended to read:

Subd. 7. **Surplus lines tax.** (a) A tax is imposed on surplus lines licensees. The rate of tax is equal to three percent of the gross premiums less return premiums ~~received by the licensee minus any licensee association operating assessments paid under section 60A.208.~~

(b) If surplus lines insurance placed by a surplus lines licensee and taxed under this subdivision covers a subject of insurance residing, located, or to be performed outside this state, a proper pro rata portion of the entire premium payable for all of that insurance must be allocated according to the subjects of insurance residing, located, or to be performed in this state.

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

Sec. 11. Minnesota Statutes 2008, section 297I.30, subdivision 1, is amended to read:

Subdivision 1. **General rule.** On or before March 1, every ~~insurer taxpayer~~ subject to taxation under section 297I.05, subdivisions 1 to 6 5, 9, 10, and 12, paragraphs (a), clauses (1) to (5) (4), and (b), (c), and (d), and subdivision 14, shall file an annual return for the preceding calendar year ~~setting forth such information as the commissioner may reasonably require on forms~~ in the form prescribed by the commissioner.

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

Sec. 12. Minnesota Statutes 2008, section 297I.30, subdivision 2, is amended to read:

Subd. 2. **Surplus lines licensees and purchasing groups.** On or before February 15 and August 15 of each year, every surplus lines licensee subject to taxation under section 297I.05, subdivision 7, and every purchasing group or member of a purchasing group subject to tax under section 297I.05, subdivision 12, paragraph (a), clause (6) (5), shall file a return with the commissioner for the preceding six-month period ending December 31, or June 30, ~~setting forth any information the commissioner reasonably prescribes on forms~~ in the form prescribed by the commissioner.

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

Sec. 13. Minnesota Statutes 2008, section 297I.30, subdivision 7, is amended to read:

Subd. 7. **Surcharge.** (a)~~(4)~~ By April 30 of each year, every company required to pay the surcharge under section 297I.10, subdivision 1, shall file a return for the five-month period ending March 31 ~~setting forth any information the commissioner reasonably requires on forms in the form~~ prescribed by the commissioner.

~~(2)~~ (b) By June 30 of each year, every company required to pay the surcharge under section 297I.10, subdivision 1, shall file a return for the two-month period ending May 31 ~~setting forth any information the commissioner reasonably requires on forms in the form~~ prescribed by the commissioner.

~~(3)~~ (c) By November 30 of each year, every company required to pay the surcharge under section 297I.10, subdivision 1, shall file a return for the five-month period ending October 31 ~~setting forth any information the commissioner reasonably requires on forms in the form~~ prescribed by the commissioner.

~~(b) By February 15 and August 15 of each year, every company required to pay a surcharge under section 297I.10, subdivision 2, must file a return for the preceding six-month period ending December 31 and June 30.~~

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

Sec. 14. Minnesota Statutes 2008, section 297I.30, subdivision 8, is amended to read:

Subd. 8. **Fire insurance surcharge.** On or before May 15, August 15, November 15, and February 15 of each year, every insurer required to pay the surcharge under section 297I.06, subdivisions 1 and 2, shall file a return with the commissioner for the preceding three-month period ending March 31, June 30, September 30, and December 31, ~~setting forth any information the commissioner reasonably requires on forms in the form~~ prescribed by the commissioner.

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

Sec. 15. Minnesota Statutes 2009 Supplement, section 297I.35, subdivision 2, is amended to read:

Subd. 2. **Electronic payments.** If the aggregate amount of tax and surcharges due under this chapter during a ~~calendar~~ fiscal year ending June 30 is equal to or exceeds \$10,000, or if the taxpayer is required to make payment of any other tax to the commissioner by electronic means, then all tax and surcharge payments in the subsequent calendar year must be paid by electronic means.

EFFECTIVE DATE. This section is effective for payments due in calendar year 2010 and thereafter, based upon liabilities incurred in the fiscal year ending June 30, 2009, and in fiscal years thereafter.

Sec. 16. Minnesota Statutes 2008, section 297I.40, subdivision 1, is amended to read:

Subdivision 1. **Requirement to pay.** On or before March 15, June 15, September 15, and December 15 of the current year, every taxpayer subject to tax under section 297I.05, subdivisions 1 to ~~6~~ 5, and 12, paragraphs (a), clauses (1) to ~~(5)~~, ~~(b)~~, and ~~(e)~~ (4), and subdivision 14, must pay to the commissioner an installment equal to one-fourth of the insurer's total estimated tax for the current year.

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

Sec. 17. Minnesota Statutes 2008, section 297I.40, subdivision 5, is amended to read:

Subd. 5. **Definition of tax.** The term "tax" as used in this section means the tax imposed by section 297I.05, subdivisions 1 to ~~6~~ 5, 11, and 12, paragraphs (a), clauses (1) to ~~(5)~~ (4), (b), and (d), and 14, less any offset in section 297I.20.

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

Sec. 18. Minnesota Statutes 2008, section 297I.65, is amended by adding a subdivision to read:

Subd. 4. **Omission in excess of 25 percent.** Additional taxes or surcharges may be assessed within 6-1/2 years after the due date of the return or the date the return was filed, whichever is later, if the taxpayer omits from a gross premiums tax or surcharge return an amount of tax in excess of 25 percent of the tax or surcharge reported in the return.

EFFECTIVE DATE. This section is effective for premium taxes due after December 31, 2010.

Sec. 19. Minnesota Statutes 2008, section 298.282, subdivision 1, is amended to read:

Subdivision 1. **Distribution of taconite municipal aid account.** The amount deposited with the county as provided in section 298.28, subdivision 3, must be distributed as provided by this section among: (1) the municipalities comprising a ~~tax relief taconite assistance~~ area under section 273.134, ~~paragraph (b) 273.1341~~; (2) a township that contains a state park consisting primarily of an underground iron ore mine; and (3) a city located within five miles of that state park, each being referred to in this section as a qualifying municipality.

EFFECTIVE DATE. This section is effective for distributions made after the day following final enactment.

Sec. 20. **REPEALER.**

Minnesota Statutes 2008, section 297I.30, subdivisions 4, 5, and 6, are repealed.

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

ARTICLE 4

PROPERTY TAXES AND AIDS

Section 1. Minnesota Statutes 2008, section 82B.035, subdivision 2, is amended to read:

Subd. 2. **Assessors.** Nothing in this chapter shall be construed as requiring the licensing of persons employed and acting in their capacity as assessors for political subdivisions of the state and performing duties enumerated in section 273.061, subdivision 7 or 8.

EFFECTIVE DATE. This section is effective the day following final enactment for testimony offered and opinions or reports prepared in cases or proceedings that have not been finally resolved.

Sec. 2. Minnesota Statutes 2009 Supplement, section 134.34, subdivision 4, is amended to read:

Subd. 4. **Limitation.** (a) For calendar year 2010 and later, a regional library basic system support grant shall not be made to a regional public library system for a participating city or county

which decreases the dollar amount provided for support for operating purposes of public library service below the amount provided by it for the second, or third preceding year, whichever is less. For purposes of this subdivision and subdivision 1, any funds provided under section 473.757, subdivision 2, for extending library hours of operation shall not be considered amounts provided by a city or county for support for operating purposes of public library service. This subdivision shall not apply to participating cities or counties where the adjusted net tax capacity of that city or county has decreased, if the dollar amount of the reduction in support is not greater than the dollar amount by which support would be decreased if the reduction in support were made in direct proportion to the decrease in adjusted net tax capacity.

(b) For calendar year 2009 and later, in any calendar year in which a city's or county's aid under sections 477A.011 to 477A.014 or ~~credits~~ credit reimbursement under section 273.1384 is reduced after the city or county has certified its levy payable in that year, it may reduce its local support by the lesser of:

(1) ten percent; or

(2) a percent equal to the ratio of the aid and credit reimbursement reductions to the city's or county's revenue base, based on aids certified for the current calendar year. For calendar year 2009 only, the reduction under this paragraph shall be based on 2008 aid and credit reimbursement reductions under the December 2008 unallotment, as well as any aid and credit reimbursement reductions in calendar year 2009. For pay 2009 only, the commissioner of revenue will calculate the reductions under this paragraph and certify them to the commissioner of education within 15 days of May 17, 2009.

(c) For taxes payable in 2010 and later, in any payable year in which the total amounts certified for city or county aids under sections 477A.011 to 477A.014 are less than the total amounts paid under those sections in the previous calendar year, a city or county may reduce its local support by the lesser of:

(1) ten percent; or

(2) a percent equal to the ratio of:

(i) the difference between (A) the sum of the aid it was paid under sections 477A.011 to 477A.014 and the ~~credits~~ credit reimbursement it received under section ~~273.1398~~ 273.1384 in the previous calendar year and (B) the sum of the aid it is certified to be paid in the current calendar year under sections 477A.011 to 477A.014 and the ~~credits~~ credit reimbursement estimated to be paid under section ~~273.1398~~ 273.1384; to

(ii) its revenue base for the previous year, based on aids actually paid in the previous calendar year. The commissioner of revenue shall calculate the percent aid cut for each county and city under this paragraph and certify the percentage cuts to the commissioner of education by August 1 of the year prior to the year in which the reduced aids and ~~credits~~ credit reimbursements are to be paid. The percentage of reduction related to reductions to ~~credits~~ credit reimbursements under section 273.1384 shall be based on the best estimation available as of July 30.

(d) Notwithstanding paragraph (a), (b), or (c), no city or county shall reduce its support for public libraries below the minimum level specified in subdivision 1.

(e) For purposes of this subdivision, "revenue base" means the sum of:

(1) its levy for taxes payable in the current calendar year, including the levy on the fiscal disparities distribution under section 276A.06, subdivision 3, paragraph (a), or 473F.08, subdivision 3, paragraph (a);

(2) its aid under sections 477A.011 to 477A.014 in the current calendar year; and

(3) its taconite aid in the current calendar year under sections 298.28 and 298.282.

EFFECTIVE DATE. This section is effective retroactively for support in calendar year 2009 and thereafter and for library grants paid in fiscal year 2010 and thereafter.

Sec. 3. Minnesota Statutes 2008, section 270.075, subdivision 1, is amended to read:

Subdivision 1. **Rate of tax.** The commissioner shall determine the rate of tax to be levied and collected against the net tax capacity as determined pursuant to section 270.074, subdivision 2 3, to generate revenues sufficient to fund the airflight property tax portion of each year's state airport fund appropriation, as certified to the commissioner by the commissioner of transportation. The certification must be presented to the commissioner prior to November 15 of each year. The property tax portion of the state airport fund appropriation is the difference between the total fund appropriation and the estimated total fund revenues from other sources for the state fiscal year in which the tax is payable. ~~If a levy amount has not been certified by September 1 of a levy year, the commissioner shall use the last previous certified amount to determine the rate of tax.~~ The certification by the commissioner of transportation to the commissioner shall state the total fund appropriation and shall list individually the estimated fund revenues. The difference of these amounts shall be shown as the property tax portion of the state airport fund appropriation.

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

Sec. 4. Minnesota Statutes 2008, section 270.41, subdivision 5, is amended to read:

Subd. 5. **Prohibited activity.** A licensed assessor or other person employed by an assessment jurisdiction or contracting with an assessment jurisdiction for the purpose of valuing or classifying property for property tax purposes is prohibited from making appraisals or analyses, accepting an appraisal assignment, or preparing an appraisal report as defined in section 82B.02, subdivisions 2 to 5, on any property within the assessment jurisdiction where the individual is employed or performing the duties of the assessor under contract. Violation of this prohibition shall result in immediate revocation of the individual's license to assess property for property tax purposes. This prohibition must not be construed to prohibit an individual from carrying out any duties required for the proper assessment of property for property tax purposes or performing duties enumerated in section 273.061, subdivision 7 or 8. If a formal resolution has been adopted by the governing body of a governmental unit, which specifies the purposes for which such work will be done, this prohibition does not apply to appraisal activities undertaken on behalf of and at the request of the governmental unit that has employed or contracted with the individual. The resolution may only allow appraisal activities which are related to condemnations, right-of-way acquisitions, or special assessments.

EFFECTIVE DATE. This section is effective the day following final enactment for testimony offered and opinions or reports prepared in cases or proceedings that have not been finally resolved.

Sec. 5. Minnesota Statutes 2008, section 270C.87, is amended to read:

270C.87 REVISION OF MINNESOTA ASSESSORS' MANUAL.

In accordance with the provisions of section ~~270C.06~~ 270C.85, the commissioner shall periodically revise the Minnesota assessors' manual.

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

Sec. 6. Minnesota Statutes 2008, section 270C.94, subdivision 3, is amended to read:

Subd. 3. **Failure to appraise.** When an assessor has failed to properly appraise at least one-fifth of the parcels of property in a district or county as provided in section 273.01, the commissioner ~~shall~~ may appoint a special assessor and deputy assessor as necessary and cause a reappraisal to be made of the property due for reassessment in accordance with law.

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

Sec. 7. Minnesota Statutes 2008, section 272.02, subdivision 31, is amended to read:

Subd. 31. **Business incubator property.** Property owned by a nonprofit charitable organization that qualifies for tax exemption under section 501(c)(3) of the Internal Revenue Code that is intended to be used as a business incubator in a high-unemployment county, is exempt. As used in this subdivision, a "business incubator" is a facility used for the development of nonretail businesses, offering access to equipment, space, services, and advice to the tenant businesses, for the purpose of encouraging economic development, diversification, and job creation in the area served by the organization, and "high-unemployment county" is a county that had an average annual unemployment rate of 7.9 percent or greater in 1997. Property that qualifies for the exemption under this subdivision is limited to no more than two contiguous parcels and structures that do not exceed in the aggregate 40,000 square feet. This exemption expires after taxes payable in ~~2011~~ 2016.

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

Sec. 8. Minnesota Statutes 2008, section 272.0213, is amended to read:

272.0213 LEASED SEASONAL-RECREATIONAL LAND.

~~A county board may elect, by resolution, to~~ Qualified lands, as defined in this section, are exempt from taxation, including an exemption from the tax under section 273.19, ~~qualified lands.~~ "Qualified lands" for purposes of this section means property that:

- (1) is owned by a county, city, town, the state, or the federal governments; and
- (2) is rented by the entity for noncommercial seasonal-recreational or noncommercial seasonal-recreational residential use; ~~and~~
- ~~(3) was rented for the purposes specified in clause (2) and was exempt from taxation for property taxes payable in 2008.~~

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

Sec. 9. Minnesota Statutes 2008, section 272.025, subdivision 1, is amended to read:

Subdivision 1. **Statement of exemption.** (a) Except in the case of ~~churches and houses of~~

~~worship, property solely used for educational purposes by academies, colleges, universities or seminaries of learning,~~ property owned by the state of Minnesota or any political subdivision thereof, and property exempt from taxation under section 272.02, subdivisions 9, 10, 13, 15, 18, 20, and 22 to ~~26~~ 25, and at the times provided in subdivision 3, a taxpayer claiming an exemption from taxation on property described in section 272.02, subdivisions 1 to 33, ~~shall~~ must file a statement of exemption with the assessor of the assessment district in which the property is located.

(b) A taxpayer claiming an exemption from taxation on property described in section 272.02, subdivision 10, ~~shall~~ must file a statement of exemption with the commissioner of revenue, on or before February 15 of each year for which the taxpayer claims an exemption.

(c) In case of sickness, absence or other disability or for good cause, the assessor or the commissioner may extend the time for filing the statement of exemption for a period not to exceed 60 days.

(d) The commissioner of revenue shall prescribe the form and contents of the statement of exemption.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 10. Minnesota Statutes 2008, section 272.025, subdivision 3, is amended to read:

Subd. 3. **Filing dates.** (a) The statement required by subdivision 1, paragraph (a), must be filed with the assessor by February 1 of the assessment year, however, any taxpayer who has filed the statement required by subdivision 1 more than 12 months prior to February 1, 1983, or February 1 of each third year after 1983, shall file a statement by February 1, 1983, and by February 1 of each third year thereafter.

(b) For churches and houses of worship, and property solely used for educational purposes by academies, colleges, universities, or seminaries of learning, no statement is required after the statement filed for the assessment year in which the exemption began.

(c) This section does not apply to existing churches and houses of worship, and property solely used for educational purposes by academies, colleges, universities, or seminaries of learning that were exempt for taxes payable in 2011.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 11. Minnesota Statutes 2008, section 272.029, subdivision 4, is amended to read:

Subd. 4. **Reports.** (a) An owner of a wind energy conversion system subject to tax under subdivision 3 shall file a report with the commissioner of revenue annually on or before February 1 detailing the amount of electricity in kilowatt-hours that was produced by the wind energy conversion system for the previous calendar year. The commissioner shall prescribe the form of the report. The report must contain the information required by the commissioner to determine the tax due to each county under this section for the current year. If an owner of a wind energy conversion system subject to taxation under this section fails to file the report by the due date, the commissioner of revenue shall determine the tax based upon the nameplate capacity of the system multiplied by a capacity factor of ~~40~~ 60 percent.

(b) On or before February 28, the commissioner of revenue shall notify the owner of the wind

energy conversion systems of the tax due to each county for the current year and shall certify to the county auditor of each county in which the systems are located the tax due from each owner for the current year.

EFFECTIVE DATE. This section is effective beginning with reports due on February 1, 2011, and thereafter.

Sec. 12. Minnesota Statutes 2008, section 272.029, subdivision 7, is amended to read:

Subd. 7. **Exemption.** The tax imposed under this section does not apply to electricity produced by wind energy conversion systems located in a job opportunity building zone, ~~designated under section 469.314,~~ for the duration of the zone. The exemption applies beginning for the first calendar year after designation of the zone and applies to each calendar year that begins during the designation of the zone. The exemption only applies if the owner of the system is a qualified business under section 469.310, subdivision 11, who has entered into a business subsidy agreement that covers the land on which the system is situated.

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

Sec. 13. Minnesota Statutes 2008, section 273.061, subdivision 7, is amended to read:

Subd. 7. **Division of duties between local and county assessor.** The duty of the duly appointed local assessor shall be to view and appraise the value of all property as provided by law, but all the book work shall be done by the county assessor, or the assessor's assistants, and the value of all property subject to assessment and taxation shall be determined by the county assessor, except as otherwise hereinafter provided. If directed by the county assessor, the local assessor shall perform the duties enumerated in subdivision 8, paragraph (16).

EFFECTIVE DATE. This section is effective the day following final enactment for testimony offered and opinions or reports prepared in cases or proceedings that have not been finally resolved.

Sec. 14. Minnesota Statutes 2008, section 273.061, subdivision 8, is amended to read:

Subd. 8. **Powers and duties.** The county assessor shall have the following powers and duties:

(1) To call upon and confer with the township and city assessors in the county, and advise and give them the necessary instructions and directions as to their duties under the laws of this state, to the end that a uniform assessment of all real property in the county will be attained.

(2) To assist and instruct the local assessors in the preparation and proper use of land maps and record cards, in the property classification of real and personal property, and in the determination of proper standards of value.

(3) To keep the local assessors in the county advised of all changes in assessment laws and all instructions which the assessor receives from the commissioner of revenue relating to their duties.

(4) To have authority to require the attendance of groups of local assessors at sectional meetings called by the assessor for the purpose of giving them further assistance and instruction as to their duties.

(5) To immediately commence the preparation of a large scale topographical land map of the county, in such form as may be prescribed by the commissioner of revenue, showing thereon the

location of all railroads, highways and roads, bridges, rivers and lakes, swamp areas, wooded tracts, stony ridges and other features which might affect the value of the land. Appropriate symbols shall be used to indicate the best, the fair, and the poor land of the county. For use in connection with the topographical land map, the assessor shall prepare and keep available in the assessor's office tables showing fair average minimum and maximum market values per acre of cultivated, meadow, pasture, cutover, timber and waste lands of each township. The assessor shall keep the map and tables available in the office for the guidance of town assessors, boards of review, and the county board of equalization.

(6) To also prepare and keep available in the office for the guidance of town assessors, boards of review and the county board of equalization, a land valuation map of the county, in such form as may be prescribed by the commissioner of revenue. This map, which shall include the bordering tier of townships of each county adjoining, shall show the average market value per acre, both with and without improvements, as finally equalized in the last assessment of real estate, of all land in each town or unorganized township which lies outside the corporate limits of cities.

(7) To regularly examine all conveyances of land outside the corporate limits of cities of the first and second class, filed with the county recorder of the county, and keep a file, by descriptions, of the considerations shown thereon. From the information obtained by comparing the considerations shown with the market values assessed, the assessor shall make recommendations to the county board of equalization of necessary changes in individual assessments or aggregate valuations.

(8) To become familiar with the values of the different items of personal property so as to be in a position when called upon to advise the boards of review and the county board of equalization concerning property, market values thereof.

(9) While the county board of equalization is in session, to give it every possible assistance to enable it to perform its duties. The assessor shall furnish the board with all necessary charts, tables, comparisons, and data which it requires in its deliberations, and shall make whatever investigations the board may desire.

(10) At the request of either the board of county commissioners or the commissioner of revenue, to investigate applications for reductions of valuation and abatements and settlements of taxes, examine the real or personal property involved, and submit written reports and recommendations with respect to the applications, in such form as may be prescribed by the board of county commissioners and commissioner of revenue.

(11) To make diligent search each year for real and personal property which has been omitted from assessment in the county, and report all such omissions to the county auditor.

(12) To regularly confer with county assessors in all adjacent counties about the assessment of property in order to uniformly assess and equalize the value of similar properties and classes of property located in adjacent counties. The conference shall emphasize the assessment of agricultural and commercial and industrial property or other properties that may have an inadequate number of sales in a single county.

(13) To render such other services pertaining to the assessment of real and personal property in the county as are not inconsistent with the duties set forth in this section, and as may be required by the board of county commissioners or by the commissioner of revenue.

(14) To maintain a record, in conjunction with other county offices, of all transfers of property to assist in determining the proper classification of property, including but not limited to, transferring homestead property and name changes on homestead property.

(15) To determine if a homestead application is required due to the transfer of homestead property or an owner's name change on homestead property.

(16) To perform appraisals of property, review the original assessment and determine the accuracy of the original assessment, prepare an appraisal or appraisal report, and testify before any court or other body as an expert or otherwise on behalf of the assessor's jurisdiction with respect to properties in that jurisdiction.

EFFECTIVE DATE. This section is effective the day following final enactment for testimony offered and opinions or reports prepared in cases or proceedings that have not been finally resolved.

Sec. 15. Minnesota Statutes 2009 Supplement, section 273.111, subdivision 3a, is amended to read:

Subd. 3a. **Property no longer eligible for deferment.** (a) Real estate receiving the tax deferment under this section for assessment year 2008, but that does not qualify for the 2009 assessment year due to changes in qualification requirements under Laws 2008, chapter 366, shall continue to qualify until: (1) the land is sold, transferred, or subdivided, or (2) the 2013 assessment, whichever is earlier, provided that the property continues to meet the requirements of Minnesota Statutes 2006, section 273.111, subdivision 3.

(b) Except as provided in paragraph (c), and subdivision 9, paragraph (b), when property assessed under this subdivision is withdrawn from the program or becomes ineligible, the property shall be subject to additional taxes as provided in subdivision 9.

(c) If land described in paragraph (a) is (1) sold or otherwise transferred to a son or daughter of the owner, or (2) transferred from a family farm limited liability company upon its termination to a son or daughter of an individual who had an ownership interest in the company, it will continue to qualify for treatment under this section as long as it continues to meet the requirements of Minnesota Statutes 2006, section 273.111, subdivision 3, but no later than the 2013 assessment.

(d) When property assessed under this subdivision is removed from the program and is enrolled in the rural preserve property tax law program under section 273.114, the property is not subject to the additional taxes required under this subdivision or subdivision 9.

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

Sec. 16. Minnesota Statutes 2009 Supplement, section 273.111, subdivision 4, is amended to read:

Subd. 4. **Determination of value.** (a) The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 8, be determined solely with reference to its appropriate agricultural classification and value notwithstanding sections 272.03, subdivision 8, and 273.11. Furthermore, the assessor shall not consider any added values resulting from nonagricultural factors. In order to account for the presence of nonagricultural influences that may affect the value of agricultural land, the commissioner of revenue shall, in consultation with the Department of Applied Economics at the University of Minnesota, develop

a fair and uniform method of determining ~~agricultural values~~ the average agricultural production value of agricultural land for each county in the state that are consistent with this subdivision. The values must be determined using appropriate sales data and must consider the most recent available county or regional data for agricultural production, prices, production expenses, rent, and investment return. The commissioner shall annually assign the resulting values countywide average value to each county, and these values shall be used as the basis for determining the agricultural value for all properties in the county qualifying for tax deferment under this section. In determining the relative value of agricultural land for each assessment district compared to the county average, the county assessor shall, in consultation with the Department of Revenue, use appropriate market and agricultural factors including soil type and soil classification data available from detailed and general soil surveys.

(b) In the case of property qualifying for tax deferment only under subdivision 3a, the assessor shall not consider the presence of commercial, industrial, residential, or seasonal recreational land use influences in determining the value for ad valorem tax purposes provided that in no case shall the value exceed the value prescribed by the commissioner of revenue for class 2a tillable property in that county.

EFFECTIVE DATE. This section is effective for assessment year 2011 and thereafter.

Sec. 17. Minnesota Statutes 2008, section 273.113, subdivision 3, is amended to read:

Subd. 3. **Reimbursement for lost revenue.** The county auditor shall certify to the commissioner of revenue, as part of the abstracts of tax lists required to be filed with the commissioner under section 275.29, the amount of tax lost to the county from the property tax credit under subdivision 2. Any prior year adjustments must also be certified in the abstracts of tax lists. The commissioner of revenue shall review the certifications to determine their accuracy. The commissioner may make the changes in the certification that are considered necessary or return a certification to the county auditor for corrections. The commissioner shall reimburse each taxing district, other than school districts, for the taxes lost. The payments must be made at the time provided in section 473H.10 for payment to taxing jurisdictions in the same proportion that the ad valorem tax is distributed. Reimbursements to school districts must be made as provided in section 273.1392. The amount necessary to make the reimbursements under this section is annually appropriated from the general fund to the commissioner of revenue.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2009 and thereafter.

Sec. 18. Minnesota Statutes 2009 Supplement, section 273.114, subdivision 2, is amended to read:

Subd. 2. **Requirements.** Class 2a or 2b property that had been assessed under Minnesota Statutes 2006, section 273.111, or that is part of an agricultural homestead under Minnesota Statutes, section 273.13, subdivision 23, paragraph (a), is entitled to valuation and tax deferment under this section if:

(1) the land consists of at least ten acres;

(2) a conservation management plan for the land must be prepared by an approved plan writer and implemented during the period in which the land is subject to valuation and deferment under

this section;

(3) the land must be enrolled for a minimum of ten years; ~~and~~

(4) there are no delinquent property taxes on the land; and

~~Real estate may~~ (5) the property is not be also enrolled for valuation and deferment under this section and section 273.111, or 273.112, or 273.117, or chapter 290C, concurrently or 473H.

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

Sec. 19. Minnesota Statutes 2009 Supplement, section 273.124, subdivision 3a, is amended to read:

Subd. 3a. **Manufactured home park cooperative.** (a) When a manufactured home park is owned by a corporation or association organized under chapter 308A or 308B, and each person who owns a share or shares in the corporation or association is entitled to occupy a lot within the park, the corporation or association may claim homestead treatment for each lot occupied by a shareholder the park. Each lot must be designated by legal description or number, and each lot is limited to not more than one-half acre of land for each homestead.

(b) ~~The manufactured home park shall be valued and assessed as if it were homestead property within class 1~~ entitled to homestead treatment if all of the following criteria are met:

(1) ~~the occupant is using the property as a permanent residence;~~

~~(2) the occupant or the cooperative corporation or association is paying the ad valorem property taxes and any special assessments levied against the land and structure either directly, or indirectly through dues to the corporation or association; and~~

~~(3) (2) the corporation or association organized under chapter 308A or 308B is wholly owned by persons having a right to occupy a lot owned by the corporation or association.~~

(c) A charitable corporation, organized under the laws of Minnesota with no outstanding stock, and granted a ruling by the Internal Revenue Service for 501(c)(3) tax-exempt status, qualifies for homestead treatment with respect to member residents of the a manufactured home park who if its members hold residential participation warrants entitling them to occupy a lot in the manufactured home park.

(d) "Homestead treatment" under this subdivision means the class rate provided for class 4c(5)(ii) property under section 273.13, subdivision 25. The homestead market value credit under section 273.1384 does not apply and the property taxes assessed against the park shall not be included in the determination of taxes payable for rent paid under section 290A.03.

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

Sec. 20. Minnesota Statutes 2008, section 273.124, subdivision 14, is amended to read:

Subd. 14. **Agricultural homesteads; special provisions.** (a) Real estate of less than ten acres that is the homestead of its owner must be classified as class 2a under section 273.13, subdivision 23, paragraph (a), if:

(1) the parcel on which the house is located is contiguous on at least two sides to (i) agricultural

land, (ii) land owned or administered by the United States Fish and Wildlife Service, or (iii) land administered by the Department of Natural Resources on which in lieu taxes are paid under sections 477A.11 to 477A.14;

(2) its owner also owns a noncontiguous parcel of agricultural land that is at least 20 acres;

(3) the noncontiguous land is located not farther than four townships or cities, or a combination of townships or cities from the homestead; and

(4) the agricultural use value of the noncontiguous land and farm buildings is equal to at least 50 percent of the market value of the house, garage, and one acre of land.

Homesteads initially classified as class 2a under the provisions of this paragraph shall remain classified as class 2a, irrespective of subsequent changes in the use of adjoining properties, as long as the homestead remains under the same ownership, the owner owns a noncontiguous parcel of agricultural land that is at least 20 acres, and the agricultural use value qualifies under clause (4). Homestead classification under this paragraph is limited to property that qualified under this paragraph for the 1998 assessment.

(b)(i) Agricultural property shall be classified as the owner's homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) the owner, the owner's spouse, the son or daughter of the owner or owner's spouse, the brother or sister of the owner or owner's spouse, or the grandson or granddaughter of the owner or the owner's spouse, is actively farming the agricultural property, either on the person's own behalf as an individual or on behalf of a partnership operating a family farm, family farm corporation, joint family farm venture, or limited liability company of which the person is a partner, shareholder, or member;

(3) both the owner of the agricultural property and the person who is actively farming the agricultural property under clause (2), are Minnesota residents;

(4) neither the owner nor the spouse of the owner claims another agricultural homestead in Minnesota; and

(5) neither the owner nor the person actively farming the property lives farther than four townships or cities, or a combination of four townships or cities, from the agricultural property, except that if the owner or the owner's spouse is required to live in employer-provided housing, the owner or owner's spouse, whichever is actively farming the agricultural property, may live more than four townships or cities, or combination of four townships or cities from the agricultural property.

The relationship under this paragraph may be either by blood or marriage.

(ii) Real property held by a trustee under a trust is eligible for agricultural homestead classification under this paragraph if the qualifications in clause (i) are met, except that "owner" means the grantor of the trust.

(iii) Property containing the residence of an owner who owns qualified property under clause

(i) shall be classified as part of the owner's agricultural homestead, if that property is also used for noncommercial storage or drying of agricultural crops.

(c) Noncontiguous land shall be included as part of a homestead under section 273.13, subdivision 23, paragraph (a), only if the homestead is classified as class 2a and the detached land is located in the same township or city, or not farther than four townships or cities or combination thereof from the homestead. Any taxpayer of these noncontiguous lands must notify the county assessor that the noncontiguous land is part of the taxpayer's homestead, and, if the homestead is located in another county, the taxpayer must also notify the assessor of the other county.

(d) Agricultural land used for purposes of a homestead and actively farmed by a person holding a vested remainder interest in it must be classified as a homestead under section 273.13, subdivision 23, paragraph (a). If agricultural land is classified class 2a, any other dwellings on the land used for purposes of a homestead by persons holding vested remainder interests who are actively engaged in farming the property, and up to one acre of the land surrounding each homestead and reasonably necessary for the use of the dwelling as a home, must also be assessed class 2a.

(e) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1997 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the April 1997 floods;

(2) the property is located in the county of Polk, Clay, Kittson, Marshall, Norman, or Wilkin;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1997 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 30 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 1997 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(f) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 1998 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by a March 29, 1998, tornado;

(2) the property is located in the county of Blue Earth, Brown, Cottonwood, LeSueur, Nicollet, Nobles, or Rice;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 1998 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to a March 29, 1998, tornado, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 1999, the owner must notify the assessor by December 1, 1998. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(g) Agricultural property of a family farm corporation, joint family farm venture, family farm limited liability company, or partnership operating a family farm as described under subdivision 8 shall be classified homestead, to the same extent as other agricultural homestead property, if all of the following criteria are met:

(1) the property consists of at least 40 acres including undivided government lots and correctional 40's;

(2) a shareholder, member, or partner of that entity is actively farming the agricultural property;

(3) that shareholder, member, or partner who is actively farming the agricultural property is a Minnesota resident;

(4) neither that shareholder, member, or partner, nor the spouse of that shareholder, member, or partner claims another agricultural homestead in Minnesota; and

(5) that shareholder, member, or partner does not live farther than four townships or cities, or a combination of four townships or cities, from the agricultural property.

Homestead treatment applies under this paragraph for property leased to a family farm corporation, joint farm venture, limited liability company, or partnership operating a family farm if legal title to the property is in the name of an individual who is a member, shareholder, or partner in the entity.

(h) To be eligible for the special agricultural homestead under this subdivision, an initial full application must be submitted to the county assessor where the property is located. Owners and the persons who are actively farming the property shall be required to complete only a one-page abbreviated version of the application in each subsequent year provided that none of the following items have changed since the initial application:

(1) the day-to-day operation, administration, and financial risks remain the same;

(2) the owners and the persons actively farming the property continue to live within the four townships or city criteria and are Minnesota residents;

(3) the same operator of the agricultural property is listed with the Farm Service Agency;

(4) a Schedule F or equivalent income tax form was filed for the most recent year;

(5) the property's acreage is unchanged; and

(6) none of the property's acres have been enrolled in a federal or state farm program since the

initial application.

The owners and any persons who are actively farming the property must include the appropriate Social Security numbers, and sign and date the application. If any of the specified information has changed since the full application was filed, the owner must notify the assessor, and must complete a new application to determine if the property continues to qualify for the special agricultural homestead. The commissioner of revenue shall prepare a standard reapplication form for use by the assessors.

(i) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2007 assessment shall remain classified agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of damage caused by the August 2007 floods;

(2) the property is located in the county of Dodge, Fillmore, Houston, Olmsted, Steele, Wabasha, or Winona;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2007 assessment year;

(4) the dwelling occupied by the owner is located in this state and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the August 2007 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in homestead dwelling. For taxes payable in 2009, the owner must notify the assessor by December 1, 2008. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain uninhabited.

(j) Agricultural land and buildings that were class 2a homestead property under section 273.13, subdivision 23, paragraph (a), for the 2008 assessment shall remain classified as agricultural homesteads for subsequent assessments if:

(1) the property owner abandoned the homestead dwelling located on the agricultural homestead as a result of the March 2009 floods;

(2) the property is located in the county of Marshall;

(3) the agricultural land and buildings remain under the same ownership for the current assessment year as existed for the 2008 assessment year and continue to be used for agricultural purposes;

(4) the dwelling occupied by the owner is located in Minnesota and is within 50 miles of one of the parcels of agricultural land that is owned by the taxpayer; and

(5) the owner notifies the county assessor that the relocation was due to the 2009 floods, and the owner furnishes the assessor any information deemed necessary by the assessor in verifying the change in dwelling. Further notifications to the assessor are not required if the property continues to meet all the requirements in this paragraph and any dwellings on the agricultural land remain

uninhabited.

EFFECTIVE DATE. This section is effective for assessment years 2010 and 2011, for taxes payable in 2011 and 2012.

Sec. 21. Minnesota Statutes 2008, section 273.13, subdivision 22, is amended to read:

Subd. 22. **Class 1.** (a) Except as provided in subdivision 23 and in paragraphs (b) and (c), real estate which is residential and used for homestead purposes is class 1a. In the case of a duplex or triplex in which one of the units is used for homestead purposes, the entire property is deemed to be used for homestead purposes. The market value of class 1a property must be determined based upon the value of the house, garage, and land.

The first \$500,000 of market value of class 1a property has a net class rate of one percent of its market value; and the market value of class 1a property that exceeds \$500,000 has a class rate of 1.25 percent of its market value.

(b) Class 1b property includes homestead real estate or homestead manufactured homes used for the purposes of a homestead by:

(1) any person who is blind as defined in section 256D.35, or the blind person and the blind person's spouse;

(2) any person who is permanently and totally disabled or by the disabled person and the disabled person's spouse; or

(3) the surviving spouse of a permanently and totally disabled veteran homesteading a property classified under this paragraph for taxes payable in 2008.

Property is classified and assessed under clause (2) only if the government agency or income-providing source certifies, upon the request of the homestead occupant, that the homestead occupant satisfies the disability requirements of this paragraph, and that the property is not eligible for the valuation exclusion under subdivision 34.

Property is classified and assessed under paragraph (b) only if the commissioner of revenue or the county assessor certifies that the homestead occupant satisfies the requirements of this paragraph.

Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings the person an income. The first \$50,000 market value of class 1b property has a net class rate of .45 percent of its market value. The remaining market value of class 1b property has a class rate using the rates for class 1a or class 2a property, whichever is appropriate, of similar market value.

(c) Class 1c property is commercial use real and personal property that abuts public water as defined in section 103G.005, subdivision 15, and is devoted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment, and that includes a portion used as a homestead by the owner, which includes a dwelling occupied as a homestead by a shareholder of a corporation that owns the resort, a partner in a partnership that owns the resort, or a member of a limited liability company that owns the resort even if the title to the homestead is held by the corporation, partnership, or limited liability company. For purposes of this clause, property is devoted to a

commercial purpose on a specific day if any portion of the property, excluding the portion used exclusively as a homestead, is used for residential occupancy and a fee is charged for residential occupancy. Class 1c property must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 1c property must provide recreational activities such as the rental of ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. Any unit in which the right to use the property is transferred to an individual or entity by deeded interest, or the sale of shares or stock, no longer qualifies for class 1c even though it may remain available for rent. A camping pad offered for rent by a property that otherwise qualifies for class 1c is also class 1c, regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. If an owner of property that had been classified as class 1c ceases to use that property as a homestead but retains ownership of that property and continues to operate it as a resort, and begins to occupy a second property that is located in the same township as the original class 1c property, both properties will be assessed as a single class 1c property, provided that the second property would separately qualify to be assessed as class 1c property. The portion of the property used as a homestead is class 1a property under paragraph (a). The remainder of the property is classified as follows: the first \$600,000 of market value is tier I, the next \$1,700,000 of market value is tier II, and any remaining market value is tier III. The class rates for class 1c are: tier I, 0.50 percent; tier II, 1.0 percent; and tier III, 1.25 percent. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes in which all or a portion of the property was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 1c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated as class 1c as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located must be designated as class 3a commercial. The owner of property desiring designation as class 1c property must provide guest registers or other records demonstrating that the units for which class 1c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 1c.

(d) Class 1d property includes structures that meet all of the following criteria:

(1) the structure is located on property that is classified as agricultural property under section 273.13, subdivision 23;

(2) the structure is occupied exclusively by seasonal farm workers during the time when they work on that farm, and the occupants are not charged rent for the privilege of occupying the property, provided that use of the structure for storage of farm equipment and produce does not disqualify the property from classification under this paragraph;

(3) the structure meets all applicable health and safety requirements for the appropriate season; and

(4) the structure is not salable as residential property because it does not comply with local

ordinances relating to location in relation to streets or roads.

The market value of class 1d property has the same class rates as class 1a property under paragraph (a).

EFFECTIVE DATE. This section is effective for taxes levied in 2010, payable in 2011, and thereafter.

Sec. 22. Minnesota Statutes 2009 Supplement, section 273.13, subdivision 23, is amended to read:

Subd. 23. **Class 2.** (a) An agricultural homestead consists of class 2a agricultural land that is homesteaded, along with any class 2b rural vacant land that is contiguous to the class 2a land under the same ownership. The market value of the house and garage and immediately surrounding one acre of land has the same class rates as class 1a or 1b property under subdivision 22. The value of the remaining land including improvements up to the first tier valuation limit of agricultural homestead property has a net class rate of 0.5 percent of market value. The remaining property over the first tier has a class rate of one percent of market value. For purposes of this subdivision, the "first tier valuation limit of agricultural homestead property" and "first tier" means the limit certified under section 273.11, subdivision 23.

(b) Class 2a agricultural land consists of parcels of property, or portions thereof, that are agricultural land and buildings. Class 2a property has a net class rate of one percent of market value, unless it is part of an agricultural homestead under paragraph (a). Class 2a property must also include any property that would otherwise be classified as 2b, but is interspersed with class 2a property, including but not limited to sloughs, wooded wind shelters, acreage abutting ditches, ravines, rock piles, land subject to a setback requirement, and other similar land that is impractical for the assessor to value separately from the rest of the property or that is unlikely to be able to be sold separately from the rest of the property.

An assessor may classify the part of a parcel described in this subdivision that is used for agricultural purposes as class 2a and the remainder in the class appropriate to its use.

(c) Class 2b rural vacant land consists of parcels of property, or portions thereof, that are unplatted real estate, rural in character and not used for agricultural purposes, including land used for growing trees for timber, lumber, and wood and wood products, that is not improved with a structure. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph. Any parcel of 20 acres or more improved with a structure that is not a minor, ancillary nonresidential structure must be split-classified, and ten acres must be assigned to the split parcel containing the structure. Class 2b property has a net class rate of one percent of market value unless it is part of an agricultural homestead under paragraph (a), or qualifies as class 2c under paragraph (d).

(d) Class 2c managed forest land consists of no less than 20 and no more than 1,920 acres statewide per taxpayer that is being managed under a forest management plan that meets the requirements of chapter 290C, but is not enrolled in the sustainable forest resource management incentive program. It has a class rate of .65 percent, provided that the owner of the property must apply to the assessor in order for the property to initially qualify for the reduced rate and provide the information required by the assessor to verify that the property qualifies for the reduced rate. If the assessor receives the application and information before May 1 in an assessment year, the

property qualifies beginning with that assessment year. If the assessor receives the application and information after April 30 in an assessment year, the property may not qualify until the next assessment year. The commissioner of natural resources must concur that the land is qualified. The commissioner of natural resources shall annually provide county assessors verification information on a timely basis. The presence of a minor, ancillary nonresidential structure as defined by the commissioner of revenue does not disqualify the property from classification under this paragraph.

(e) Agricultural land as used in this section means contiguous acreage of ten acres or more, used during the preceding year for agricultural purposes. "Agricultural purposes" as used in this section means the raising, cultivation, drying, or storage of agricultural products for sale, or the storage of machinery or equipment used in support of agricultural production by the same farm entity. For a property to be classified as agricultural based only on the drying or storage of agricultural products, the products being dried or stored must have been produced by the same farm entity as the entity operating the drying or storage facility. "Agricultural purposes" also includes enrollment in the Reinvest in Minnesota program under sections 103F.501 to 103F.535 or the federal Conservation Reserve Program as contained in Public Law 99-198 or a similar state or federal conservation program if the property was classified as agricultural (i) under this subdivision for the assessment year 2002 or (ii) in the year prior to its enrollment. Agricultural classification shall not be based upon the market value of any residential structures on the parcel or contiguous parcels under the same ownership.

(f) Real estate of less than ten acres, which is exclusively or intensively used for raising or cultivating agricultural products, shall be considered as agricultural land. To qualify under this paragraph, property that includes a residential structure must be used intensively for one of the following purposes:

(i) for drying or storage of grain or storage of machinery or equipment used to support agricultural activities on other parcels of property operated by the same farming entity;

(ii) as a nursery, provided that only those acres used to produce nursery stock are considered agricultural land;

(iii) for livestock or poultry confinement, provided that land that is used only for pasturing and grazing does not qualify; or

(iv) for market farming; for purposes of this paragraph, "market farming" means the cultivation of one or more fruits or vegetables or production of animal or other agricultural products for sale to local markets by the farmer or an organization with which the farmer is affiliated.

(g) Land shall be classified as agricultural even if all or a portion of the agricultural use of that property is the leasing to, or use by another person for agricultural purposes.

Classification under this subdivision is not determinative for qualifying under section 273.111.

(h) The property classification under this section supersedes, for property tax purposes only, any locally administered agricultural policies or land use restrictions that define minimum or maximum farm acreage.

(i) The term "agricultural products" as used in this subdivision includes production for sale of:

(1) livestock, dairy animals, dairy products, poultry and poultry products, fur-bearing animals,

horticultural and nursery stock, fruit of all kinds, vegetables, forage, grains, bees, and apiary products by the owner;

(2) fish bred for sale and consumption if the fish breeding occurs on land zoned for agricultural use;

(3) the commercial boarding of horses, which may include related horse training and riding instruction, if the boarding is done in conjunction with on property that is also used for raising pasture to graze horses or raising or cultivating other agricultural products as defined in clause (1);

(4) property which is owned and operated by nonprofit organizations used for equestrian activities, excluding racing;

(5) game birds and waterfowl bred and raised for use on a shooting preserve licensed under section 97A.115;

(6) insects primarily bred to be used as food for animals;

(7) trees, grown for sale as a crop, including short rotation woody crops, and not sold for timber, lumber, wood, or wood products; and

(8) maple syrup taken from trees grown by a person licensed by the Minnesota Department of Agriculture under chapter 28A as a food processor.

(j) If a parcel used for agricultural purposes is also used for commercial or industrial purposes, including but not limited to:

(1) wholesale and retail sales;

(2) processing of raw agricultural products or other goods;

(3) warehousing or storage of processed goods; and

(4) office facilities for the support of the activities enumerated in clauses (1), (2), and (3),

the assessor shall classify the part of the parcel used for agricultural purposes as class 1b, 2a, or 2b, whichever is appropriate, and the remainder in the class appropriate to its use. The grading, sorting, and packaging of raw agricultural products for first sale is considered an agricultural purpose. A greenhouse or other building where horticultural or nursery products are grown that is also used for the conduct of retail sales must be classified as agricultural if it is primarily used for the growing of horticultural or nursery products from seed, cuttings, or roots and occasionally as a showroom for the retail sale of those products. Use of a greenhouse or building only for the display of already grown horticultural or nursery products does not qualify as an agricultural purpose.

(k) The assessor shall determine and list separately on the records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

(l) Class 2d airport landing area consists of a landing area or public access area of a privately owned public use airport. It has a class rate of one percent of market value. To qualify for classification under this paragraph, a privately owned public use airport must be licensed as a

public airport under section 360.018. For purposes of this paragraph, "landing area" means that part of a privately owned public use airport properly cleared, regularly maintained, and made available to the public for use by aircraft and includes runways, taxiways, aprons, and sites upon which are situated landing or navigational aids. A landing area also includes land underlying both the primary surface and the approach surfaces that comply with all of the following:

(i) the land is properly cleared and regularly maintained for the primary purposes of the landing, taking off, and taxiing of aircraft; but that portion of the land that contains facilities for servicing, repair, or maintenance of aircraft is not included as a landing area;

(ii) the land is part of the airport property; and

(iii) the land is not used for commercial or residential purposes.

The land contained in a landing area under this paragraph must be described and certified by the commissioner of transportation. The certification is effective until it is modified, or until the airport or landing area no longer meets the requirements of this paragraph. For purposes of this paragraph, "public access area" means property used as an aircraft parking ramp, apron, or storage hangar, or an arrival and departure building in connection with the airport.

(m) Class 2e consists of land with a commercial aggregate deposit that is not actively being mined and is not otherwise classified as class 2a or 2b, provided that the land is not located in a county that has elected to opt-out of the aggregate preservation program as provided in section 273.1115, subdivision 6. It has a class rate of one percent of market value. To qualify for classification under this paragraph, the property must be at least ten contiguous acres in size and the owner of the property must record with the county recorder of the county in which the property is located an affidavit containing:

(1) a legal description of the property;

(2) a disclosure that the property contains a commercial aggregate deposit that is not actively being mined but is present on the entire parcel enrolled;

(3) documentation that the conditional use under the county or local zoning ordinance of this property is for mining; and

(4) documentation that a permit has been issued by the local unit of government or the mining activity is allowed under local ordinance. The disclosure must include a statement from a registered professional geologist, engineer, or soil scientist delineating the deposit and certifying that it is a commercial aggregate deposit.

For purposes of this section and section 273.1115, "commercial aggregate deposit" means a deposit that will yield crushed stone or sand and gravel that is suitable for use as a construction aggregate; and "actively mined" means the removal of top soil and overburden in preparation for excavation or excavation of a commercial deposit.

(n) When any portion of the property under this subdivision or subdivision 22 begins to be actively mined, the owner must file a supplemental affidavit within 60 days from the day any aggregate is removed stating the number of acres of the property that is actively being mined. The acres actively being mined must be (1) valued and classified under subdivision 24 in the next subsequent assessment year, and (2) removed from the aggregate resource preservation property

tax program under section 273.1115, if the land was enrolled in that program. Copies of the original affidavit and all supplemental affidavits must be filed with the county assessor, the local zoning administrator, and the Department of Natural Resources, Division of Land and Minerals. A supplemental affidavit must be filed each time a subsequent portion of the property is actively mined, provided that the minimum acreage change is five acres, even if the actual mining activity constitutes less than five acres.

(o) The definitions prescribed by the commissioner under paragraphs (c) and (d) are not rules and are exempt from the rulemaking provisions of chapter 14, and the provisions in section 14.386 concerning exempt rules do not apply.

EFFECTIVE DATE. This section is effective for property taxes levied in 2010 and thereafter, for property taxes payable in 2011 and thereafter.

Sec. 23. Minnesota Statutes 2009 Supplement, section 273.13, subdivision 25, is amended to read:

Subd. 25. **Class 4.** (a) Class 4a is residential real estate containing four or more units and used or held for use by the owner or by the tenants or lessees of the owner as a residence for rental periods of 30 days or more, excluding property qualifying for class 4d. Class 4a also includes hospitals licensed under sections 144.50 to 144.56, other than hospitals exempt under section 272.02, and contiguous property used for hospital purposes, without regard to whether the property has been platted or subdivided. The market value of class 4a property has a class rate of 1.25 percent.

(b) Class 4b includes:

(1) residential real estate containing less than four units that does not qualify as class 4bb, other than seasonal residential recreational property;

(2) manufactured homes not classified under any other provision;

(3) a dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b) containing two or three units; and

(4) unimproved property that is classified residential as determined under subdivision 33.

The market value of class 4b property has a class rate of 1.25 percent.

(c) Class 4bb includes:

(1) nonhomestead residential real estate containing one unit, other than seasonal residential recreational property; and

(2) a single family dwelling, garage, and surrounding one acre of property on a nonhomestead farm classified under subdivision 23, paragraph (b).

Class 4bb property has the same class rates as class 1a property under subdivision 22.

Property that has been classified as seasonal residential recreational property at any time during which it has been owned by the current owner or spouse of the current owner does not qualify for class 4bb.

(d) Class 4c property includes:

(1) except as provided in subdivision 22, paragraph (c), real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes, including real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and not devoted to commercial purposes for more than 250 days in the year preceding the year of assessment. For purposes of this clause, property is devoted to a commercial purpose on a specific day if any portion of the property is used for residential occupancy, and a fee is charged for residential occupancy. Class 4c property under this clause must contain three or more rental units. A "rental unit" is defined as a cabin, condominium, townhouse, sleeping room, or individual camping site equipped with water and electrical hookups for recreational vehicles. Class 4c property under this clause must provide recreational activities such as renting ice fishing houses, boats and motors, snowmobiles, downhill or cross-country ski equipment; provide marina services, launch services, or guide services; or sell bait and fishing tackle. A camping pad offered for rent by a property that otherwise qualifies for class 4c under this clause is also class 4c under this clause regardless of the term of the rental agreement, as long as the use of the camping pad does not exceed 250 days. In order for a property to be classified as class 4c, seasonal residential recreational for commercial purposes under this clause, (i) at least 40 percent of the annual gross lodging receipts related to the property must be from business conducted during 90 consecutive days and either ~~(i)~~ (A) at least 60 percent of all paid bookings by lodging guests during the year must be for periods of at least two consecutive nights; or ~~(ii)~~ (B) at least 20 percent of the annual gross receipts must be from charges for rental of fish houses, boats and motors, snowmobiles, downhill or cross-country ski equipment, or charges for marina services, launch services, and guide services, or the sale of bait and fishing tackle; or (ii) the property contains 20 or fewer rental units, is devoted to temporary residential occupancy for no more than 250 days in the year, meets the requirement in item (i), subitem (A), is located in a township or a city with a population of 2,500 or less, that is located outside the metropolitan area as defined under section 473.121, subdivision 2, and that contains a portion of a state trail administered by the Department of Natural Resources. For purposes of this determination, a paid booking of five or more nights shall be counted as two bookings. Class 4c property classified under this clause also includes commercial use real property used exclusively for recreational purposes in conjunction with other class 4c property classified under this clause and devoted to temporary and seasonal residential occupancy for recreational purposes, up to a total of two acres, provided the property is not devoted to commercial recreational use for more than 250 days in the year preceding the year of assessment and is located within two miles of the class 4c property with which it is used. Owners of real and personal property devoted to temporary and seasonal residential occupancy for recreation purposes and all or a portion of which was devoted to commercial purposes for not more than 250 days in the year preceding the year of assessment desiring classification as class 4c, must submit a declaration to the assessor designating the cabins or units occupied for 250 days or less in the year preceding the year of assessment by January 15 of the assessment year. Those cabins or units and a proportionate share of the land on which they are located must be designated class 4c under this clause as otherwise provided. The remainder of the cabins or units and a proportionate share of the land on which they are located will be designated as class 3a. The owner of property desiring designation as class 4c property under this clause must provide guest registers or other records demonstrating that the units for which class 4c designation is sought were not occupied for more than 250 days in the year preceding the assessment if so requested. The portion of a property operated as a (1) restaurant, (2) bar, (3) gift shop, (4) conference center or meeting room, and (5) other nonresidential facility operated on a commercial basis not directly related to temporary and seasonal residential occupancy for recreation purposes does not qualify for class 4c;

(2) qualified property used as a golf course if:

(i) it is open to the public on a daily fee basis. It may charge membership fees or dues, but a membership fee may not be required in order to use the property for golfing, and its green fees for golfing must be comparable to green fees typically charged by municipal courses; and

(ii) it meets the requirements of section 273.112, subdivision 3, paragraph (d).

A structure used as a clubhouse, restaurant, or place of refreshment in conjunction with the golf course is classified as class 3a property;

(3) real property up to a maximum of three acres of land owned and used by a nonprofit community service oriented organization and not used for residential purposes on either a temporary or permanent basis, provided that:

(i) the property is not used for a revenue-producing activity for more than six days in the calendar year preceding the year of assessment; or

(ii) the organization makes annual charitable contributions and donations at least equal to the property's previous year's property taxes and the property is allowed to be used for public and community meetings or events for no charge, as appropriate to the size of the facility.

For purposes of this clause,

(A) "charitable contributions and donations" has the same meaning as lawful gambling purposes under section 349.12, subdivision 25, excluding those purposes relating to the payment of taxes, assessments, fees, auditing costs, and utility payments;

(B) "property taxes" excludes the state general tax;

(C) a "nonprofit community service oriented organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, fraternal, civic, or educational purposes, and which is exempt from federal income taxation pursuant to section 501(c)(3), (8), (10), or (19) of the Internal Revenue Code; and

(D) "revenue-producing activities" shall include but not be limited to property or that portion of the property that is used as an on-sale intoxicating liquor or 3.2 percent malt liquor establishment licensed under chapter 340A, a restaurant open to the public, bowling alley, a retail store, gambling conducted by organizations licensed under chapter 349, an insurance business, or office or other space leased or rented to a lessee who conducts a for-profit enterprise on the premises.

Any portion of the property not qualifying under either item (i) or (ii) is class 3a. The use of the property for social events open exclusively to members and their guests for periods of less than 24 hours, when an admission is not charged nor any revenues are received by the organization shall not be considered a revenue-producing activity.

The organization shall maintain records of its charitable contributions and donations and of public meetings and events held on the property and make them available upon request any time to the assessor to ensure eligibility. An organization meeting the requirement under item (ii) must file an application by May 1 with the assessor for eligibility for the current year's assessment. The commissioner shall prescribe a uniform application form and instructions;

(4) postsecondary student housing of not more than one acre of land that is owned by a nonprofit corporation organized under chapter 317A and is used exclusively by a student cooperative, sorority, or fraternity for on-campus housing or housing located within two miles of the border of a college campus;

(5)(i) manufactured home parks as defined in section 327.14, subdivision 3, excluding manufactured home parks described in section 273.124, subdivision 3a, and (ii) manufactured home parks as defined in section 327.14, subdivision 3, that are described in section 273.124, subdivision 3a;

(6) real property that is actively and exclusively devoted to indoor fitness, health, social, recreational, and related uses, is owned and operated by a not-for-profit corporation, and is located within the metropolitan area as defined in section 473.121, subdivision 2;

(7) a leased or privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land is on an airport owned or operated by a city, town, county, Metropolitan Airports Commission, or group thereof; and

(ii) the land lease, or any ordinance or signed agreement restricting the use of the leased premise, prohibits commercial activity performed at the hangar.

If a hangar classified under this clause is sold after June 30, 2000, a bill of sale must be filed by the new owner with the assessor of the county where the property is located within 60 days of the sale;

(8) a privately owned noncommercial aircraft storage hangar not exempt under section 272.01, subdivision 2, and the land on which it is located, provided that:

(i) the land abuts a public airport; and

(ii) the owner of the aircraft storage hangar provides the assessor with a signed agreement restricting the use of the premises, prohibiting commercial use or activity performed at the hangar; and

(9) residential real estate, a portion of which is used by the owner for homestead purposes, and that is also a place of lodging, if all of the following criteria are met:

(i) rooms are provided for rent to transient guests that generally stay for periods of 14 or fewer days;

(ii) meals are provided to persons who rent rooms, the cost of which is incorporated in the basic room rate;

(iii) meals are not provided to the general public except for special events on fewer than seven days in the calendar year preceding the year of the assessment; and

(iv) the owner is the operator of the property.

The market value subject to the 4c classification under this clause is limited to five rental units. Any rental units on the property in excess of five, must be valued and assessed as class 3a. The portion of

the property used for purposes of a homestead by the owner must be classified as class 1a property under subdivision 22;

(10) real property up to a maximum of three acres and operated as a restaurant as defined under section 157.15, subdivision 12, provided it: (A) is located on a lake as defined under section 103G.005, subdivision 15, paragraph (a), clause (3); and (B) is either devoted to commercial purposes for not more than 250 consecutive days, or receives at least 60 percent of its annual gross receipts from business conducted during four consecutive months. Gross receipts from the sale of alcoholic beverages must be included in determining the property's qualification under subitem (B). The property's primary business must be as a restaurant and not as a bar. Gross receipts from gift shop sales located on the premises must be excluded. Owners of real property desiring 4c classification under this clause must submit an annual declaration to the assessor by February 1 of the current assessment year, based on the property's relevant information for the preceding assessment year; and

(11) lakeshore and riparian property and adjacent land, not to exceed six acres, used as a marina, as defined in section 86A.20, subdivision 5, which is made accessible to the public and devoted to recreational use for marina services. The marina owner must annually provide evidence to the assessor that it provides services, including lake or river access to the public by means of an access ramp or other facility that is either located on the property of the marina or at a publicly owned site that abuts the property of the marina. No more than 800 feet of lakeshore may be included in this classification. Buildings used in conjunction with a marina for marina services, including but not limited to buildings used to provide food and beverage services, fuel, boat repairs, or the sale of bait or fishing tackle, are classified as class 3a property.

Class 4c property has a class rate of 1.5 percent of market value, except that (i) each parcel of seasonal residential recreational property not used for commercial purposes has the same class rates as class 4bb property, (ii) manufactured home parks assessed under clause (5), item (i), have the same class rate as class 4b property, and the market value of manufactured home parks assessed under clause (5), item (ii), has the same class rate as class 4d property if more than 50 percent of the lots in the park are occupied by shareholders in the cooperative corporation or association and a class rate of one percent if 50 percent or less of the lots are so occupied, (iii) commercial-use seasonal residential recreational property and marina recreational land as described in clause (11), has a class rate of one percent for the first \$500,000 of market value, and 1.25 percent for the remaining market value, (iv) the market value of property described in clause (4) has a class rate of one percent, (v) the market value of property described in clauses (2), (6), and (10) has a class rate of 1.25 percent, and (vi) that portion of the market value of property in clause (9) qualifying for class 4c property has a class rate of 1.25 percent.

(e) Class 4d property is qualifying low-income rental housing certified to the assessor by the Housing Finance Agency under section 273.128, subdivision 3. If only a portion of the units in the building qualify as low-income rental housing units as certified under section 273.128, subdivision 3, only the proportion of qualifying units to the total number of units in the building qualify for class 4d. The remaining portion of the building shall be classified by the assessor based upon its use. Class 4d also includes the same proportion of land as the qualifying low-income rental housing units are to the total units in the building. For all properties qualifying as class 4d, the market value determined by the assessor must be based on the normal approach to value using normal unrestricted rents.

Class 4d property has a class rate of 0.75 percent.

EFFECTIVE DATE. This section is effective for taxes levied in 2010, payable in 2011 and thereafter.

Sec. 24. Minnesota Statutes 2008, section 273.1392, is amended to read:

273.1392 PAYMENT; SCHOOL DISTRICTS.

The amounts of bovine tuberculosis credit reimbursements under section 273.113; conservation tax credits under section 273.119; disaster or emergency reimbursement under sections 273.1231 to 273.1235; homestead and agricultural credits under section 273.1384; aids and credits under section 273.1398; wetlands reimbursement under section 275.295; enterprise zone property credit payments under section 469.171; and metropolitan agricultural preserve reduction under section 473H.10 for school districts, shall be certified to the Department of Education by the Department of Revenue. The amounts so certified shall be paid according to section 127A.45, subdivisions 9 and 13.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2009 and thereafter.

Sec. 25. Minnesota Statutes 2009 Supplement, section 275.065, subdivision 3, is amended to read:

Subd. 3. **Notice of proposed property taxes.** (a) The county auditor shall prepare and the county treasurer shall deliver after November 10 and on or before November 24 each year, by first class mail to each taxpayer at the address listed on the county's current year's assessment roll, a notice of proposed property taxes. Upon written request by the taxpayer, the treasurer may send the notice in electronic form or by electronic mail instead of on paper or by ordinary mail.

(b) The commissioner of revenue shall prescribe the form of the notice.

(c) The notice must inform taxpayers that it contains the amount of property taxes each taxing authority proposes to collect for taxes payable the following year. In the case of a town, or in the case of the state general tax, the final tax amount will be its proposed tax. The notice must clearly state for each city that has a population over 500, county, school district, regional library authority established under section 134.201, and metropolitan taxing districts as defined in paragraph (i), the time and place of ~~the a meeting for each taxing authorities' regularly scheduled meetings~~ authority in which the budget and levy will be discussed and public input allowed, prior to the final budget and levy determined, which must occur after November 24 determination. The taxing authorities must provide the county auditor with the information to be included in the notice on or before the time it certifies its proposed levy under subdivision 1. The public must be allowed to speak at ~~the meetings and the meetings shall~~ that meeting, which must occur after November 24 and must not be held before 6:00 p.m. It must provide a telephone number for the taxing authority that taxpayers may call if they have questions related to the notice and an address where comments will be received by mail.

(d) The notice must state for each parcel:

(1) the market value of the property as determined under section 273.11, and used for computing property taxes payable in the following year and for taxes payable in the current year as each appears in the records of the county assessor on November 1 of the current year; and, in the case of residential property, whether the property is classified as homestead or nonhomestead. The notice must clearly inform taxpayers of the years to which the market values apply and that the values are final values;

(2) the items listed below, shown separately by county, city or town, and state general tax, net of the residential and agricultural homestead credit under section 273.1384, voter approved school levy, other local school levy, and the sum of the special taxing districts, and as a total of all taxing authorities:

- (i) the actual tax for taxes payable in the current year; and
- (ii) the proposed tax amount.

If the county levy under clause (2) includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount.

In the case of a town or the state general tax, the final tax shall also be its proposed tax unless the town changes its levy at a special town meeting under section 365.52. If a school district has certified under section 126C.17, subdivision 9, that a referendum will be held in the school district at the November general election, the county auditor must note next to the school district's proposed amount that a referendum is pending and that, if approved by the voters, the tax amount may be higher than shown on the notice. In the case of the city of Minneapolis, the levy for Minneapolis Park and Recreation shall be listed separately from the remaining amount of the city's levy. In the case of the city of St. Paul, the levy for the St. Paul Library Agency must be listed separately from the remaining amount of the city's levy. In the case of Ramsey County, any amount levied under section 134.07 may be listed separately from the remaining amount of the county's levy. In the case of a parcel where tax increment or the fiscal disparities areawide tax under chapter 276A or 473F applies, the proposed tax levy on the captured value or the proposed tax levy on the tax capacity subject to the areawide tax must each be stated separately and not included in the sum of the special taxing districts; and

(3) the increase or decrease between the total taxes payable in the current year and the total proposed taxes, expressed as a percentage.

For purposes of this section, the amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount.

(e) The notice must clearly state that the proposed or final taxes do not include the following:

- (1) special assessments;
- (2) levies approved by the voters after the date the proposed taxes are certified, including bond referenda and school district levy referenda;
- (3) a levy limit increase approved by the voters by the first Tuesday after the first Monday in November of the levy year as provided under section 275.73;
- (4) amounts necessary to pay cleanup or other costs due to a natural disaster occurring after the date the proposed taxes are certified;
- (5) amounts necessary to pay tort judgments against the taxing authority that become final after the date the proposed taxes are certified; and
- (6) the contamination tax imposed on properties which received market value reductions for

contamination.

(f) Except as provided in subdivision 7, failure of the county auditor to prepare or the county treasurer to deliver the notice as required in this section does not invalidate the proposed or final tax levy or the taxes payable pursuant to the tax levy.

(g) If the notice the taxpayer receives under this section lists the property as nonhomestead, and satisfactory documentation is provided to the county assessor by the applicable deadline, and the property qualifies for the homestead classification in that assessment year, the assessor shall reclassify the property to homestead for taxes payable in the following year.

(h) In the case of class 4 residential property used as a residence for lease or rental periods of 30 days or more, the taxpayer must either:

(1) mail or deliver a copy of the notice of proposed property taxes to each tenant, renter, or lessee; or

(2) post a copy of the notice in a conspicuous place on the premises of the property.

The notice must be mailed or posted by the taxpayer by November 27 or within three days of receipt of the notice, whichever is later. A taxpayer may notify the county treasurer of the address of the taxpayer, agent, caretaker, or manager of the premises to which the notice must be mailed in order to fulfill the requirements of this paragraph.

(i) For purposes of this subdivision and subdivision 6, "metropolitan special taxing districts" means the following taxing districts in the seven-county metropolitan area that levy a property tax for any of the specified purposes listed below:

(1) Metropolitan Council under section 473.132, 473.167, 473.249, 473.325, 473.446, 473.521, 473.547, or 473.834;

(2) Metropolitan Airports Commission under section 473.667, 473.671, or 473.672; and

(3) Metropolitan Mosquito Control Commission under section 473.711.

For purposes of this section, any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be included with the appropriate county's levy.

(j) The governing body of a county, city, or school district may, with the consent of the county board, include supplemental information with the statement of proposed property taxes about the impact of state aid increases or decreases on property tax increases or decreases and on the level of services provided in the affected jurisdiction. This supplemental information may include information for the following year, the current year, and for as many consecutive preceding years as deemed appropriate by the governing body of the county, city, or school district. It may include only information regarding:

(1) the impact of inflation as measured by the implicit price deflator for state and local government purchases;

(2) population growth and decline;

(3) state or federal government action; and

(4) other financial factors that affect the level of property taxation and local services that the governing body of the county, city, or school district may deem appropriate to include.

The information may be presented using tables, written narrative, and graphic representations and may contain instruction toward further sources of information or opportunity for comment.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2010 and thereafter.

Sec. 26. Minnesota Statutes 2009 Supplement, section 275.70, subdivision 5, is amended to read:

Subd. 5. **Special levies.** "Special levies" means those portions of ad valorem taxes levied by a local governmental unit for the following purposes or in the following manner:

(1) to pay the costs of the principal and interest on bonded indebtedness or to reimburse for the amount of liquor store revenues used to pay the principal and interest due on municipal liquor store bonds in the year preceding the year for which the levy limit is calculated;

(2) to pay the costs of principal and interest on certificates of indebtedness issued for any corporate purpose except for the following:

(i) tax anticipation or aid anticipation certificates of indebtedness;

(ii) certificates of indebtedness issued under sections 298.28 and 298.282;

(iii) certificates of indebtedness used to fund current expenses or to pay the costs of extraordinary expenditures that result from a public emergency; or

(iv) certificates of indebtedness used to fund an insufficiency in tax receipts or an insufficiency in other revenue sources, provided that nothing in this subdivision limits the special levy authorized under section 475.755;

(3) to provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(4) to fund payments made to the Minnesota State Armory Building Commission under section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(5) property taxes approved by voters which are levied against the referendum market value as provided under section 275.61;

(6) to fund matching requirements needed to qualify for federal or state grants or programs to the extent that either (i) the matching requirement exceeds the matching requirement in calendar year 2001, or (ii) it is a new matching requirement that did not exist prior to 2002;

(7) to pay the expenses reasonably and necessarily incurred in preparing for or repairing the effects of natural disaster including the occurrence or threat of widespread or severe damage, injury, or loss of life or property resulting from natural causes, in accordance with standards formulated by the Emergency Services Division of the state Department of Public Safety, as allowed by the commissioner of revenue under section 275.74, subdivision 2;

(8) pay amounts required to correct an error in the levy certified to the county auditor by a city or county in a levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.70 to 275.74 in the preceding levy year;

(9) to pay an abatement under section 469.1815;

(10) to pay any costs attributable to increases in the employer contribution rates under chapter 353, or locally administered pension plans, that are effective after June 30, 2001;

(11) to pay the operating or maintenance costs of a county jail as authorized in section 641.01 or 641.262, or of a correctional facility as defined in section 241.021, subdivision 1, paragraph (f), to the extent that the county can demonstrate to the commissioner of revenue that the amount has been included in the county budget as a direct result of a rule, minimum requirement, minimum standard, or directive of the Department of Corrections, or to pay the operating or maintenance costs of a regional jail as authorized in section 641.262. For purposes of this clause, a district court order is not a rule, minimum requirement, minimum standard, or directive of the Department of Corrections. If the county utilizes this special levy, except to pay operating or maintenance costs of a new regional jail facility under sections 641.262 to 641.264 which will not replace an existing jail facility, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71, shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(12) to pay for operation of a lake improvement district, as authorized under section 103B.555. If the county utilizes this special levy, any amount levied by the county in the previous levy year for the purposes specified under this clause and included in the county's previous year's levy limitation computed under section 275.71 shall be deducted from the levy limit base under section 275.71, subdivision 2, when determining the county's current year levy limitation. The county shall provide the necessary information to the commissioner of revenue for making this determination;

(13) to repay a state or federal loan used to fund the direct or indirect required spending by the local government due to a state or federal transportation project or other state or federal capital project. This authority may only be used if the project is not a local government initiative;

(14) to pay for court administration costs as required under section 273.1398, subdivision 4b, less the (i) county's share of transferred fines and fees collected by the district courts in the county for calendar year 2001 and (ii) the aid amount certified to be paid to the county in 2004 under section 273.1398, subdivision 4c; however, for taxes levied to pay for these costs in the year in which the court financing is transferred to the state, the amount under this clause is limited to the amount of aid the county is certified to receive under section 273.1398, subdivision 4a;

(15) to fund a police or firefighters relief association as required under section 69.77 to the extent that the required amount exceeds the amount levied for this purpose in 2001;

(16) for purposes of a storm sewer improvement district under section 444.20;

(17) to pay for the maintenance and support of a city or county society for the prevention of cruelty to animals under section 343.11, but not to exceed in any year \$4,800 or the sum of \$1 per

capita based on the county's or city's population as of the most recent federal census, whichever is greater. If the city or county uses this special levy, any amount levied by the city or county in the previous levy year for the purposes specified in this clause and included in the city's or county's previous year's levy limit computed under section 275.71, must be deducted from the levy limit base under section 275.71, subdivision 2, in determining the city's or county's current year levy limit;

(18) for counties, to pay for the increase in their share of health and human service costs caused by reductions in federal health and human services grants effective after September 30, 2007;

(19) for a city, for the costs reasonably and necessarily incurred for securing, maintaining, or demolishing foreclosed or abandoned residential properties, as allowed by the commissioner of revenue under section 275.74, subdivision 2. A city must have either (i) a foreclosure rate of at least 1.4 percent in 2007, or (ii) a foreclosure rate in 2007 in the city or in a zip code area of the city that is at least 50 percent higher than the average foreclosure rate in the metropolitan area, as defined in section 473.121, subdivision 2, to use this special levy. For purposes of this paragraph, "foreclosure rate" means the number of foreclosures, as indicated by sheriff sales records, divided by the number of households in the city in 2007;

(20) for a city, for the unreimbursed costs of redeployed traffic-control agents and lost traffic citation revenue due to the collapse of the Interstate 35W bridge, as certified to the Federal Highway Administration;

(21) to pay costs attributable to wages and benefits for sheriff, police, and fire personnel. If a local governmental unit did not use this special levy in the previous year its levy limit base under section 275.71 shall be reduced by the amount equal to the amount it levied for the purposes specified in this clause in the previous year;

(22) an amount equal to any reductions in the certified aids or ~~credits~~ credit reimbursements payable under sections 477A.011 to 477A.014, and section 273.1384, due to unallotment under section 16A.152. The amount of the levy allowed under this clause for each year is equal limited to the amount unallotted in from the aids and credit reimbursements certified for payment in the year following the calendar year in which the tax levy is levied certified unless the unallotment amount is not known by September 1 of the levy certification year, and the local government has not adjusted its levy under section 275.065, subdivision 6, or 275.07, subdivision 6, in which case ~~the~~ that unallotment amount may be levied in the following year;

(23) to pay for the difference between one-half of the costs of confining sex offenders undergoing the civil commitment process and any state payments for this purpose pursuant to section 253B.185, subdivision 5;

(24) for a county to pay the costs of the first year of maintaining and operating a new facility or new expansion, either of which contains courts, corrections, dispatch, criminal investigation labs, or other public safety facilities and for which all or a portion of the funding for the site acquisition, building design, site preparation, construction, and related equipment was issued or authorized prior to the imposition of levy limits in 2008. The levy limit base shall then be increased by an amount equal to the new facility's first full year's operating costs as described in this clause; and

(25) for the estimated amount of reduction to credits under section 273.1384 for credits payable in the year in which the levy is payable.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2010 and thereafter.

Sec. 27. Minnesota Statutes 2008, section 275.71, subdivision 4, is amended to read:

Subd. 4. **Adjusted levy limit base.** For taxes levied in 2008 through 2010, the adjusted levy limit base is equal to the levy limit base computed under subdivision 2 or section 275.72, multiplied by:

(1) one plus the lesser of (i) 3.9 percent, or (ii) the greater of 1.17 percent, or the percentage growth increase in the implicit price deflator;

(2) one plus a percentage equal to 50 percent of the percentage increase in the number of households, if any, for the most recent 12-month period for which data is available; and

(3) one plus a percentage equal to 50 percent of the percentage increase in the taxable market value of the jurisdiction due to new construction of class 3 property, as defined in section 273.13, subdivision 4, except for state-assessed utility and railroad property, for the most recent year for which data is available.

EFFECTIVE DATE. This section is effective for taxes levied in 2010, payable in 2011 only.

Sec. 28. Minnesota Statutes 2008, section 275.71, subdivision 5, is amended to read:

Subd. 5. **Property tax levy limit.** (a) For taxes levied in 2008 through 2010, the property tax levy limit for a local governmental unit is equal to its adjusted levy limit base determined under subdivision 4 plus any additional levy authorized under section 275.73, which is levied against net tax capacity, reduced by the sum of (i) the total amount of aids and reimbursements that the local governmental unit is certified to receive under sections 477A.011 to 477A.014, (ii) taconite aids under sections 298.28 and 298.282 including any aid which was required to be placed in a special fund for expenditure in the next succeeding year, (iii) estimated payments to the local governmental unit under section 272.029, adjusted for any error in estimation in the preceding year, and (iv) aids under section 477A.16.

(b) If an aid, payment, or other amount used in paragraph (a) to reduce a local government unit's levy limit is reduced by an unallotment under section 16A.152, the amount of the aid, payment, or other amount prior to the unallotment is used in the computations in paragraph (a). In order for a local government unit to levy outside of its limit to offset the reduction in revenues attributable to an unallotment, it must do so under, and to the extent authorized by, a special levy authorization.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2010 and thereafter.

Sec. 29. Minnesota Statutes 2008, section 276.02, is amended to read:

276.02 TREASURER TO BE COLLECTOR.

The county treasurer shall collect all taxes extended on the tax lists of the county and the fines, forfeitures, or penalties received by any person or officer for the use of the county. The treasurer shall collect the taxes according to law and credit them to the proper funds. This section does not apply to fines and penalties accruing to municipal corporations for the violation of their ordinances that are recoverable before a city justice. Taxes, fines, interest, and penalties must be paid with United

States currency or by check or money order, or electronic payments, including, but not limited to, automated clearing house transactions and federal wires drawn on a bank or other financial institution in the United States. The county board may by resolution authorize the treasurer to impose a charge for any dishonored checks or electronic payments. The charges for dishonored payment of property taxes must be added to the tax and collected as part thereof.

The county board may, by resolution, authorize the treasurer and/or other designees to accept payments of real property taxes by credit card provided that a fee is charged for its use. The fee charged must be commensurate with the costs assessed by the card issuer. If a credit card transaction under this section is subsequently voided or otherwise reversed, the lien of real property taxes under section 272.31 is revived and attaches in the manner and time provided in that section as though the credit card transaction had never occurred, and the voided or reversed credit card transaction shall not impair the right of a lienholder under section 272.31 to enforce the lien in its favor.

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

Sec. 30. Minnesota Statutes 2009 Supplement, section 276.04, subdivision 2, is amended to read:

Subd. 2. **Contents of tax statements.** (a) The treasurer shall provide for the printing of the tax statements. The commissioner of revenue shall prescribe the form of the property tax statement and its contents. The tax statement must not state or imply that property tax credits are paid by the state of Minnesota. The statement must contain a tabulated statement of the dollar amount due to each taxing authority and the amount of the state tax from the parcel of real property for which a particular tax statement is prepared. The dollar amounts attributable to the county, the state tax, the voter approved school tax, the other local school tax, the township or municipality, and the total of the metropolitan special taxing districts as defined in section 275.065, subdivision 3, paragraph (i), must be separately stated. The amounts due all other special taxing districts, if any, may be aggregated except that: (1) any levies made by the regional rail authorities in the county of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, or Washington under chapter 398A shall be listed on a separate line directly under the appropriate county's levy; and (2) any levy by a special taxing district that exceeds 25 percent of the total of all special taxing district levies on a tax statement must be separately stated. If the county levy under this paragraph includes an amount for a lake improvement district as defined under sections 103B.501 to 103B.581, the amount attributable for that purpose must be separately stated from the remaining county levy amount. In the case of Ramsey County, if the county levy under this paragraph includes an amount for public library service under section 134.07, the amount attributable for that purpose may be separated from the remaining county levy amount. The amount of the tax on homesteads qualifying under the senior citizens' property tax deferral program under chapter 290B is the total amount of property tax before subtraction of the deferred property tax amount. The amount of the tax on contamination value imposed under sections 270.91 to 270.98, if any, must also be separately stated. The dollar amounts, including the dollar amount of any special assessments, may be rounded to the nearest even whole dollar. For purposes of this section whole odd-numbered dollars may be adjusted to the next higher even-numbered dollar. The amount of market value excluded under section 273.11, subdivision 16, if any, must also be listed on the tax statement.

(b) The property tax statements for manufactured homes and sectional structures taxed as personal property shall contain the same information that is required on the tax statements for real property.

(c) Real and personal property tax statements must contain the following information in the order given in this paragraph. The information must contain the current year tax information in the right column with the corresponding information for the previous year in a column on the left:

- (1) the property's estimated market value under section 273.11, subdivision 1;
- (2) the property's taxable market value after reductions under section 273.11, subdivisions 1a and 16;
- (3) the property's gross tax, before credits;
- (4) for homestead residential and agricultural properties, the credits under section 273.1384;
- (5) any credits received under sections 273.119; 273.1234 or 273.1235; 273.135; 273.1391; 273.1398, subdivision 4; 469.171; and 473H.10, except that the amount of credit received under section 273.135 must be separately stated and identified as "taconite tax relief"; and
- (6) the net tax payable in the manner required in paragraph (a).

(d) If the county uses envelopes for mailing property tax statements and if the county agrees, a taxing district may include a notice with the property tax statement notifying taxpayers when the taxing district will begin its budget deliberations for the current year, and encouraging taxpayers to attend the hearings. If the county allows notices to be included in the envelope containing the property tax statement, and if more than one taxing district relative to a given property decides to include a notice with the tax statement, the county treasurer or auditor must coordinate the process and may combine the information on a single announcement.

EFFECTIVE DATE. This section is effective for tax statements relating to taxes payable in 2011 and thereafter.

Sec. 31. Minnesota Statutes 2008, section 279.01, subdivision 3, is amended to read:

Subd. 3. **Agricultural property.** In the case of class 1b agricultural homestead, and class 2a ~~agricultural homestead~~ and 2b property, ~~and class 2b(3) agricultural nonhomestead property,~~ no penalties shall attach to the second one-half property tax payment as provided in this section if paid by November 15. Thereafter for class 1b agricultural homestead and class 2a and 2b homestead property, on November 16 following, a penalty of six percent shall accrue and be charged on all such unpaid taxes and on December 1 following, an additional two percent shall be charged on all such unpaid taxes. Thereafter for class ~~2b(3) agricultural~~ 2a and 2b nonhomestead property, on November 16 following, a penalty of eight percent shall accrue and be charged on all such unpaid taxes and on December 1 following, an additional four percent shall be charged on all such unpaid taxes.

If the owner of class 1b agricultural homestead, ~~or class 2a, or class 2b(3) agricultural~~ or 2b property receives a consolidated property tax statement that shows only an aggregate of the taxes and special assessments due on that property and on other property not classified as class 1b agricultural homestead, ~~or class 2a, or class 2b(3) agricultural~~ or 2b property, the aggregate tax and special assessments shown due on the property by the consolidated statement will be due on November 15.

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

Sec. 32. Minnesota Statutes 2008, section 279.025, is amended to read:

279.025 PAYMENT OF DELINQUENT PROPERTY TAXES, SPECIAL ASSESSMENTS.

Payment of delinquent property tax and related interest and penalties and special assessments shall be paid with United States currency or by check ~~or~~, money order, or electronic means, including, but not limited to, automated clearing house transactions and federal wires drawn on a bank or other financial institution in the United States.

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

Sec. 33. Minnesota Statutes 2008, section 279.37, subdivision 1, is amended to read:

Subdivision 1. **Composition into one item.** Delinquent taxes upon any parcel of real estate may be composed into one item or amount by confession of judgment at any time prior to the forfeiture of the parcel of land to the state for taxes, for the aggregate amount of all the taxes, costs, penalties, and interest accrued against the parcel, as provided in this section. Taxes upon property which, for the previous year's assessment, was classified as mineral property, employment property, or commercial or industrial property are only eligible to be composed into any confession of judgment under this section as provided in subdivision 1a. Delinquent taxes for property that has been reclassified from 4bb to 4b under section 273.1319 may not be composed into a confession of judgment under this subdivision. Delinquent taxes on unimproved land are eligible to be composed into a confession of judgment only if the land is classified under section 273.13 as homestead, agricultural, or timberland rural vacant land, or managed forest land, in the previous year or is eligible for installment payment under subdivision 1a. The entire parcel is eligible for the ten-year installment plan as provided in subdivision 2 if 25 percent or more of the market value of the parcel is eligible for confession of judgment under this subdivision.

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

Sec. 34. Minnesota Statutes 2009 Supplement, section 475.755, is amended to read:

475.755 EMERGENCY DEBT CERTIFICATES.

(a) If at any time during a fiscal year the receipts of a local government are reasonably expected to be reduced below the amount provided in the local government's budget when the final property tax levy to be collected during the fiscal year was certified and the receipts are insufficient to meet the expenses incurred or to be incurred during the fiscal year, the governing body of the local government may authorize and sell certificates of indebtedness to mature within two years or less from the end of the fiscal year in which the certificates are issued. The maximum principal amount of the certificates that it may issue in a fiscal year is limited to the expected reduction in receipts plus the cost of issuance. The certificates may be issued in the manner and on the terms the governing body determines by resolution.

(b) The governing body of the local government shall levy taxes for the payment of principal and interest on the certificates in accordance with section 475.61.

(c) The certificates are not to be included in the net debt of the issuing local government.

(d) To the extent that a local government issues certificates under this section to fund an unallotment or other reduction in its state aid, the local government ~~may~~ must not use a the special levy authority for ~~the aid reduction~~ reductions under section 275.70, subdivision 5, clause (22), or

a similar or successor provision. ~~This provision does not affect the status of the~~, but must instead use the special levy authority for the repayment of indebtedness under section 275.70, subdivision 5, clause (2), in order to levy under section 475.61 to pay fund repayment of the certificates as with a levy that is not subject to levy limits.

(e) For purposes of this section, the following terms have the meanings given:

(1) "Local government" means a statutory or home rule charter city, a town, or a county.

(2) "Receipts" includes the following amounts scheduled to be received by the local government for the fiscal year from:

(i) taxes;

(ii) aid payments previously certified by the state to be paid to the local government;

(iii) state reimbursement payments for property tax credits; and

(iv) any other source.

EFFECTIVE DATE. This section is effective retroactively for taxes payable in 2010 and thereafter.

Sec. 35. Minnesota Statutes 2009 Supplement, section 477A.013, subdivision 8, is amended to read:

Subd. 8. **City formula aid.** ~~(a) In calendar year 2009, the formula aid for a city is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase percentage multiplied by its unmet need.~~

~~(b) In calendar year 2010 and subsequent years,~~ The formula aid for a city is equal to the sum of (1) its city jobs base, (2) its small city aid base, and (3) the need increase percentage multiplied by the average of its unmet need for the most recently available two years.

No city may have a formula aid amount less than zero. The need increase percentage must be the same for all cities.

The applicable need increase percentage must be calculated by the Department of Revenue so that the total of the aid under subdivision 9 equals the total amount available for aid under section 477A.03. ~~For aids payable in 2009 only, all data used in calculating aid to cities under sections 477A.011 to 477A.013 will be based on the data available for calculating aid to cities for aids payable in 2008. For aids payable in 2010 and thereafter, Data used in calculating aids to cities under sections 477A.011 to 477A.013 shall be the most recently available data as of January 1 in the year in which the aid is calculated except as provided in section 477A.011, subdivisions 3 and 35 that the data used to compute "net levy" in subdivision 9 is the data most recently available at the time of the aid computation.~~

EFFECTIVE DATE. This section is effective for aid payable in 2010 and thereafter.

Sec. 36. Minnesota Statutes 2008, section 477A.17, is amended to read:

477A.17 LAKE VERMILION STATE PARK AND SOUDAN UNDERGROUND MINE STATE PARK; ANNUAL PAYMENTS.

(a) Beginning in fiscal year ~~2010~~ 2012, in lieu of the payment amount provided under section 477A.12, subdivision 1, clause (1), the county shall receive an annual payment for land acquired for Lake Vermilion State Park, established in section 85.012, subdivision 38a, and land within the boundary of Soudan Underground Mine State Park, established in section 85.012, subdivision 53a, equal to 1.5 percent of the appraised value of the land.

(b) For the purposes of this section, the appraised value of the land acquired for Lake Vermilion State Park for the first five years after acquisition shall be the purchase price of the land, plus the value of any portion of the land that is acquired by donation. The appraised value must be redetermined by the county assessor every five years after the land is acquired.

(c) The annual payments under this section shall be distributed to the taxing jurisdictions containing the property as follows: one-third to the school districts; one-third to the town; and one-third to the county. The payment to school districts is not a county apportionment under section 127A.34 and is not subject to aid recapture. Each of those taxing jurisdictions may use the payments for their general purposes.

(d) Except as provided in this section, the payments shall be made as provided in sections 477A.11 to 477A.13.

Sec. 37. Laws 2001, First Special Session chapter 5, article 3, section 50, the effective date, as amended by Laws 2009, chapter 86, article 1, section 87, is amended to read:

EFFECTIVE DATE. Clause (22) of this section is effective for taxes levied in 2002, payable in 2003, ~~through taxes levied in 2011, payable in 2012~~ and thereafter. Clause (23) of this section is effective for taxes levied in 2001, payable in 2002, and thereafter.

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

Sec. 38. **FISCAL DISPARITIES STUDY.**

The commissioner of revenue must conduct a study of the metropolitan revenue distribution program contained in Minnesota Statutes, chapter 473F, commonly known as the fiscal disparities program. By February 1, 2012, the commissioner shall submit a report to the chairs and ranking minority members of the house of representatives and senate tax committees consisting of the findings of the study and identification of issues for policy makers to consider. The study must analyze:

(1) the extent to which the benefits of economic growth of the region are shared throughout the region, especially for growth that results from state or regional decisions;

(2) the program's impact on the variability of tax rates across jurisdictions of the region;

(3) the program's impact on the distribution of homestead property tax burdens across jurisdictions of the region; and

(4) the relationship between the impacts of the program and overburden on jurisdictions containing properties that provide regional benefits, specifically the costs those properties impose on their host jurisdictions in excess of their tax payments.

The report must include a description of other property tax, aid, and local development programs that interact with the fiscal disparities program.

EFFECTIVE DATE. This section is effective January 1, 2011.

Sec. 39. FUND TRANSFER FROM FISCAL DISPARITIES LEVY.

For taxes payable in 2011 only, the Metropolitan Council must certify to the Ramsey County auditor the amount of \$100,000, to be certified by the Ramsey County auditor to the administrative auditor as an addition to the Metropolitan Council's areawide levy under Minnesota Statutes, section 473F.08, subdivision 5. Upon receipt of the proceeds of this levy, the Metropolitan Council must transfer this money to the commissioner of revenue to be used to pay for the study required under section 38.

ARTICLE 5

PUBLIC FINANCE; LOCAL DEVELOPMENT

Section 1. Minnesota Statutes 2008, section 103D.335, subdivision 17, is amended to read:

Subd. 17. **Borrowing funds.** The managers may borrow funds from an agency of the federal government, a state agency, a county where the watershed district is located in whole or in part, or a financial institution authorized under chapter 47 to do business in this state. A county board may lend the amount requested by a watershed district. A watershed district may not have more than a total of ~~\$600,000~~ \$2,000,000 in loans from counties and financial institutions under this subdivision outstanding at any time.

Sec. 2. Minnesota Statutes 2008, section 373.40, subdivision 1, is amended to read:

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

(a) "Bonds" means an obligation as defined under section 475.51.

(b) "Capital improvement" means acquisition or betterment of public lands, buildings, or other improvements within the county for the purpose of a county courthouse, administrative building, health or social service facility, correctional facility, jail, law enforcement center, hospital, morgue, library, park, qualified indoor ice arena, roads and bridges, and the acquisition of development rights in the form of conservation easements under chapter 84C. An improvement must have an expected useful life of five years or more to qualify. "Capital improvement" does not include ~~light rail transit or any activity related to it~~ or a recreation or sports facility building (such as, but not limited to, a gymnasium, ice arena, racquet sports facility, swimming pool, exercise room or health spa), unless the building is part of an outdoor park facility and is incidental to the primary purpose of outdoor recreation.

(c) "Metropolitan county" means a county located in the seven-county metropolitan area as defined in section 473.121 or a county with a population of 90,000 or more.

(d) "Population" means the population established by the most recent of the following (determined as of the date the resolution authorizing the bonds was adopted):

(1) the federal decennial census,

(2) a special census conducted under contract by the United States Bureau of the Census, or

(3) a population estimate made either by the Metropolitan Council or by the state demographer under section 4A.02.

(e) "Qualified indoor ice arena" means a facility that meets the requirements of section 373.43.

(f) "Tax capacity" means total taxable market value, but does not include captured market value.

Sec. 3. Minnesota Statutes 2008, section 383B.79, subdivision 5, is amended to read:

Subd. 5. **Financing.** Hennepin County may appropriate funds for any of the activities described in subdivision 1, whether or not state funds are appropriated for the activity. Hennepin County may include any part of the costs of a project described in section 469.002, subdivision 12, in a capital improvement plan adopted under section 373.40, and may issue bonds for such purposes pursuant to and subject to the procedures and limitations set forth in section 373.40, whether or not the capital improvement to be financed is to be owned by the county or any other governmental entity. Such purposes are in addition to the capital improvements described in section 373.40, but shall not include ~~light rail transit, commuter rail, or any activity related to either of those,~~ or a sports facility building designed or used primarily for professional sports. No funds appropriated under this subdivision may be used to pay operating expenses.

Sec. 4. Minnesota Statutes 2008, section 469.101, subdivision 1, is amended to read:

Subdivision 1. **Establishment.** An economic development authority may create and define the boundaries of economic development districts at any place or places within the city ~~if the district satisfies the requirements of section 469.174, subdivision 10,~~ except that the district boundaries must be contiguous, and may use the powers granted in sections 469.090 to 469.108 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.

EFFECTIVE DATE. This section is effective for economic development districts created after the day following final enactment.

Sec. 5. 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 six 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 section 469.1763, regardless of when the request for certification of the district was made.

Sec. 6. Minnesota Statutes 2008, section 469.319, subdivision 5, is amended to read:

Subd. 5. **Waiver authority.** (a) The commissioner may waive all or part of a repayment required under subdivision 1, if the commissioner, in consultation with the commissioner of employment and economic development and appropriate officials from the local government units in which the qualified business is located, determines that requiring repayment of the tax is not in the best interest of the state or the local government units and the business ceased operating as a result of circumstances beyond its control including, but not limited to:

- (1) a natural disaster;
- (2) unforeseen industry trends; or
- (3) loss of a major supplier or customer.

(b)(1) The commissioner shall waive repayment required under subdivision 1a if the commissioner has waived repayment by the operating business under subdivision 1, unless the person that received benefits without having to operate a business in the zone was a contributing factor in the qualified business becoming subject to repayment under subdivision 1;

(2) the commissioner shall waive the repayment required under subdivision 1a, even if the repayment has not been waived for the operating business if:

(i) the person that received benefits without having to operate a business in the zone and the business that operated in the zone are not related parties as defined in section 267(b) of the Internal Revenue Code of 1986, as amended through December 31, 2007; and

(ii) actions of the person were not a contributing factor in the qualified business becoming subject to repayment under subdivision 1.

(c) Requests for waiver must be made no later than 60 days after the notice date of an order issued under subdivision 4, paragraph (d), or, in the case of property taxes, within 60 days of the date of a tax statement issued under subdivision 4, paragraph (c).

EFFECTIVE DATE. This section is effective for waivers requested in response to notices issued after the day following final enactment.

Sec. 7. Minnesota Statutes 2008, section 469.3192, is amended to read:

469.3192 PROHIBITION AGAINST AMENDMENTS TO BUSINESS SUBSIDY AGREEMENT.

(a) Except as authorized under paragraph (b) or section 469.3191, under no circumstance shall terms of any agreement required as a condition for eligibility for benefits listed under section 469.315 be amended to change job creation, job retention, or wage goals included in the agreement.

(b) The commissioner may authorize the local unit of government and qualified business that are parties to a business subsidy agreement to amend the agreement extending the period by one year for the business to meet business subsidy goals if the business met the goals in 2008 but failed to meet the goals in 2009 due to economic or business conditions.

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

Sec. 8. Minnesota Statutes 2008, section 469.3193, is amended to read:

469.3193 CERTIFICATION OF CONTINUING ELIGIBILITY FOR JOBZ BENEFITS.

(a) By ~~December 4~~ October 15 of each year, every qualified business must certify to the commissioner of revenue, on a form prescribed by the commissioner of revenue, whether it is in compliance with any agreement required as a condition for eligibility for benefits listed under section 469.315. A business that fails to submit the certification, or any business, including those still operating in the zone, that submits a certification that the commissioner of revenue later determines materially misrepresents the business's compliance with the agreement, is subject to the repayment provisions under section 469.319 from January 1 of the year in which the report is due or the date that the business became subject to section 469.319, whichever is earlier. Any such business is permanently barred from obtaining benefits under section 469.315. For purposes of this section, the bar applies to an entity and also applies to any individuals or entities that have an ownership interest of at least 20 percent of the entity.

(b) Before the sanctions under paragraph (a) apply to a business that fails to submit the certification, the commissioner of revenue shall send notice to the business, demanding that the certification be submitted within 30 days and advising the business of the consequences for failing to do so. The commissioner of revenue shall notify the commissioner of employment and economic development and the appropriate job opportunity subzone administrator whenever notice is sent to a business under this paragraph.

(c) The certification required under this section is public.

(d) The commissioner of revenue shall promptly notify the commissioner of employment and economic development of all businesses that certify that they are not in compliance with the terms of their business subsidy agreement and all businesses that fail to file the certification.

EFFECTIVE DATE. This section is effective for certifications required to be made in 2010 and thereafter.

Sec. 9. Minnesota Statutes 2008, section 473.39, is amended by adding a subdivision to read:

Subd. 1p. **Obligations.** After July 1, 2010, in addition to other authority in this section, the council may issue certificates of indebtedness, bonds, or other obligations under this section in an amount not exceeding \$34,600,000 for capital expenditures as prescribed in the council's transit

capital improvement program and for related costs, including the costs of issuance and sale of the obligations.

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

Sec. 10. Minnesota Statutes 2008, section 474A.04, subdivision 6, is amended to read:

Subd. 6. **Entitlement transfers.** An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to bonding authority allocated to the original entitlement issuer under this section. An entitlement issuer may enter into an agreement with an issuer which is not an entitlement issuer whereby the recipient issuer issues qualified mortgage bonds, up to \$100,000 of which are issued pursuant to bonding authority allocated to the original entitlement issuer under this section. The agreement may be approved and executed by the mayor of the entitlement issuer with or without approval or review by the city council. Notwithstanding section 474A.091, subdivision 4, prior to December 1, the Minnesota Housing Finance Agency, Minnesota Office of Higher Education, and Minnesota Rural Finance Authority may transfer allocated bonding authority made available under this chapter to one another under an agreement by each agency and the commissioner.

Sec. 11. Minnesota Statutes 2008, section 474A.091, subdivision 3, is amended to read:

Subd. 3. **Allocation procedure.** (a) The commissioner shall allocate available bonding authority under this section on the Monday of every other week beginning with the first Monday in August through and on the last Monday in November. Applications for allocations must be received by the department by 4:30 p.m. on the Monday preceding the Monday on which allocations are to be made. If a Monday falls on a holiday, the allocation will be made or the applications must be received by the next business day after the holiday.

(b) Prior to October 1, only the following applications shall be awarded allocations from the unified pool. Allocations shall be awarded in the following order of priority:

- (1) applications for residential rental project bonds;
- (2) applications for small issue bonds for manufacturing projects; and
- (3) applications for small issue bonds for agricultural development bond loan projects.

(c) On the first Monday in October through the last Monday in November, allocations shall be awarded from the unified pool in the following order of priority:

- (1) applications for student loan bonds issued by or on behalf of the Minnesota Office of Higher Education;
- (2) applications for mortgage bonds;
- (3) applications for public facility projects funded by public facility bonds;
- (4) applications for small issue bonds for manufacturing projects;
- (5) applications for small issue bonds for agricultural development bond loan projects;
- (6) applications for residential rental project bonds;

- (7) applications for enterprise zone facility bonds;
- (8) applications for governmental bonds; and
- (9) applications for redevelopment bonds.

(d) If there are two or more applications for manufacturing projects from the unified pool and there is insufficient bonding authority to provide allocations for all manufacturing projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for manufacturing projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(e) If there are two or more applications for enterprise zone facility projects from the unified pool and there is insufficient bonding authority to provide allocations for all enterprise zone facility projects in any one allocation period, the available bonding authority shall be awarded based on the number of points awarded a project under section 474A.045 with those projects receiving the greatest number of points receiving allocation first. If two or more applications for enterprise zone facility projects receive an equal amount of points, available bonding authority shall be awarded by lot unless otherwise agreed to by the respective issuers.

(f) If there are two or more applications for residential rental projects from the unified pool and there is insufficient bonding authority to provide allocations for all residential rental projects in any one allocation period, the available bonding authority shall be awarded in the following order of priority: (1) projects that preserve existing federally subsidized housing; (2) projects that are not restricted to persons who are 55 years of age or older; and (3) other residential rental projects.

(g) From the first Monday in August through the last Monday in November, \$20,000,000 of bonding authority or an amount equal to the total annual amount of bonding authority allocated to the small issue pool under section 474A.03, subdivision 1, less the amount allocated to issuers from the small issue pool for that year, whichever is less, is reserved within the unified pool for small issue bonds to the extent such amounts are available within the unified pool.

(h) The total amount of allocations for mortgage bonds from the housing pool and the unified pool may not exceed:

- (1) \$10,000,000 for any one city; or
- (2) \$20,000,000 for any number of cities in any one county.

(i) The total amount of allocations for student loan bonds from the unified pool may not exceed ~~\$10,000,000~~ \$25,000,000 per year.

(j) If there is insufficient bonding authority to fund all projects within any qualified bond category other than enterprise zone facility projects, manufacturing projects, and residential rental projects, allocations shall be awarded by lot unless otherwise agreed to by the respective issuers.

(k) If an application is rejected, the commissioner must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.

(1) The granting of an allocation of bonding authority under this section must be evidenced by issuance of a certificate of allocation.

Sec. 12. Laws 2010, chapter 216, section 3, is amended by adding a subdivision to read:

Subd. 3a. **Authority.** "Authority" means a housing and redevelopment authority or economic development authority created pursuant to section 469.003, 469.004, or 469.091, or another entity authorized by law to exercise the powers of an authority created pursuant to one of those sections.

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

Sec. 13. Laws 2010, chapter 216, section 3, is amended by adding a subdivision to read:

Subd. 3b. **Implementing entity.** "Implementing entity" means the local government or an authority designated by the local government by resolution to implement and administer programs described in section 216C.436.

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

Sec. 14. Laws 2010, chapter 216, section 3, subdivision 6, is amended to read:

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 implementing entity has determined, after review of an energy audit or renewable energy system feasibility study, can be benefited by installation of energy improvements.

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

Sec. 15. Laws 2010, chapter 216, section 4, subdivision 1, is amended to read:

Subdivision 1. **Program authority.** ~~A local government~~ An implementing entity 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~~ An implementing entity may limit the number of qualifying real properties for which a property owner may receive program financing.

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

Sec. 16. Laws 2010, chapter 216, section 4, subdivision 2, is amended to read:

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~~ implementing entity 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~~ implementing entity 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 to the implementing entity 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.

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

Sec. 17. Laws 2010, chapter 216, section 4, subdivision 4, is amended to read:

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~~ implementing entity, 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.

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

Sec. 18. Laws 2010, chapter 216, section 4, subdivision 6, is amended to read:

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

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

Sec. 19. Laws 2010, chapter 216, section 4, subdivision 7, is amended to read:

Subd. 7. **Repayment.** A ~~local government financing~~ An implementing entity that finances 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.

If the implementing entity is an authority, the local government that authorized the authority to act as implementing entity shall impose and collect special assessments necessary to pay debt service on bonds issued by the implementing entity under subdivision 8, and shall transfer all collections of the assessments upon receipt to the authority.

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

Sec. 20. Laws 2010, chapter 216, section 4, subdivision 8, is amended to read:

Subd. 8. **Bond issuance; repayment.** (a) ~~A local government~~ An implementing entity 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 implementing entity that issued the bonds to pay principal or interest on the bonds, and if the implementing entity is an authority, no holder of the bonds 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 issuer or any 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. 21. Laws 2010, chapter 216, section 58, is amended to read:

Sec. 58. 2010 DISTRIBUTIONS ONLY.

For distributions in 2010 only, a special fund is established to receive 28.757 cents per ton that otherwise would be allocated under Minnesota Statutes, section 298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the specific purposes:

- (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 land purchase, provided that if the city sells or otherwise disposes of any of the land purchased with the money provided under this clause within a period of ten years after it was purchased, the city must transfer a portion of the proceeds of the sale equal to the amount of the purchase price paid from the money provided under this clause to the commissioner of Iron Range Resources and Rehabilitation for deposit in the taconite environmental protection fund to be used for the purposes of the fund under Minnesota Statutes, section 298.223;
- (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 retroactively from the day following final enactment.

EFFECTIVE DATE. This section is effective retroactively from April 2, 2010.

Sec. 22. CITY OF LANDFALL VILLAGE; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for Tax Increment Financing District No. 1-1 in the city of Landfall Village if the activities were undertaken within eight years from the date of certification of the district.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Landfall with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 23. CITY OF RAMSEY; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

(a) If the city of Ramsey or an authority of the city elects upon the adoption of a tax increment financing plan for a district, the rules under this section apply to a redevelopment tax increment financing district established by the city or an authority of the city. The redevelopment tax increment district includes parcels within the area bounded on the North by Bunker Lake Boulevard as extended West to Llama Street, on the West by Llama Street, and on the south by a line running parallel to and 600 feet south of the southerly right-of-way for U.S. Highway 10, but including Parcels 28-32-25-43-0007 and 28-32-25-34-0002 in their entirety, and excluding the Anoka County Regional Park property in its entirety. A parcel within this area that is included in a tax increment financing district that was certified before the date of enactment of this act may be included in the district created under this act if the initial district is decertified.

(b) The requirements for qualifying a redevelopment tax increment district under Minnesota Statutes, section 469.174, subdivision 10, do not apply to the parcels located within the district.

(c) In addition to the costs permitted by Minnesota Statutes, section 469.176, subdivision 4j, eligible expenditures within the district include the city's share of the costs necessary to provide for the construction of the Northstar Transit Station and related infrastructure, including structured parking, a pedestrian overpass, and roadway improvements.

(d) The five-year rule under Minnesota Statutes, section 469.1763, subdivision 3, does not apply to a district established under this section.

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

Sec. 24. CITY OF WAYZATA; TAX INCREMENT FINANCING DISTRICT; SPECIAL RULES.

Subdivision 1. **First receipt extended.** Notwithstanding Minnesota Statutes, section 469.175, subdivision 1, paragraph (b), the city of Wayzata may modify the tax increment financing plan for Redevelopment Tax Increment Financing District No. 5 to change the first year in which it elects to receive increment, up to nine years following the year of approval of the district. Minnesota Statutes, section 469.175, subdivision 4, paragraph (b), does not apply to such modification of the tax increment financing plan.

Subd. 2. **Five-year rule.** The requirement of Minnesota Statutes, section 469.1763, subdivision 3, that activities must be undertaken within a five-year period from the date of certification of a tax increment financing district, is considered to be met for Redevelopment Tax Increment Financing District No. 5 in the city of Wayzata if the activities were undertaken within ten years from the date of certification of the district.

Subd. 3. **Parcels deemed occupied.** Any parcel in Redevelopment Tax Increment Financing District No. 5 in the city of Wayzata is deemed to meet the requirements of Minnesota Statutes, section 469.174, subdivision 10, paragraph (d), clause (1), if the following conditions are met:

(1) a building on the parcel was demolished by a developer or the city after the city council found the building to be structurally substandard upon approval of original tax increment financing plan for the district; and

(2) the city decertifies Redevelopment Tax Increment Financing District No. 5, but files a request with the county auditor for certification of the parcel as part of a subsequent redevelopment or renewal and renovation district within ten years after the date of demolition.

EFFECTIVE DATE. This section is effective upon compliance by the governing body of the city of Wayzata with the requirements of Minnesota Statutes, section 645.021, subdivision 3.

Sec. 25. **APPLICATION.**

Section 7 applies in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington.

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

Sec. 26. **REVISOR'S INSTRUCTION.**

The revisor of statutes shall code section 19 as Minnesota Statutes, section 298.2961, subdivision 7.

Sec. 27. **REPEALER.**

Laws 2010, chapter 215, article 9, section 3, is repealed.

ARTICLE 6

CONDITIONAL USE DEEDS

Section 1. Minnesota Statutes 2008, section 282.01, subdivision 1, is amended to read:

Subdivision 1. **Classification as conservation or nonconservation.** ~~It is the general policy of this state to encourage the best use of tax forfeited lands, recognizing~~ (a) When acting on behalf of the state under laws allowing the county board to classify and manage tax-forfeited lands held

by the state in trust for the local units as provided in section 281.25, the county board has the discretion to decide that some lands in public ownership should be retained and managed for public benefits while other lands should be returned to private ownership. Parcels of land becoming the property of the state in trust under law declaring the forfeiture of lands to the state for taxes must be classified by the county board of the county in which the parcels lie as conservation or nonconservation. In making the classification the board shall consider the present use of adjacent lands, the productivity of the soil, the character of forest or other growth, accessibility of lands to established roads, schools, and other public services, their peculiar suitability or desirability for particular uses, and the suitability of the forest resources on the land for multiple use, and sustained yield management. The classification, furthermore, must: (1) encourage and foster a mode of land utilization that will facilitate the economical and adequate provision of transportation, roads, water supply, drainage, sanitation, education, and recreation; (2) facilitate reduction of governmental expenditures; (3) conserve and develop the natural resources; and (4) foster and develop agriculture and other industries in the districts and places best suited to them.

~~In making the classification the county board may use information made available by any office or department of the federal, state, or local governments, or by any other person or agency possessing pertinent information at the time the classification is made. The lands may be reclassified from time to time as the county board considers necessary or desirable, except for conservation lands held by the state free from any trust in favor of any taxing district.~~

~~If the lands are located within the boundaries of an organized town, with taxable valuation in excess of \$20,000, or incorporated municipality, the classification or reclassification and sale must first be approved by the town board of the town or the governing body of the municipality in which the lands are located. The town board of the town or the governing body of the municipality is considered to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within 60 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body desires to acquire any parcel lying in the town or municipality by procedures authorized in this section, it must file a written application with the county board to withhold the parcel from public sale. The application must be filed within 60 days of the request for classification or reclassification and sale. The county board shall then withhold the parcel from public sale for six months. A municipality or governmental subdivision shall pay maintenance costs incurred by the county during the six-month period while the property is withheld from public sale, provided the property is not offered for public sale after the six-month period. A clerical error made by county officials does not serve to eliminate the request of the town board or governing body if the board or governing body has forwarded the application to the county auditor. If the town board or governing body of the municipality fails to submit an application and a resolution of the board or governing body to acquire the property within the withholding period, the county may offer the property for sale upon the expiration of the withholding period.~~

(b) Whenever the county board deems it appropriate, the board may hold a meeting for the purpose of reclassifying tax-forfeited land that has not been sold or released from the trust. The criteria and procedures for reclassification are the same as those required for an initial classification.

(c) Prior to meeting for the purpose of classifying or reclassifying tax-forfeited lands, the county board must give notice of its intent to meet for that purpose as provided in this paragraph. The notice must be given no more than 90 days and no less than 60 days before the date of the meeting; provided

that if the meeting is rescheduled, notice of the new date, time, and location must be given at least 14 days before the date of the rescheduled meeting. The notice must be posted on a Web site. The notice must also be mailed or otherwise delivered to each person who has filed a request for notice of special meetings with the public body, regardless of whether the matter is considered at a regular or special meeting. The notice must be mailed or delivered at least 60 days before the date of the meeting. If the meeting is rescheduled, notice of the new date, time, and location must be mailed or delivered at least 14 days before the date of the rescheduled meeting. The public body shall publish the notice once, at least 30 days before the meeting, in a newspaper of general circulation within the area of the public body's authority. The board must also mail a notice by electronic means to each person who requests notice of meetings dealing with this subject and who agrees as provided in chapter 325L to accept notice that is mailed by electronic means. Receipt of actual notice under the conditions specified in section 13D.04, subdivision 7, satisfies the notice requirements of this paragraph.

The board may classify or reclassify tax-forfeited lands at any regular or special meeting, as those terms are defined in chapter 13D, and may conduct only this business, or this business as well as other business or activities at the meeting.

(d) At the meeting, the county board must allow any person or agency possessing pertinent information to make or submit comments and recommendations about the pending classification or reclassification. In addition, representatives of governmental entities in attendance must be allowed to describe plans, ideas, or projects that may involve use or acquisition of the property by that or another governmental entity. The county board must solicit and consider any relevant components of current municipal or metropolitan comprehensive land use plans that incorporate the area in which the land is located. After allowing testimony, the board may classify, reclassify, or delay taking action on any parcel or parcels. In order for a state agency or a governmental subdivision of the state to preserve its right to request a purchase or other acquisition of a forfeited parcel, it may, at any time following forfeiture, file a written request to withhold the parcel from sale or lease to others under the provisions of subdivision 1a.

(e) When classifying, reclassifying, appraising, and selling lands under this chapter, the county board may designate the tracts as assessed and acquired, or may by resolution provide for the subdivision of the tracts into smaller units or for the grouping of several tracts into one tract when the subdivision or grouping is deemed advantageous for conservation or sale purposes. This paragraph does not authorize the county board to subdivide a parcel or tract of tax-forfeited land that, as assessed and acquired, is withheld from sale under section 282.018, subdivision 1.

(f) A county board may by resolution elect to use the classification and reclassification procedures provided in paragraphs (g), (h), and (i), instead of the procedures provided in paragraphs (b), (c), and (d). Once an election is made under this paragraph, it is effective for a minimum of five years.

(g) The classification or reclassification of tax-forfeited land that has not been sold or released from the trust may be made by the county board using information made available to it by any office or department of the federal, state, or local governments, or by any other person or agency possessing pertinent information at the time the classification is made.

(h) If the lands are located within the boundaries of an organized town or incorporated municipality, a classification or reclassification and sale must first be approved by the town board

of the town or the governing body of the municipality in which the lands are located. The town board of the town or the governing body of the municipality is considered to have approved the classification or reclassification and sale if the county board is not notified of the disapproval of the classification or reclassification and sale within 60 days of the date the request for approval was transmitted to the town board of the town or governing body of the municipality. If the town board or governing body disapproves of the classification or reclassification and sale, the county board must follow the procedures in paragraphs (c) and (d), with regard to the parcel, and must additionally cause to be published in a newspaper a notice of the date, time, location, and purpose of the required meeting.

(i) If a town board or a governing body of a municipality or a park and recreation board in a city of the first class desires to acquire any parcel lying in the town or municipality by procedures authorized in this section, it may file a written request under subdivision 1a, paragraph (a).

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 2. Minnesota Statutes 2008, section 282.01, subdivision 1a, is amended to read:

Subd. 1a. **Conveyance; generally to public entities.** (a) Upon written request from a state agency or a governmental subdivision of the state, a parcel of unsold tax-forfeited land must be withheld from sale or lease to others for a maximum of six months. The request must be submitted to the county auditor. Upon receipt, the county auditor must withhold the parcel from sale or lease to any other party for six months, and must confirm the starting date of the six-month withholding period to the requesting agency or subdivision. If the request is from a governmental subdivision of the state, the governmental subdivision must pay the maintenance costs incurred by the county during the period the parcel is withheld. The county board may approve a sale or conveyance to the requesting party during the withholding period. A conveyance of the property to the requesting party terminates the withholding period.

A governmental subdivision of the state must not make, and a county auditor must not act upon, a second request to withhold a parcel from sale or lease within 18 months of a previous request for that parcel. A county may reject a request made under this paragraph if the request is made more than 30 days after the county has given notice to the requesting state agency or governmental subdivision of the state that the county intends to sell or otherwise dispose of the property.

(b) Nonconservation tax-forfeited lands may be sold by the county board, for their market value as determined by the county board, to an organized or incorporated governmental subdivision of the state for any public purpose for which the subdivision is authorized to acquire property or. When the term "market value" is used in this section, it means an estimate of the full and actual market value of the parcel as determined by the county board, but in making this determination, the board and the persons employed by or under contract with the board in order to perform, conduct, or assist in the determination, are exempt from the licensure requirements of chapter 82B.

(c) Nonconservation tax-forfeited lands may be released from the trust in favor of the taxing districts on application of to the county board by a state agency for an authorized use at not less than their market value as determined by the county board.

(d) Nonconservation tax-forfeited lands may be sold by the county board to an organized or incorporated governmental subdivision of the state or state agency for less than their market value if:

(1) the county board determines that a sale at a reduced price is in the public interest because a reduced price is necessary to provide an incentive to correct the blighted conditions that make the lands undesirable in the open market, or the reduced price will lead to the development of affordable housing; and

(2) the governmental subdivision or state agency has documented its specific plans for correcting the blighted conditions or developing affordable housing, and the specific law or laws that empower it to acquire real property in furtherance of the plans.

If the sale under this paragraph is to a governmental subdivision of the state, the commissioner of revenue must convey the property on behalf of the state by quit claim deed. If the sale under this paragraph is to a state agency, the commissioner must issue a conveyance document that releases the property from the trust in favor of the taxing districts.

(e) Nonconservation tax-forfeited land held in trust in favor of the taxing districts may be conveyed by the commissioner of revenue ~~may convey by deed~~ in the name of the state ~~a tract of tax forfeited land held in trust in favor of the taxing districts~~ to a governmental subdivision for an authorized public use, if an application is submitted to the commissioner which includes a statement of facts as to the use to be made of the tract ~~and the need therefor~~ and the favorable recommendation of the county board. For the purposes of this paragraph, "authorized public use" means a use that allows an indefinite segment of the public to physically use and enjoy the property in numbers appropriate to its size and use, or is for a public service facility. Authorized public uses as defined in this paragraph are limited to:

(1) a road, or right-of-way for a road;

(2) a park that is both available to, and accessible by, the public that contains amenities such as campgrounds, playgrounds, athletic fields, trails, or shelters;

(3) trails for walking, bicycling, snowmobiling, or other recreational purposes, along with a reasonable amount of surrounding land maintained in its natural state;

(4) transit facilities for buses, light rail transit, commuter rail or passenger rail, including transit ways, park-and-ride lots, transit stations, maintenance and garage facilities, and other facilities related to a public transit system;

(5) public beaches or boat launches;

(6) public parking;

(7) civic recreation or conference facilities; and

(8) public service facilities such as fire halls, police stations, lift stations, water towers, sanitation facilities, water treatment facilities, and administrative offices.

No monetary compensation or consideration is required for the conveyance, except as provided in subdivision 1g, but the conveyance is subject to the conditions provided in law, including, but not limited to, the reversion provisions of subdivisions 1c and 1d.

(f) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited land to a local governmental subdivision of the state by quit claim deed on behalf of the state upon the favorable recommendation of the county board if the governmental subdivision has certified to the

board that prior to forfeiture the subdivision was entitled to the parcel under a written development agreement or instrument, but the conveyance failed to occur prior to forfeiture. No compensation or consideration is required for, and no conditions attach to, the conveyance.

(g) The commissioner of revenue shall convey a parcel of nonconservation tax-forfeited land to the association of a common interest community by quit claim deed upon the favorable recommendation of the county board if the association certifies to the board that prior to forfeiture the association was entitled to the parcel under a written agreement, but the conveyance failed to occur prior to forfeiture. No compensation or consideration is required for, and no conditions attach to, the conveyance.

(h) Conservation tax-forfeited land may be sold to a governmental subdivision of the state for less than its market value for either: (1) creation or preservation of wetlands; (2) drainage or storage of storm water under a storm water management plan; or (3) preservation, or restoration and preservation, of the land in its natural state. The deed must contain a restrictive covenant limiting the use of the land to one of these purposes for 30 years or until the property is reconveyed back to the state in trust. At any time, the governmental subdivision may reconvey the property to the state in trust for the taxing districts. The deed of reconveyance is subject to approval by the commissioner of revenue. No part of a purchase price determined under this paragraph shall be refunded upon a reconveyance, but the amount paid for a conveyance under this paragraph may be taken into account by the county board when setting the terms of a future sale of the same property to the same governmental subdivision under paragraph (b) or (d). If the lands are unplatted and located outside of an incorporated municipality and the commissioner of natural resources determines there is a mineral use potential, the sale is subject to the approval of the commissioner of natural resources.

(i) A park and recreation board in a city of the first class is a governmental subdivision for the purposes of this section.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 3. Minnesota Statutes 2008, section 282.01, subdivision 1b, is amended to read:

Subd. 1b. **Conveyance; targeted neighborhood community lands.** ~~(a)~~ Notwithstanding subdivision 1a, in the case of tax-forfeited lands located in a targeted neighborhood, as defined in section 469.201, subdivision 10 community in a city of the first class, the commissioner of revenue shall convey by quit claim deed in the name of the state any tract of tax-forfeited land held in trust in favor of the taxing districts, to a political subdivision of the state that submits an application to the commissioner of revenue and the favorable recommendation of the county board. For purposes of this subdivision, the term "targeted community" has the meaning given in section 469.201, subdivision 10, except that the land must be located within a first class city.

~~(b) The application under paragraph (a) must include a statement of facts as to the use to be made of the tract, the need therefor, and a resolution, adopted by the governing body of the political subdivision, finding that the conveyance of a tract of tax forfeited land to the political subdivision is necessary to provide for the redevelopment of land as productive taxable property. Deeds of conveyance issued under paragraph (a) are not conditioned on continued use of the property for the use stated in the application.~~

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 4. Minnesota Statutes 2008, section 282.01, subdivision 1c, is amended to read:

Subd. 1c. **Deed of conveyance; form; approvals.** The deed of conveyance for property conveyed for a an authorized public use under the authorities in subdivision 1a, paragraph (e), must be on a form approved by the attorney general and must be conditioned on continued use for the purpose stated in the application as provided in this section. These deeds are conditional use deeds that convey a defeasible estate. Reversion of the estate occurs by operation of law and without the requirement for any affirmative act by or on behalf of the state when there is a failure to put the property to the approved authorized public use for which it was conveyed, or an abandonment of that use, except as provided in subdivision 1d.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 5. Minnesota Statutes 2008, section 282.01, subdivision 1d, is amended to read:

Subd. 1d. **Reverter for failure to use; conveyance to state.** (a) If after three years from the date of the conveyance a governmental subdivision to which tax-forfeited land has been conveyed for a specified an authorized public use as provided in this section subdivision 1a, paragraph (e), fails to put the land to that use, or abandons that use, the governing body of the subdivision may, must: (1) with the approval of the county board, purchase the property for an authorized public purpose at the present appraised market value as determined by the county board. In that case, the commissioner of revenue shall, upon proper written application approved by the county board, issue an appropriate deed to the subdivisions free of a use restriction and reverter. The governing body may also, or (2) authorize the proper officers to convey the land, or the part of the land not required for an authorized public use, to the state of Minnesota, in trust for the taxing districts. If the governing body purchases the property under clause (1), the commissioner of revenue shall, upon proper application submitted by the county auditor, convey the property on behalf of the state by quit claim deed to the subdivision free of a use restriction and the possibility of reversion or defeasement. If the governing body decides to reconvey the property to the state under this clause, the officers shall execute a deed of conveyance immediately. The conveyance is subject to the approval of the commissioner and its form must be approved by the attorney general. A sale, lease, transfer, or other conveyance of tax-forfeited lands by a housing and redevelopment authority, a port authority, an economic development authority, or a city as authorized by chapter 469 is not an abandonment of use and the lands shall not be reconveyed to the state nor shall they revert to the state. A certificate made by a housing and redevelopment authority, a port authority, an economic development authority, or a city referring to a conveyance by it and stating that the conveyance has been made as authorized by chapter 469 may be filed with the county recorder or registrar of titles, and the rights of reverter in favor of the state provided by subdivision 1e will then terminate. No vote of the people is required for the conveyance. For the purposes of this paragraph, there is no failure to put the land to the authorized public use and no abandonment of that use if a formal plan of the governmental subdivision, including, but not limited to, a comprehensive plan or land use plan that shows an intended future use of the land for the authorized public use.

(b) Property held by a governmental subdivision of the state under a conditional use deed executed under subdivision 1a, paragraph (e), by the commissioner of revenue on or after January 1, 2007, may be acquired by that governmental subdivision after 15 years from the date of the conveyance if the commissioner determines upon written application from the subdivision that the subdivision has in fact put the property to the authorized public use for which it was conveyed, and the subdivision has made a finding that it has no current plans to change the use of the lands. Prior

to conveying the property, the commissioner shall inquire whether the county board where the land is located objects to a conveyance of the property to the subdivision without conditions and without further act by or obligation of the subdivision. If the county does not object within 60 days, and the commissioner makes a favorable determination, the commissioner shall issue a quit claim deed on behalf of the state unconditionally conveying the property to the governmental subdivision. For purposes of this paragraph, demonstration of an intended future use for the authorized public use in a formal plan of the governmental subdivision does not constitute use for that authorized public use.

(c) Property held by a governmental subdivision of the state under a conditional use deed executed under subdivision 1a, paragraph (e), by the commissioner of revenue before January 1, 2007, is released from the use restriction and possibility of reversion on January 1, 2022, if the county board records a resolution describing the land and citing this paragraph. The county board may authorize the county treasurer to deduct the amount of the recording fees from future settlements of property taxes to the subdivision.

(d) All property conveyed under a conditional use deed executed under subdivision 1a, paragraph (e), by the commissioner of revenue is released from the use restriction and reverter, and any use restriction or reverter for which no declaration of reversion has been recorded with the county recorder or registrar of titles, as appropriate, is nullified on the later of: (1) January 1, 2015; (2) 30 years from the date the deed was acknowledged; or (3) final resolution of an appeal to district court under subdivision 1e, if a lis pendens related to the appeal is recorded in the office of the county recorder or registrar of titles, as appropriate, prior to January 1, 2015.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 6. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision to read:

Subd. 1g. **Conditional use deed fees.** (a) A governmental subdivision of the state applying for a conditional use deed under subdivision 1a, paragraph (e), must submit a fee of \$250 to the commissioner of revenue along with the application. If the application is denied, the commissioner shall refund \$150 of the application fee.

(b) The proceeds from the fees must be deposited in a Department of Revenue conditional use deed revolving fund. The sums deposited into the revolving fund are appropriated to the commissioner of revenue for the purpose of making the refunds described in this subdivision, and administering conditional use deed laws.

EFFECTIVE DATE. This section is effective for applications received by the commissioner after June 30, 2010.

Sec. 7. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision to read:

Subd. 1h. **Conveyance; form.** The instruments of conveyance executed and issued by the commissioner of revenue under subdivision 1a, paragraphs (c), (d), (e), (f), (g), and (h), and subdivision 1d, paragraph (b), must be on a form approved by the attorney general and are prima facie evidence of the facts stated therein and that the execution and issuance of the conveyance complies with the applicable laws.

EFFECTIVE DATE. This section is effective for deeds executed by the commissioner of revenue after June 30, 2010.

Sec. 8. Minnesota Statutes 2008, section 282.01, subdivision 2, is amended to read:

Subd. 2. **Conservation lands; county board supervision.** (a) Lands classified as conservation lands, unless reclassified as nonconservation lands, sold to a governmental subdivision of the state, designated as lands primarily suitable for forest production and sold as hereinafter provided, or released from the trust in favor of the taxing districts, as herein provided, will must be held under the supervision of the county board of the county within which such the parcels lie, and must not be conveyed or sold unless the lands are:

~~The county board may, by resolution duly adopted, declare lands classified as conservation lands as primarily suitable for timber production and as lands which should be placed in private ownership for such purposes. If such action be approved by the commissioner of natural resources, the lands so designated, or any part thereof, may be sold by the county board in the same manner as provided for the sale of lands classified as nonconservation lands. Such county action and the approval of the commissioner shall be limited to lands lying within areas zoned for restricted uses under the provisions of Laws 1939, chapter 340, or any amendments thereof.~~

- (1) reclassified as nonconservation lands;
- (2) conveyed to a governmental subdivision of the state under subdivision 1a;
- (3) released from the trust in favor of the taxing districts as provided in paragraph (b); or
- (4) conveyed or sold under the authority of another general or special law.

(b) The county board may, by resolution duly adopted, resolve that certain lands classified as conservation lands shall be devoted to conservation uses and may submit such a resolution to the commissioner of natural resources. If, upon investigation, the commissioner of natural resources determines that the lands covered by such the resolution, or any part thereof, can be managed and developed for conservation purposes, the commissioner shall make a certificate describing the lands and reciting the acceptance thereof on behalf of the state for such purposes. The commissioner shall transmit the certificate to the county auditor, who shall note the same upon the auditor's records and record the same with the county recorder. The title to all lands so accepted shall be held by the state free from any trust in favor of any and all taxing districts and such the lands shall be devoted thereafter to the purposes of forestry, water conservation, flood control, parks, game refuges, controlled game management areas, public shooting grounds, or other public recreational or conservation uses, and managed, controlled, and regulated for such purposes under the jurisdiction of the commissioner of natural resources and the divisions of the department.

(c) All proceeds derived from the sale of timber, lease of crops of hay, or other revenue from lands under the jurisdiction of the commissioner of natural resources shall be credited to the general fund of the state.

~~In case~~ (d) If the commissioner of natural resources shall determine determines that any tract of land so held acquired by the state under paragraph (b) and situated within or adjacent to the boundaries of any governmental subdivision of the state is suitable for use by such the subdivision for any authorized public purpose, the commissioner may convey such the tract by deed in the name of the state to such the subdivision upon the filing with the commissioner of a resolution adopted by a majority vote of all the members of the governing body thereof, stating the purpose for which the land is desired. The deed of conveyance shall be upon a form approved by the attorney general

~~and must be conditioned upon continued use for the purpose stated in the resolution. All proceeds derived from the sale of timber, lease of hay stumpage, or other revenue from such lands under the jurisdiction of the natural resources commissioner shall be paid into the general fund of the state.~~

(e) The county auditor, with the approval of the county board, may lease conservation lands remaining under the ~~jurisdiction~~ supervision of the county board and sell timber and hay stumpage thereon in the manner hereinafter provided, and all proceeds derived therefrom shall be distributed in the same manner as provided in section 282.04.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 9. Minnesota Statutes 2008, section 282.01, subdivision 3, is amended to read:

Subd. 3. **Nonconservation lands; appraisal and sale.** (a) All parcels of land classified as nonconservation, except those which may be reserved, shall be sold as provided, if it is determined, by the county board of the county in which the parcels lie, that it is advisable to do so, having in mind their accessibility, their proximity to existing public improvements, and the effect of their sale and occupancy on the public burdens. Any parcels of land proposed to be sold shall be first appraised by the county board of the county in which the parcels lie. The parcels may be reappraised whenever the county board deems it necessary to carry out the intent of sections 282.01 to 282.13.

(b) In an appraisal the value of the land and any standing timber on it shall be separately determined. No parcel of land containing any standing timber may be sold until the appraised value of the timber on it and the sale of the land have been approved by the commissioner of natural resources. The commissioner shall base review of a proposed sale on the policy and considerations specified in subdivision 1. The decision of the commissioner shall be in writing and shall state the reasons for it. The commissioner's decision is exempt from the rulemaking provisions of chapter 14 and section 14.386 does not apply. The county may appeal the decision of the commissioner in accordance with chapter 14.

(c) In any county in which a state forest or any part of it is located, the county auditor shall submit to the commissioner at least 60 days before the first publication of the list of lands to be offered for sale a list of all lands included on the list which are situated outside of any incorporated municipality. If, at any time before the opening of the sale, the commissioner notifies the county auditor in writing that there is standing timber on any parcel of such land, the parcel shall not be sold unless the requirements of this section respecting the separate appraisal of the timber and the approval of the appraisal by the commissioner have been complied with. The commissioner may waive the requirement of the 60-day notice as to any parcel of land which has been examined and the timber value approved as required by this section.

(d) If any public improvement is made by a municipality after any parcel of land has been forfeited to the state for the nonpayment of taxes, and the improvement is assessed in whole or in part against the property benefited by it, the clerk of the municipality shall certify to the county auditor, immediately upon the determination of the assessments for the improvement, the total amount that would have been assessed against the parcel of land if it had been subject to assessment; or if the public improvement is made, petitioned for, ordered in or assessed, whether the improvement is completed in whole or in part, at any time between the appraisal and the sale of the parcel of land, the cost of the improvement shall be included as a separate item and added to the appraised value of the parcel of land at the time it is sold. No sale of a parcel of land shall discharge or free the parcel of land from lien for the special benefit conferred upon it by reason of the public improvement until

the cost of it, including penalties, if any, is paid. The county board shall determine the amount, if any, by which the value of the parcel was enhanced by the improvement and include the amount as a separate item in fixing the appraised value for the purpose of sale. ~~In classifying, appraising, and selling the lands, the county board may designate the tracts as assessed and acquired, or may by resolution provide for the subdivision of the tracts into smaller units or for the grouping of several tracts into one tract when the subdivision or grouping is deemed advantageous for the purpose of sale. Each such smaller tract or larger tract must be classified and appraised as such before being offered for sale. If any such lands have once been classified, the board of county commissioners, in its discretion, may, by resolution, authorize the sale of the smaller tract or larger tract without reclassification.~~

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 10. Minnesota Statutes 2008, section 282.01, subdivision 4, is amended to read:

Subd. 4. **Sale: method, requirements, effects.** The sale authorized under subdivision 3 must be conducted by the county auditor at the county seat of the county in which the parcels lie, except that in St. Louis and Koochiching Counties, the sale may be conducted in any county facility within the county. The sale must not be for less than the appraised value except as provided in subdivision 7a. The parcels must be sold for cash only ~~and at not less than the appraised value~~, unless the county board of the county has adopted a resolution providing for their sale on terms, in which event the resolution controls with respect to the sale. When the sale is made on terms other than for cash only (1) a payment of at least ten percent of the purchase price must be made at the time of purchase, and the balance must be paid in no more than ten equal annual installments, or (2) the payments must be made in accordance with county board policy, but in no event may the board require more than 12 installments annually, and the contract term must not be for more than ten years. Standing timber or timber products must not be removed from these lands until an amount equal to the appraised value of all standing timber or timber products on the lands at the time of purchase has been paid by the purchaser. If a parcel of land bearing standing timber or timber products is sold at public auction for more than the appraised value, the amount bid in excess of the appraised value must be allocated between the land and the timber in proportion to their respective appraised values. In that case, standing timber or timber products must not be removed from the land until the amount of the excess bid allocated to timber or timber products has been paid in addition to the appraised value of the land. The purchaser is entitled to immediate possession, subject to the provisions of any existing valid lease made in behalf of the state.

For sales occurring on or after July 1, 1982, the unpaid balance of the purchase price is subject to interest at the rate determined pursuant to section 549.09. The unpaid balance of the purchase price for sales occurring after December 31, 1990, is subject to interest at the rate determined in section 279.03, subdivision 1a. The interest rate is subject to change each year on the unpaid balance in the manner provided for rate changes in section 549.09 or 279.03, subdivision 1a, whichever, is applicable. Interest on the unpaid contract balance on sales occurring before July 1, 1982, is payable at the rate applicable to the sale at the time that the sale occurred.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 11. Minnesota Statutes 2008, section 282.01, subdivision 7, is amended to read:

Subd. 7. **County sales; notice, purchase price, disposition.** The sale must commence at the time determined by the county board of the county in which the parcels are located. The county auditor

shall offer the parcels of land in order in which they appear in the notice of sale, and shall sell them to the highest bidder, but not for a sum less than the appraised value, until all of the parcels of land have been offered. Then the county auditor shall sell any remaining parcels to anyone offering to pay the appraised value, except that if the person could have repurchased a parcel of property under section 282.012 or 282.241, that person may not purchase that same parcel of property at the sale under this subdivision for a purchase price less than the sum of all taxes, assessments, penalties, interest, and costs due at the time of forfeiture computed under section 282.251, and any special assessments for improvements certified as of the date of sale. The sale must continue until all the parcels are sold or until the county board orders a reappraisal or withdraws any or all of the parcels from sale. The list of lands may be added to and the added lands may be sold at any time by publishing the descriptions and appraised values. The added lands must be: (1) parcels of land that have become forfeited and classified as nonconservation since the commencement of any prior sale; (2) parcels classified as nonconservation that have been reappraised; (3) parcels that have been reclassified as nonconservation; or (4) other parcels that are subject to sale but were omitted from the existing list for any reason. The descriptions and appraised values must be published in the same manner as provided for the publication of the original list. Parcels added to the list must first be offered for sale to the highest bidder before they are sold at appraised value. All parcels of land not offered for immediate sale, as well as parcels that are offered and not immediately sold, continue to be held in trust by the state for the taxing districts interested in each of the parcels, under the supervision of the county board. Those parcels may be used for public purposes until sold, as directed by the county board.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 12. Minnesota Statutes 2008, section 282.01, subdivision 7a, is amended to read:

Subd. 7a. **City sales; alternate procedures.** Land located in a home rule charter or statutory city, or in a town which cannot be improved because of noncompliance with local ordinances regarding minimum area, shape, frontage or access may be sold by the county auditor pursuant to this subdivision if the auditor determines that a nonpublic sale will encourage the approval of sale of the land by the city or town and promote its return to the tax rolls. If the physical characteristics of the land indicate that its highest and best use will be achieved by combining it with an adjoining parcel and the city or town has not adopted a local ordinance governing minimum area, shape, frontage, or access, the land may also be sold pursuant to this subdivision. If the property consists of an undivided interest in land or land and improvements, the property may also be sold to the other owners under this subdivision. The sale of land pursuant to this subdivision shall be subject to any conditions imposed by the county board pursuant to section 282.03. The governing body of the city or town may recommend to the county board conditions to be imposed on the sale. The county auditor may restrict the sale to owners of lands adjoining the land to be sold. The county auditor shall conduct the sale by sealed bid or may select another means of sale. The land shall be sold to the highest bidder ~~but in no event shall the land~~ and may be sold for less than its appraised value. All owners of land adjoining the land to be sold shall be given a written notice at least 30 days prior to the sale.

This subdivision shall be liberally construed to encourage the sale and utilization of tax-forfeited land, to eliminate nuisances and dangerous conditions and to increase compliance with land use ordinances.

EFFECTIVE DATE. This section is effective July 1, 2010.

Sec. 13. Minnesota Statutes 2008, section 282.01, is amended by adding a subdivision to read:

Subd. 12. **Notice; public hearing for use change.** If a governmental subdivision that acquired a parcel for public use under this section later determines to change the use, it must hold a public hearing on the proposed use change. The governmental subdivision must mail written notice of the proposed use change and the public hearing to each owner of property that is within 400 feet of the parcel at least ten days and no more than 60 days before it holds the hearing. The notice must identify: (1) the parcel, (2) its current use, (3) the proposed use, (4) the date, time, and place of the public hearing, and (5) where to submit written comments on the proposal and that the public is invited to testify at the public hearing.

EFFECTIVE DATE. This section is effective July 1, 2010, and applies to a change in use of a parcel acquired under section 282.01, whether acquired by the governmental subdivision before or after the effective date of this section.

Sec. 14. **REPEALER.**

Minnesota Statutes 2008, sections 282.01, subdivisions 9, 10, and 11; and 383A.76, are repealed.

EFFECTIVE DATE. This section is effective July 1, 2010.

ARTICLE 7

MISCELLANEOUS

Section 1. Minnesota Statutes 2008, section 270C.34, subdivision 1, is amended to read:

Subdivision 1. **Authority.** (a) The commissioner may abate, reduce, or refund any penalty or interest that is imposed by a law administered by the commissioner, or imposed by section 270.0725, subdivision 1 or 2, as a result of the late payment of tax or late filing of a return, if the failure to timely pay the tax or failure to timely file the return is due to reasonable cause, or if the taxpayer is located in a presidentially declared disaster or in a presidentially declared state of emergency area or in an area declared to be in a state of emergency by the governor under section 12.31.

(b) The commissioner shall abate any part of a penalty or additional tax charge under section 289A.25, subdivision 2, or 289A.26, subdivision 4, attributable to erroneous advice given to the taxpayer in writing by an employee of the department acting in an official capacity, if the advice:

(1) was reasonably relied on and was in response to a specific written request of the taxpayer; and

(2) was not the result of failure by the taxpayer to provide adequate or accurate information.

~~(c) The commissioner may abate a penalty imposed under section 270.0725, subdivision 1 or 2, if the failure to timely file is due to reasonable cause, or if the airline company is located in a presidentially declared disaster area.~~

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

Sec. 2. Minnesota Statutes 2008, section 270C.52, subdivision 2, is amended to read:

Subd. 2. **Payment agreements.** (a) When any portion of any tax payable to the commissioner together with interest and penalty thereon, if any, has not been paid, the commissioner may extend

the time for payment for a further period. When the authority of this section is invoked, the extension shall be evidenced by written agreement signed by the taxpayer and the commissioner, stating the amount of the tax with penalty and interest, if any, and providing for the payment of the amount in installments.

(b) The agreement may contain a confession of judgment for the amount and for any unpaid portion thereof. If the agreement contains a confession of judgment, the confession of judgment must provide that the commissioner may enter judgment against the taxpayer in the district court of the county of residence as shown upon the taxpayer's tax return for the unpaid portion of the amount specified in the extension agreement.

(c) The agreement shall provide that it can be terminated, after notice by the commissioner, if information provided by the taxpayer prior to the agreement was inaccurate or incomplete, collection of the tax covered by the agreement is in jeopardy, there is a subsequent change in the taxpayer's financial condition, the taxpayer has failed to make a payment due under the agreement, or the taxpayer has failed to pay any other tax or file a tax return coming due after the agreement.

(d) The notice must be given at least 14 calendar days prior to termination, and shall advise the taxpayer of the right to request a reconsideration from the commissioner of whether termination is reasonable and appropriate under the circumstances. A request for reconsideration does not stay collection action beyond the 14-day notice period. If the commissioner has reason to believe that collection of the tax covered by the agreement is in jeopardy, the commissioner may proceed under section 270C.36 and terminate the agreement without regard to the 14-day period.

(e) The commissioner may accept other collateral the commissioner considers appropriate to secure satisfaction of the tax liability. The principal sum specified in the agreement shall bear interest at the rate specified in section 270C.40 on all unpaid portions thereof until the same has been fully paid or the unpaid portion thereof has been entered as a judgment. The judgment shall bear interest at the rate specified in section 270C.40.

(f) If it appears to the commissioner that the tax reported by the taxpayer is in excess of the amount actually owing by the taxpayer, the extension agreement or the judgment entered pursuant thereto shall be corrected. If after making the extension agreement or entering judgment with respect thereto, the commissioner determines that the tax as reported by the taxpayer is less than the amount actually due, the commissioner shall assess a further tax in accordance with the provisions of law applicable to the tax.

(g) The authority granted to the commissioner by this section is in addition to any other authority granted to the commissioner by law to extend the time of payment or the time for filing a return and shall not be construed in limitation thereof.

(h) The commissioner shall charge a fee for entering into payment agreements that reflects the commissioner's costs for entering into payment agreements. The fee is initially set at \$25 and is adjusted annually as necessary. The fee is charged for entering into a payment agreement, for entering into a new payment agreement after the taxpayer has defaulted on a prior agreement, and for entering into a new payment agreement as a result of renegotiation of the terms of an existing agreement. The fee is paid to the commissioner before the payment agreement becomes effective and does not reduce the amount of the liability.

By June 1 of each year, the commissioner shall determine the cost to the commissioner for

entering into payment agreements during the fiscal year and adjust the payment agreement fee as necessary to most nearly equal those costs. Determination of the fee for payment agreements under this section is not subject to the fee setting requirements of section 16A.1283.

EFFECTIVE DATE. This section is effective for payment agreements entered into or renegotiated after June 30, 2010.

Sec. 3. APPROPRIATION.

\$3,200,000 is appropriated from the general fund to the commissioner of management and budget for transfer to the cash flow account established under Minnesota Statutes, section 16A.152."

Amend the title as follows:

Page 1, line 7, after the semicolon, insert "providing sales tax exemptions;"

Page 1, line 8, before "specifying" insert "authorizing local taxes;"

Page 1, line 9, after "financing" insert "and local development authorities" and delete "watershed district" and insert "and modifying certain"

Page 1, line 10, delete "authority" and insert "authorities; modifying bond allocation provisions; requiring a study; appropriating money to the cash flow account"

Amend the title numbers accordingly

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

SECOND READING OF SENATE BILLS

S.F. Nos. 3055 and 3327 were read the second time.

RECESS

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

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

MOTIONS AND RESOLUTIONS - CONTINUED

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

REPORTS OF COMMITTEES

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

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

S.F. No. 2186: A bill for an act relating to civil commitment; clarifying civil commitment venue; amending Minnesota Statutes 2008, sections 253B.02, by adding a subdivision; 253B.045, subdivision 2; 253B.05, subdivision 3; 253B.064, subdivision 1; 253B.07, subdivisions 1, 2, 2d; 253B.185, subdivision 1; 253B.20, subdivision 4; 253B.23, subdivision 1, by adding a subdivision; Minnesota Statutes 2009 Supplement, section 253B.10, subdivision 3.

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

Senator Cohen from the Committee on Finance, to which was referred

H.F. No. 2899: A bill for an act relating to data practices; providing an administrative remedy for certain data practices law violations; providing civil penalties; appropriating money; amending Minnesota Statutes 2008, sections 13.072, subdivision 2; 13.08, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 13.

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 13.072, subdivision 2, is amended to read:

Subd. 2. **Effect.** Opinions issued by the commissioner under this section are not binding on the government entity or members of a body subject to chapter 13D whose data or performance of duties is the subject of the opinion, but an opinion described in subdivision 1, paragraph (a), must be given deference by a court or other tribunal in a proceeding involving the data. The commissioner shall arrange for public dissemination of opinions issued under this section. This section does not preclude a person from bringing any other action under this chapter or other law in addition to or instead of requesting a written opinion. A government entity, members of a body subject to chapter 13D, or person that acts in conformity with a written opinion of the commissioner issued to the government entity, members, or person or to another party is not liable for compensatory or exemplary damages or awards of attorneys fees in actions for violations arising under section 13.08 or 13.085, or for a penalty under section 13.09 or for fines, awards of attorney fees, or any other penalty under chapter 13D. A member of a body subject to chapter 13D is not subject to forfeiture of office if the member was acting in reliance on an opinion.

Sec. 2. Minnesota Statutes 2008, section 13.08, subdivision 4, is amended to read:

Subd. 4. **Action to compel compliance.** (a) Actions to compel compliance may be brought either under this subdivision or section 13.085. For actions under this subdivision, in addition to the remedies provided in subdivisions 1 to 3 or any other law, any aggrieved person seeking to enforce the person's rights under this chapter or obtain access to data may bring an action in district court to compel compliance with this chapter and may recover costs and disbursements, including reasonable attorney's fees, as determined by the court. If the court determines that an action brought under this subdivision is frivolous and without merit and a basis in fact, it may award reasonable costs and attorney fees to the responsible authority. If the court issues an order to compel compliance under this subdivision, the court may impose a civil penalty of up to \$1,000 against the government entity. This penalty is payable to the state general fund and is in addition to damages under subdivision 1. The matter shall be heard as soon as possible. In an action involving a request for government data

under section 13.03 or 13.04, the court may inspect in camera the government data in dispute, but shall conduct its hearing in public and in a manner that protects the security of data classified as not public. If the court issues an order to compel compliance under this subdivision, the court shall forward a copy of the order to the commissioner of administration.

(b) In determining whether to assess a civil penalty under this subdivision, the court or other tribunal shall consider whether the government entity has substantially complied with general data practices under this chapter, including but not limited to, whether the government entity has:

(1) designated a responsible authority under section 13.02, subdivision 16;

(2) designated a data practices compliance official under section 13.05, subdivision 13;

(3) prepared the public document that names the responsible authority and describes the records and data on individuals that are maintained by the government entity under section 13.05, subdivision 1;

(4) developed public access procedures under section 13.03, subdivision 2; procedures to guarantee the rights of data subjects under section 13.05, subdivision 8; and procedures to ensure that data on individuals are accurate and complete and to safeguard the data's security under section 13.05, subdivision 5;

(5) acted in conformity with an opinion issued under section 13.072 that was sought by a government entity or another person; or

(6) provided ongoing training to government entity personnel who respond to requests under this chapter.

(c) The court shall award reasonable attorney fees to a prevailing plaintiff who has brought an action under this subdivision if the government entity that is the defendant in the action was also the subject of a written opinion issued under section 13.072 and the court finds that the opinion is directly related to the cause of action being litigated and that the government entity did not act in conformity with the opinion.

Sec. 3. [13.085] ADMINISTRATIVE REMEDY.

Subdivision 1. **Definition.** As used in this section, "office" means the Office of Administrative Hearings.

Subd. 2. **Complaints.** (a) A complaint alleging a violation of this chapter for which an order to compel compliance is requested may be filed with the office. An action to compel compliance does not include procedures pursuant to section 13.04, subdivision 4 or 4a. An action may not be filed under this section in matters involving requests for educational data classified under section 13.32.

(b) The complaint must be filed with the office within two years after the occurrence of the act or failure to act that is the subject of the complaint, except that if the act or failure to act involves concealment or misrepresentation by the government entity that could not be discovered during that period, the complaint may be filed with the office within one year after the concealment or misrepresentation is discovered.

(c) The complaint must be made in writing, submitted under oath, and detail the factual basis for the claim that a violation of law has occurred. The office may prescribe a standard form for the

complaint. The complaint must be accompanied by a filing fee of \$1,000 or a bond to guarantee the payment of this fee.

(d) Upon receipt of a filed complaint, the office must immediately notify the respondent and, if known, the applicable responsible authority for the government entity, if the responsible authority is not otherwise named as the respondent. The office must provide the respondent with a copy of the complaint by the most expeditious means available. Notice to a responsible authority must be delivered by certified mail. The office must also notify, to the extent practicable, any individual or entity that is the subject of all or part of the data in dispute.

(e) The office must notify the commissioner of administration of an action filed under this section. Proceedings under this section must be dismissed if a request for an opinion from the commissioner was accepted on the matter under section 13.072 before the complaint was filed, and the complainant's filing fee must be refunded.

(f) The respondent must file a response to the complaint within 15 business days of receipt of the notice. For good cause shown, the office may extend the time for filing a response.

Subd. 3. **Probable cause review.** (a) The chief administrative law judge must assign an administrative law judge to review each complaint. Within 20 business days after a response is filed, or the respondent's time to file the response, including any extension, has expired, the administrative law judge must make a preliminary determination for its disposition as follows:

(1) if the administrative law judge determines that the complaint and any timely response of the respondent agency do not present sufficient facts to believe that a violation of this chapter has occurred, the complaint must be dismissed; or

(2) if the administrative law judge determines that the complaint and any timely response of the respondent agency do present sufficient facts to believe that a violation of this chapter has occurred, the judge must schedule a hearing as provided in subdivision 4.

(b) The office must notify all parties of the determination made under paragraph (a). The notice must provide as follows:

(1) if the complaint is scheduled for a hearing, the notice must identify the time and place of the hearing and inform all parties that they may submit evidence, affidavits, documentation, and argument for consideration by the administrative law judge; or

(2) if the complaint is dismissed for failure to present sufficient facts to believe that a violation of this chapter has occurred, the notice must inform the parties of the right of the complainant to seek reconsideration of the decision on the record by the chief administrative law judge, as provided in paragraph (c).

(c) A petition for reconsideration may be filed no later than five business days after a complaint is dismissed for failure to present sufficient facts to believe that a violation of this chapter has occurred. The chief administrative law judge must review the petition and make a final ruling within ten business days after its receipt. If the chief administrative law judge determines that the assigned administrative law judge made a clear material error, the chief administrative law judge must schedule the matter for a hearing as provided in subdivision 4.

Subd. 4. **Hearing; procedure.** (a) A hearing on a complaint must be held within 30 business

days after the parties are notified that a hearing will be held. An oral hearing to resolve questions of law may be waived upon consent of all parties and the presiding administrative law judge. For good cause shown, the judge may delay the date of a hearing by no more than ten business days. The judge may continue a hearing to enable the parties to submit additional evidence or testimony.

(b) The administrative law judge must consider any evidence and argument submitted until the hearing record is closed, including affidavits and documentation.

(c) All hearings, and any records relating to the hearing, must be open to the public, except that the judge may inspect in camera any government data in dispute. If the hearing record contains information that is not public data, the judge may conduct a closed hearing to consider the information, issue necessary protective orders, and seal all or part of the hearing record, as provided in section 14.60, subdivision 2. If a party contends, and the judge concludes, that not public data could be improperly disclosed while that party is presenting its arguments, the judge shall close any portion of the hearing as necessary to prevent the disclosure. A hearing may be conducted by conference telephone call or interactive audio/video system, at the discretion of the presiding judge, and upon consent of all parties.

Subd. 5. **Disposition.** (a) Following a hearing, the judge must determine whether the violation alleged in the complaint occurred and must make at least one of the following dispositions. The judge may:

- (1) dismiss the complaint;
- (2) find that an act or failure to act constituted a violation of this chapter;
- (3) impose a civil penalty against the respondent of up to \$300;
- (4) issue an order compelling the respondent to comply with a provision of law that has been violated, and may establish a deadline for production of data, if necessary; and
- (5) refer the complaint to the appropriate prosecuting authority for consideration of criminal charges.

(b) In determining whether to assess a civil penalty, the office shall consider the factors described in section 13.08, subdivision 4.

(c) The judge must render a decision on a complaint within ten business days after the hearing record closes. The chief administrative law judge shall provide for public dissemination of orders issued under this section. If the judge determines that a government entity has violated a provision of law and issues an order to compel compliance, the office shall forward a copy of the order to the commissioner of administration. Any order issued pursuant to this section is enforceable through the district court for the district in which the respondent is located.

(d) A party aggrieved by a final decision on a complaint filed under this section is entitled to judicial review as provided in sections 14.63 to 14.69. Proceedings on a complaint are not a contested case within the meaning of chapter 14 and are not otherwise governed by chapter 14.

(e) A decision of the office under this section is not controlling in any subsequent action brought in district court alleging the same violation and seeking damages.

(f) A government entity or person that releases not public data pursuant to an order under this

section is immune from civil and criminal liability for that release. A government entity or person that acts in conformity with an order issued under this section to the government entity or to any other person is not liable for compensatory or exemplary damage or awards of attorney fees for acting in conformity with that order in actions under this section or section 13.08, or for a penalty under section 13.09.

Subd. 6. Costs; attorney fees. (a) A rebuttable presumption shall exist that a complainant who substantially prevails on the merits in an action brought under this section is entitled to an award of reasonable attorney fees, not to exceed \$5,000. An award of attorney fees may be denied if the judge determines that the violation is merely technical or that there is a genuine uncertainty about the meaning of the governing law.

(b) Reasonable attorney fees, not to exceed \$5,000, must be awarded to a substantially prevailing complainant if the government entity that is the respondent in the action was also the subject of a written opinion issued under section 13.072 and the administrative law judge finds that the opinion is directly related to the matter in dispute and that the government entity did not act in conformity with the opinion.

(c) The office shall refund the filing fee of a substantially prevailing complainant in full, less \$50, and the office's costs in conducting the matter shall be billed to the respondent, not to exceed \$1,000.

(d) A complainant that does not substantially prevail on the merits shall be entitled to a refund of the filing fee, less any costs incurred by the office in conducting the matter.

(e) If the administrative law judge determines that a complaint is frivolous, or brought for purposes of harassment, the judge must order that the complainant pay the respondent's reasonable attorney fees, not to exceed \$5,000. The complainant shall not be entitled to a refund of the filing fee.

(f) The court shall award the complainant costs and attorney fees incurred in bringing an action in district court to enforce an order of the Office of Administrative Hearings under this section.

Subd. 7. Special account; appropriation. Proceeds collected by the office from filing fees and bonds submitted under this section shall be deposited into the administrative hearings account established under section 14.54 and are appropriated to the office for use in administering the requirements of this section. By September 1 each year, the chief administrative law judge must report to the chairs and ranking minority members of the legislative committees and divisions with jurisdiction over the office on receipt and expenditure of money under this section in the preceding fiscal year.

Sec. 4. Minnesota Statutes 2008, section 13.319, is amended by adding a subdivision to read:

Subd. 8. Teacher and administration programs. Section 122A.18, subdivision 1, governs data sharing between the Department of Education and the Boards of Teaching and School Administrators for program approval and improvement for education programs.

Sec. 5. Minnesota Statutes 2008, section 122A.18, subdivision 1, is amended to read:

Subdivision 1. Authority to license. (a) The Board of Teaching must license teachers, as defined in section 122A.15, subdivision 1, except for supervisory personnel, as defined in section 122A.15,

subdivision 2.

(b) The Board of School Administrators must license supervisory personnel as defined in section 122A.15, subdivision 2, except for athletic coaches.

(c) Licenses under the jurisdiction of the Board of Teaching, the Board of School Administrators, and the commissioner of education must be issued through the licensing section of the department.

(d) The Board of Teaching and the Department of Education must enter into a data sharing agreement to share educational data at the E-12 level for the limited purpose of program approval and improvement for teacher education programs. The program approval process must include targeted redesign of teacher preparation programs to address identified E-12 student areas of concern.

(e) The Board of School Administrators and the Department of Education must enter into a data sharing agreement to share educational data at the E-12 level for the limited purpose of program approval and improvement for education administration programs. The program approval process must include targeted redesign of education administration preparation programs to address identified E-12 student areas of concern.

(f) For purposes of the data sharing agreements under paragraphs (d) and (e), the Board of Teaching, Board of School Administrators, and Department of Education may share private data, as defined in section 13.02, subdivision 12, on teachers and school administrators. The data sharing agreements must not include educational data, as defined in section 13.32, subdivision 1, but may include summary data, as defined in section 13.02, subdivision 19, derived from educational data.

Sec. 6. EFFECTIVE DATE.

Sections 1 to 3 are effective July 1, 2010, and apply to actions commenced on or after that date."

Delete the title and insert:

"A bill for an act relating to data practices; providing an administrative remedy for certain data practices violations; providing for data sharing agreements with the department of education; providing civil penalties; appropriating money; amending Minnesota Statutes 2008, sections 13.072, subdivision 2; 13.08, subdivision 4; 13.319, by adding a subdivision; 122A.18, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 13."

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

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

S.F. No. 1770: A bill for an act relating to poverty; establishing the Ladder Out of Poverty Task Force; providing for its membership and duties; providing legislative appointments.

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

Page 2, line 29, after "expenses" insert "except as provided in this paragraph"

Page 2, line 30, delete "from the task force" and after the period, insert "To the extent possible, meetings of the task force shall be scheduled on dates when legislative members of the task force are able to attend legislative meetings that would make them eligible to receive legislative per diem payments."

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

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

S.F. No. 2429: A bill for an act relating to veterans; clarifying the transit fee exemption provisions related to veterans with service-connected disabilities; amending Minnesota Statutes 2009 Supplement, sections 174.24, subdivision 7; 473.408, subdivision 10.

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

Senator Cohen from the Committee on Finance, to which was referred

S.F. No. 2998: A bill for an act relating to human services; modifying authorization of PACE programs; appropriating money; amending Minnesota Statutes 2009 Supplement, section 256B.69, subdivision 23.

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

Page 3, line 13, delete the new language and strike the old language

Page 3, lines 14 and 15, strike the old language

Page 3, line 16, strike "costs."

Page 4, delete section 2 and insert:

"Sec. 2. **APPROPRIATIONS.**

Subdivision 1. **Community service development reduction.** The appropriation in Laws 2009, chapter 79, article 13, section 3, subdivision 8, paragraph (a), for community service development grants, as amended by Laws 2009, chapter 173, article 2, section 1, subdivision 8, paragraph (a), is reduced by \$154,000 in fiscal year 2011. The appropriation base is reduced by \$139,000 for fiscal year 2012 and \$0 for fiscal year 2013. Notwithstanding any law or rule to the contrary, this provision expires June 30, 2012.

Subd. 2. **Health care administration; PACE implementation funding.** For fiscal year 2011, \$145,000 is appropriated from the general fund to the commissioner of human services to complete the actuarial and administrative work necessary to begin the operation of PACE under Minnesota Statutes, section 256B.69, subdivision 23, paragraph (e). Base level funding for this activity shall be \$130,000 in fiscal year 2012 and \$0 in fiscal year 2013.

Subd. 3. **Continuing care management; PACE implementation funding.** For fiscal year 2011, \$111,000 is appropriated from the general fund to the commissioner of human services to complete the actuarial and administrative work necessary to begin the operation of PACE under Minnesota Statutes, section 256B.69, subdivision 23, paragraph (e). Base level funding for this activity shall be \$101,000 in fiscal year 2012 and \$0 in fiscal year 2013. For fiscal year 2013 and beyond, the commissioner must work with stakeholders to develop financing mechanisms to complete the actuarial and administrative costs of PACE. The commissioner shall inform the chairs and ranking minority members of the legislative committees with jurisdiction over health care funding by January 15, 2011, on progress to develop financing mechanisms."

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

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

S.F. No. 2589: A bill for an act relating to utilities; regulating the granting of route permits for high-voltage transmission lines; amending Minnesota Statutes 2008, section 216E.03, subdivision 7.

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

Page 2, line 29, before "on" insert "for a high-voltage transmission line"

Page 2, line 30, delete "railroad and"

Page 2, delete section 2 and insert:

"Sec. 2. **TRANSMISSION LINE ROUTING.**

(a) The Public Utilities Commission and the commissioner of transportation must cooperate to implement the policy in Minnesota Statutes, section 216E.03, subdivision 7, paragraph (e).

(b) The commission must report any statutory amendments required for the implementation of Minnesota Statutes, section 216E.03, subdivision 7, paragraph (e) to the chairs and ranking minority members of the energy and transportation policy committees of the legislature by January 15, 2011."

Page 3, delete line 7 and insert "Section 1 is effective the day following final enactment and applies to route applications filed on and after that date. Section 2 is effective the day following final enactment."

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

Senator Cohen from the Committee on Finance, to which was referred

S.F. No. 3029: A bill for an act relating to human services; requiring the commissioner of human services to seek federal match for specified grant expenditures; requiring a report.

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

Page 1, line 10, after "chairs" insert "and the ranking minority members"

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

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

S.F. No. 2900: A bill for an act relating to game and fish; modifying aquaculture provisions; modifying disposal restrictions for certain livestock taken by wild animals; modifying provisions for taking, possessing, and transporting wild animals; modifying requirements for fish and wildlife management plans; modifying game and fish license provisions; modifying license requirements and fees for youth hunters; providing exemptions from rulemaking; providing criminal penalties; amending Minnesota Statutes 2008, sections 17.4982, subdivision 12, by adding a subdivision; 17.4991, subdivision 3; 17.4994; 35.82, subdivision 2; 84.942, subdivision 1; 84D.03, subdivision 3; 84D.13, subdivision 3; 97A.015, subdivision 52, by adding a subdivision; 97A.101, subdivision

3; 97A.145, subdivision 2; 97A.311, subdivision 5; 97A.331, by adding subdivisions; 97A.420, subdivisions 2, 3, 4, 6, by adding a subdivision; 97A.421, subdivision 4a, by adding a subdivision; 97A.433, by adding a subdivision; 97A.435, subdivision 1; 97A.445, subdivision 5; 97A.451, subdivision 3; 97A.475, subdivisions 3a, 4, 43, 44; 97A.535, subdivision 2a; 97A.545, subdivision 5; 97B.015; 97B.020; 97B.021, subdivision 1; 97B.022, subdivision 2; 97B.031, subdivision 5; 97B.045, by adding a subdivision; 97B.075; 97B.106, subdivision 1; 97B.301, subdivisions 3, 6; 97B.325; 97B.405; 97B.515, by adding a subdivision; 97B.601, subdivision 4; 97B.711, by adding a subdivision; 97B.803; 97C.005, subdivision 3; 97C.087, subdivision 2; 97C.205; 97C.341; Minnesota Statutes 2009 Supplement, sections 84.95, subdivision 2; 97A.075, subdivision 1; 97A.445, subdivision 1a; 97A.475, subdivisions 2, 3; 97B.055, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 17; 97B; repealing Minnesota Statutes 2008, sections 84.942, subdivisions 2, 3, 4; 97A.435, subdivision 5; 97A.451, subdivisions 3a, 4; 97A.485, subdivision 12; 97B.022, subdivision 1; 97B.511; 97B.515, subdivision 3.

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

Delete everything after the enacting clause and insert:

**"ARTICLE 1
GAME AND FISH**

Section 1. Minnesota Statutes 2008, section 17.4982, is amended by adding a subdivision to read:

Subd. 10a. **Fish collector.** "Fish collector" means an individual who has been certified under section 17.4989 to oversee the collection of fish samples from a facility or a water body for disease testing by a certified laboratory.

Sec. 2. Minnesota Statutes 2008, section 17.4982, subdivision 12, is amended to read:

Subd. 12. **Fish health inspection.** (a) "Fish health inspection" means an on-site, statistically based sampling, collection, and testing of fish in accordance with processes in the Fish Health Blue Book for all lots of fish in a facility or the Diagnostic Manual for Aquatic Animal Diseases, published by the International Office of Epizootics (OIE) to test for causative pathogens. The samples for inspection must be collected by a fish health inspector or a fish collector in cooperation with the producer. Testing of samples must be done by an approved laboratory.

(b) The inspection for viral hemorrhagic septicemia (VHS), infectious pancreatic necrosis (IPN), and infectious hematopoietic necrosis (IHN) in salmonids and for VHS in nonsalmonids must include at least a minimum viral testing of ovarian fluids at the 95 percent confidence level of detecting two percent incidence of disease (ovarian fluids must be sampled for certification of viral hemorrhagic septicemia and infectious hematopoietic necrosis). Bacterial diseases must be sampled at the 95 percent confidence level with a five percent incidence of disease. The inspection must be performed by a fish health inspector in cooperation with the producer with subsequent examination of the collected tissues and fluids for the detection of certifiable diseases.

(c) The inspection for certifiable diseases for wild fish must follow the guidelines of the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases.

Sec. 3. [17.4989] FISH SAMPLE COLLECTING.

Subdivision 1. **Training.** Fish collector training may be offered by any organization or agency that has had its class and practicum syllabus approved by the commissioner. The class and practicum must include the following components:

(1) accurate identification of licensed water bodies listed according to section 17.4984 and ensuring that collection is taking place at the correct site;

(2) identification of fish internal organs;

(3) fish dissection and sample preparation as identified by the Department of Natural Resources based on specific testing requirements or as outlined in the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases, published by the International Office of Epizootics (OIE);

(4) recording and reporting data;

(5) sample preparation and shipping;

(6) a field collection site test to demonstrate mastery of the necessary skills, overseen by a certified fish health inspector; and

(7) a certificate of successful completion signed by a certified fish health inspector on a form provided by the commissioner.

Subd. 2. **Certification time period.** Fish collector certification is valid for five years and is not transferable. A person may renew certification only by successfully completing certification training. Certification shall be revoked if the certified person is convicted of violating any of the statutes or rules governing testing for aquatic species diseases. Certification may be suspended during an investigation associated with misconduct or violations of fish health testing and collection. The commissioner shall notify the person that certification is being revoked or suspended.

Subd. 3. **Conflict of interest.** A fish collector may not oversee the collection of fish from a facility or a water body when the collector has a conflict of interest in connection with the outcome of the testing.

Sec. 4. Minnesota Statutes 2008, section 17.4991, subdivision 3, is amended to read:

Subd. 3. **Fish health inspection.** (a) An aquatic farm propagating ~~trout, salmon,~~ salmonids or catfish and having an effluent discharge from the aquatic farm into public waters must have a fish health inspection conducted at least once every 12 months by a certified fish health inspector. Testing must be conducted according to ~~approved~~ the Fish Health Blue Book laboratory methods.

(b) An aquatic farm propagating any species on the viral hemorrhagic septicemia (VHS) susceptible list and having an effluent discharge from the aquatic farm into public waters must test for VHS virus using the guidelines of the Fish Health Blue Book or the Diagnostic Manual for Aquatic Animal Diseases, published by the International Office of Epizootics (OIE). The commissioner may, by written order published in the State Register, prescribe alternative testing time periods and methods from those prescribed in the Fish Health Blue Book or the OIE Diagnostic Manual if the commissioner determines that biosecurity measures will not be compromised. These alternatives are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The commissioner must provide reasonable notice to affected parties of any changes in testing requirements.

(c) Results of fish health inspections must be provided to the commissioner for all fish that remain in the state. All data used to prepare and issue a fish health certificate must be maintained for three years by the issuing fish health inspector, approved laboratory, or accredited veterinarian.

(d) A health inspection fee must be charged based on each lot of fish sampled. The fee by check or money order payable to the Department of Natural Resources must be prepaid or paid at the time a bill or notice is received from the commissioner that the inspection and processing of samples is completed.

~~(e)~~ (e) Upon receipt of payment and completion of inspection, the commissioner shall notify the operator and issue a fish health certificate. The certification must be made according to the Fish Health Blue Book by a person certified as a fish health inspector.

~~(f)~~ (f) All aquatic life in transit or held at transfer stations within the state may be inspected by the commissioner. This inspection may include the collection of stock for purposes of pathological analysis. Sample size necessary for analysis will follow guidelines listed in the Fish Health Blue Book.

~~(g)~~ (g) Salmonids and catfish must have a fish health inspection before being transported from a containment facility, unless the fish are being transported directly to an outlet for processing or other food purposes or unless the commissioner determines that an inspection is not needed. A fish health inspection conducted for this purpose need only be done on the lot or lots of fish that will be transported. The commissioner must conduct a fish health inspection requested for this purpose within five working days of receiving written notice. Salmonids and catfish may be immediately transported from a containment facility to another containment facility once a sample has been obtained for a health inspection or once the five-day notice period has expired.

Sec. 5. Minnesota Statutes 2008, section 17.4994, is amended to read:

17.4994 SUCKER EGGS.

Sucker eggs may be taken from public waters with a sucker egg license endorsement, ~~which authorizes sucker eggs to be taken at a rate of one quart of eggs for each 1 1/2 acres of licensed surface waters except that for intensive culture systems, sucker eggs may be taken at a rate of two quarts per 1,000 muskellunge fry being reared~~ for the fee prescribed in section 97A.475, subdivision 29. The Taking of sucker eggs from public waters is subject to chapter 97C and may be supervised by the commissioner. The commissioner may limit the amount of sucker eggs that a person with a sucker egg license endorsement may take based on the number of sucker eggs taken historically by the licensee, new requests for eggs, and the condition of the spawning runs at those historical streams and rivers that have produced previous annual quotas.

Sec. 6. Minnesota Statutes 2008, section 35.82, subdivision 2, is amended to read:

Subd. 2. **Disposition of carcasses.** (a) Except as provided in subdivision 1b and ~~paragraph~~ paragraphs (d) and (f), every person owning or controlling any domestic animal that has died or been killed otherwise than by being slaughtered for human or animal consumption, shall as soon as reasonably possible bury the carcass at a depth adequate to prevent scavenging by other animals in the ground or thoroughly burn it or dispose of it by another method approved by the board as being effective for the protection of public health and the control of livestock diseases. The board, through its executive director, may issue permits to owners of rendering plants located in Minnesota

which are operated and conducted as required by law, to transport carcasses of domestic animals and fowl that have died, or have been killed otherwise than by being slaughtered for human or animal consumption, over the public highways to their plants for rendering purposes in accordance with the rules adopted by the board relative to transportation, rendering, and other provisions the board considers necessary to prevent the spread of disease. The board may issue permits to owners of rendering plants located in an adjacent state with which a reciprocal agreement is in effect under subdivision 3.

(b) Carcasses collected by rendering plants under permit may be used for pet food or mink food if the owner or operator meets the requirements of subdivision 1b.

(c) An authorized employee or agent of the board may enter private or public property and inspect the carcass of any domestic animal that has died or has been killed other than by being slaughtered for human or animal consumption. Failure to dispose of the carcass of any domestic animal within the period specified by this subdivision is a public nuisance. The board may petition the district court of the county in which a carcass is located for a writ requiring the abatement of the public nuisance. A civil action commenced under this paragraph does not preclude a criminal prosecution under this section. No person may sell, offer to sell, give away, or convey along a public road or on land the person does not own, the carcass of a domestic animal when the animal died or was killed other than by being slaughtered for human or animal consumption unless it is done with a special permit pursuant to this section. The carcass or parts of a domestic animal that has died or has been killed other than by being slaughtered for human or animal consumption may be transported along a public road for a medical or scientific purpose if the carcass is enclosed in a leakproof container to prevent spillage or the dripping of liquid waste. The board may adopt rules relative to the transportation of the carcass of any domestic animal for a medical or scientific purpose. A carcass on a public thoroughfare may be transported for burial or other disposition in accordance with this section.

No person who owns or controls diseased animals shall negligently or willfully permit them to escape from that control or to run at large.

(d) A sheep producer may compost sheep carcasses owned by the producer on the producer's land without a permit and is exempt from compost facility specifications contained in rules of the board.

(e) The board shall develop best management practices for dead animal disposal and the Pollution Control Agency feedlot program shall distribute them to livestock producers in the state.

(f) Paragraph (a) does not apply to livestock killed by wild animals or domestic dogs and the carcass is out-of-sight of the public, and will be used to attract the offending predators back to the kill site.

Sec. 7. Minnesota Statutes 2008, section 84.942, subdivision 1, is amended to read:

Subdivision 1. **Preparation.** The commissioner of natural resources shall prepare a comprehensive fish and wildlife management plan plans designed to accomplish the policy of section 84.941. ~~The comprehensive fish and wildlife management plan shall include a strategic plan as outlined in subdivision 2. The strategic plan must be completed by July 1, 1986. The management plan must also include the long range and operational plans as described in subdivisions 3 and 4. The management plan must be completed by July 1, 1988.~~

Sec. 8. Minnesota Statutes 2009 Supplement, section 84.95, subdivision 2, is amended to read:

Subd. 2. **Purposes and expenditures.** Money from the reinvest in Minnesota resources fund may only be spent for the following fish and wildlife conservation enhancement purposes:

(1) development and implementation of the ~~comprehensive~~ fish and wildlife management ~~plan~~ plans under section 84.942;

(2) implementation of the reinvest in Minnesota reserve program established by section 103F.515;

(3) soil and water conservation practices to improve water quality, reduce soil erosion and crop surpluses;

(4) enhancement or restoration of fish and wildlife habitat on lakes, streams, wetlands, and public and private forest lands;

(5) acquisition and development of public access sites and recreation easements to lakes, streams, and rivers for fish and wildlife oriented recreation;

(6) matching funds with government agencies, federally recognized Indian tribes and bands, and the private sector for acquisition and improvement of fish and wildlife habitat;

(7) research and surveys of fish and wildlife species and habitat;

(8) enforcement of natural resource laws and rules;

(9) information and education;

(10) implementing the aspen recycling program under section 88.80 and for other forest wildlife management projects; and

(11) necessary support services to carry out these purposes.

Sec. 9. Minnesota Statutes 2008, section 84D.03, subdivision 3, is amended to read:

Subd. 3. **Bait harvest from infested waters.** (a) ~~The Taking of wild animals from infested waters for bait or aquatic farm purposes is prohibited, except as provided in paragraph (b).~~

(b) In waters that are designated as infested waters, except those designated because they contain prohibited invasive species of fish, the taking of wild animals may be permitted for:

(1) commercial taking of wild animals for bait and aquatic farm purposes according to a permit issued under section 84D.11, subject to rules adopted by the commissioner; and

(2) bait purposes for noncommercial personal use in waters that contain Eurasian water milfoil, when the infested waters are designated solely because they contain Eurasian water milfoil and if the equipment for taking is limited to cylindrical minnow traps not exceeding 16 inches in diameter and 32 inches in length.

(c) Nets, traps, buoys, anchors, stakes, and lines used for minnow harvest in an infested water that is designated because it contains invasive fish, invasive invertebrates, or certifiable diseases, as defined in section 17.4982, may not be used in any other waters.

Sec. 10. [84D.105] COMMERCIAL DOCK AND BOAT LIFT INSTALLERS; INVASIVE SPECIES TRAINING REQUIRED.

An individual installing or removing docks or boat lifts for a fee on more than one lake shall attend at least one hour of training during the previous 36 months on the identification and methods to prevent the spread of invasive species, if a training session is conducted within 50 miles of the individual's place of business and the cost does not exceed \$10. A person conducting invasive species training of dock and boat lift installers, as provided in this section, must be approved for invasive species training by the commissioner. A person conducting invasive species training of dock and boat lift installers shall issue a certificate of training to an individual who attends invasive species training for at least one hour. The certificate shall include the name, address, and phone number of the person conducting the training, the location of the training, the date and time of the training, the name of the individual receiving the training, and the name of the business employing the installer, if applicable. An individual who is required to have training under this section shall have a valid certificate of training in possession while the individual is installing or removing docks or boat lifts.

Sec. 11. Minnesota Statutes 2008, section 84D.13, subdivision 3, is amended to read:

Subd. 3. **Criminal penalties.** (a) A person who violates a provision of ~~section~~ sections 84D.06, 84D.07, 84D.08, ~~or~~ to 84D.10, or a rule adopted under section 84D.12, is guilty of a misdemeanor.

(b) A person who possesses, transports, or introduces a prohibited invasive species in violation of section 84D.05 is guilty of a misdemeanor. A person who imports, purchases, sells, or propagates a prohibited invasive species in violation of section 84D.05 is guilty of a gross misdemeanor.

(c) A person who refuses to obey an order of a peace officer or conservation officer to remove prohibited invasive species or aquatic macrophytes from any watercraft, trailer, or plant harvesting equipment is guilty of a gross misdemeanor.

Sec. 12. Minnesota Statutes 2008, section 97A.015, is amended by adding a subdivision to read:

Subd. 1a. **Accompanied.** "Accompanied" means:

(1) for a youth age 13 or under hunting small game other than wild turkey, a parent or guardian over age 18 is within unaided sight and hearing distance of the youth hunter that is adequate for the parent or guardian to provide direction and control over the youth hunter;

(2) for a youth age 13 or under hunting wild turkey or big game, a parent or guardian over age 18 is in close enough proximity of the youth hunter for the parent or guardian to immediately assume control of the youth hunter's firearm or bow; or

(3) for a person age 13 or over born after December 31, 1979, and hunting with an apprentice hunter validation under section 97B.022, an adult licensed to hunt in Minnesota whose license was not obtained using an apprentice hunter validation is within unaided sight and hearing distance of the person that is adequate for the licensed adult to provide direction and control over the apprentice hunter.

Sec. 13. Minnesota Statutes 2008, section 97A.015, subdivision 52, is amended to read:

Subd. 52. **Unprotected birds.** "Unprotected birds" means English sparrow, blackbird, starling,

magpie, cormorant, common pigeon, Eurasian collared dove, chukar partridge, quail other than bobwhite quail, and mute swan.

Sec. 14. Minnesota Statutes 2008, section 97A.055, subdivision 4b, is amended to read:

Subd. 4b. **Citizen oversight subcommittees.** (a) The commissioner shall appoint subcommittees of affected persons to review the reports prepared under subdivision 4; review the proposed work plans and budgets for the coming year; propose changes in policies, activities, and revenue enhancements or reductions; review other relevant information; and make recommendations to the legislature and the commissioner for improvements in the management and use of money in the game and fish fund.

(b) The commissioner shall appoint the following subcommittees, each comprised of at least three affected persons:

(1) a Fisheries Operations Subcommittee to review fisheries funding, excluding activities related to trout and salmon stamp and walleye stamp funding;

(2) a Wildlife Operations Subcommittee to review wildlife funding, excluding activities related to migratory waterfowl, pheasant, and wild turkey management funding and excluding review of the amounts available under section 97A.075, subdivision 1, paragraphs (b) and (c);

(3) a Big Game Subcommittee to review the report required in subdivision 4, paragraph (a), clause (2);

(4) an Ecological Resources Subcommittee to review ecological services funding;

(5) a subcommittee to review game and fish fund funding of enforcement and operations support;

(6) a subcommittee to review the trout and salmon stamp report and address funding issues related to trout and salmon;

(7) a subcommittee to review the report on the migratory waterfowl stamp and address funding issues related to migratory waterfowl;

(8) a subcommittee to review the report on the pheasant stamp and address funding issues related to pheasants;

(9) a subcommittee to review the report on the wild turkey management account and address funding issues related to wild turkeys; and

(10) a subcommittee to review the walleye stamp and address funding issues related to walleye stocking.

(c) The chairs of each of the subcommittees shall form a Budgetary Oversight Committee to coordinate the integration of the subcommittee reports into an annual report to the legislature; recommend changes on a broad level in policies, activities, and revenue enhancements or reductions; provide a forum to address issues that transcend the subcommittees; and submit a report for any subcommittee that fails to submit its report in a timely manner.

(d) The Budgetary Oversight Committee shall develop recommendations for a biennial budget plan and report for expenditures on game and fish activities. By August 15 of each even-numbered

year, the committee shall submit the budget plan recommendations to the commissioner and to the senate and house of representatives committees with jurisdiction over natural resources finance.

(e) Each subcommittee shall choose its own chair, except that the chair of the Budgetary Oversight Committee shall be appointed by the commissioner and may not be the chair of any of the subcommittees.

(f) The Budgetary Oversight Committee must make recommendations to the commissioner and to the senate and house of representatives committees with jurisdiction over natural resources finance for outcome goals from expenditures.

(g) Notwithstanding section 15.059, subdivision 5, or other law to the contrary, the Budgetary Oversight Committee and subcommittees do not expire until June 30, ~~2010~~ 2011.

Sec. 15. Minnesota Statutes 2009 Supplement, section 97A.075, subdivision 1, is amended to read:

Subdivision 1. **Deer, bear, and lifetime licenses.** (a) For purposes of this subdivision, "deer license" means a license issued under section 97A.475, subdivisions 2, clauses ~~(5)~~, (6), (7), ~~(13)~~, ~~(14)~~, and ~~(15)~~ (8), and 3, clauses ~~(2)~~, (3), (4), ~~(10)~~, (5), and (11), and ~~(12)~~, and licenses issued under section 97B.301, subdivision 4.

(b) \$2 from each annual deer license and \$2 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer management account and shall be used for deer habitat improvement or deer management programs.

(c) \$1 from each annual deer license and each bear license and \$1 annually from the lifetime fish and wildlife trust fund, established in section 97A.4742, for each license issued under section 97A.473, subdivision 4, shall be credited to the deer and bear management account and shall be used for deer and bear management programs, including a computerized licensing system.

(d) Fifty cents from each deer license is credited to the emergency deer feeding and wild cervidae health management account and is appropriated for emergency deer feeding and wild cervidae health management. Money appropriated for emergency deer feeding and wild cervidae health management is available until expended. The commissioner must inform the legislative chairs of the natural resources finance committees every two years on how the money for emergency deer feeding and wild cervidae health management has been spent.

When the unencumbered balance in the appropriation for emergency deer feeding and wild cervidae health management exceeds \$2,500,000 at the end of a fiscal year, the unencumbered balance in excess of \$2,500,000 is canceled and available for deer and bear management programs and computerized licensing.

Sec. 16. Minnesota Statutes 2008, section 97A.101, subdivision 3, is amended to read:

Subd. 3. **Fishing may not be restricted.** Seasons or methods of taking fish other than minnows may not be restricted under this section.

Sec. 17. Minnesota Statutes 2008, section 97A.145, subdivision 2, is amended to read:

Subd. 2. **Acquisition procedure.** (a) Lands purchased or leased under this section must be

acquired in accordance with this subdivision.

(b) The commissioner must notify the county board and the town officers where the land is located and furnish them a description of the land to be acquired. The county board must approve or disapprove the proposed acquisition within 90 days after being notified. The commissioner may extend the time up to 30 days. The soil and water conservation district supervisors shall counsel the county board on drainage and flood control and the best utilization and capability of the land.

(c) If the county board approves the acquisition within the prescribed time, the commissioner may acquire the land.

(d) If the county board disapproves the acquisition, it must state valid reasons. The commissioner may not purchase or lease the land if the county board disapproves the acquisition and states its reasons within the prescribed time period. The landowner or the commissioner may appeal the disapproval to the district court having jurisdiction where the land is located.

(e) The commissioner or the owner of the land may submit the proposed acquisition to the Land Exchange Board if: (1) the county board does not give reason for disapproval, or does not approve or disapprove the acquisition within the prescribed time period; or (2) the court finds commissioner or owner of the land maintains that the disapproval is arbitrary and capricious, or that the reasons stated for disapproval are invalid, or that the acquisition is in the public interest.

(f) The Land Exchange Board must conduct a hearing and make a decision on the acquisition within 60 days after receiving the proposal. The Land Exchange Board must give notice of the hearing to the county board, the commissioner, the landowner, and other interested parties. The Land Exchange Board must consider the interests of the county, the state, and the landowner in determining whether the acquisition is in the public interest. If a majority of the Land Exchange Board members approves the acquisition, the commissioner may acquire the land. If a majority disapproves, the commissioner may not purchase or lease the land.

Sec. 18. Minnesota Statutes 2008, section 97A.311, subdivision 5, is amended to read:

Subd. 5. **Refunds.** (a) The commissioner may issue a refund on a license, not including any issuing fees paid under section 97A.485, subdivision 6, if the request is received within 90 days of the original license purchase and:

(1) the licensee dies before the opening of the licensed season. The original license and a copy of the death certificate must be provided to the commissioner;

(2) the licensee is unable to participate in the licensed activity because the licensee is called to active military duty or military leave is canceled during the entire open season of the licensed activity. The original license and a copy of the military orders or notice of cancellation of leave must be provided to the commissioner; ~~or~~

(3) the licensee purchased two licenses for the same license season in error; or

(4) the licensee was not legally required to purchase the license to participate in the activity.

(b) This subdivision does not apply to lifetime licenses.

Sec. 19. Minnesota Statutes 2008, section 97A.331, is amended by adding a subdivision to read:

Subd. 4a. **Feeding or baiting deer.** A person who violates the wildlife feeding or baiting restrictions under section 97B.118 or 97B.328 within three years of a previous conviction under that section is guilty of a gross misdemeanor.

Sec. 20. Minnesota Statutes 2008, section 97A.331, is amended by adding a subdivision to read:

Subd. 4b. **Hunting big game while under revocation.** Notwithstanding section 97A.421, subdivision 7, a person who takes big game during the time the person is prohibited from obtaining a license to take big game under section 97A.421 is guilty of a gross misdemeanor.

Sec. 21. Minnesota Statutes 2008, section 97A.420, is amended by adding a subdivision to read:

Subd. 1a. **Seizure of deer hunting license for feeding or baiting deer.** (a) An enforcement officer shall immediately seize the deer hunting licenses of a person who violates wildlife feeding or baiting restrictions under section 97B.118 or 97B.328.

(b) Except as provided in subdivisions 2 and 4, the person may not obtain any license to take deer, including a duplicate license, until an action is taken under subdivision 6.

(c) A person may not take deer until an action is taken under subdivision 6.

Sec. 22. Minnesota Statutes 2008, section 97A.420, subdivision 2, is amended to read:

Subd. 2. **Administrative review.** (a) At any time after the seizure of a license under subdivision 1 or 1a and before revocation under section 97A.421, a person may request in writing a review of the seizure under this section. Upon receiving the request for review, the commissioner shall review the seizure, the evidence upon which it was based, and other material information brought to the attention of the commissioner, and determine whether sufficient cause exists to sustain the seizure.

(b) Within 15 days after receiving the request for administrative review, the commissioner shall issue a written report of the review and shall order that the seizure be either sustained or rescinded.

(c) The review provided in this subdivision is not subject to the contested case provisions of the Administrative Procedure Act under chapter 14. The availability of administrative review does not preclude judicial review under this section.

Sec. 23. Minnesota Statutes 2008, section 97A.420, subdivision 3, is amended to read:

Subd. 3. **Judicial review.** (a) Within 30 days following the seizure of a license under subdivision 1 or 1a, a person may petition the court for review. The petition must be filed with the district court administrator in the county where the incident occurred, together with proof of service of a copy on the commissioner and the county attorney. A responsive pleading is not required of the commissioner of natural resources and court fees may not be charged for the appearance of the representative of the commissioner in the matter.

(b) The petition must be captioned in the name of the person making the petition as petitioner and the commissioner as respondent. The petition must state specifically the grounds upon which the petitioner seeks rescission of the license seizure.

(c) The filing of the petition does not stay the license seizure. The judicial review shall be conducted according to the Rules of Civil Procedure.

Sec. 24. Minnesota Statutes 2008, section 97A.420, subdivision 4, is amended to read:

Subd. 4. **Hearing.** (a) A hearing under subdivision 3 must be before a district court judge in the county where the incident occurred giving rise to the license seizure. The hearing must be to the court and may be conducted at the same time as hearings upon pretrial motions in a related criminal prosecution. The commissioner must be represented by the county attorney.

(b) The hearing must be held at the earliest practicable date and in any event no later than 60 days following the filing of the petition for review.

(c) The scope of the hearing must be limited to the issue of whether there is probable cause to believe that:

(1) the person had unlawfully taken, possessed, or transported wild animals with a restitution value over \$500 under subdivision 1; or

(2) the person violated the wildlife feeding or baiting restrictions under subdivision 1a.

(d) The court shall order that the license seizure be either sustained or rescinded. Within 14 days following the hearing, the court shall forward a copy of the order to the commissioner.

(e) Any party aggrieved by the decision of the reviewing court may appeal the decision as provided in the Rules of Civil Appellate Procedure.

Sec. 25. Minnesota Statutes 2008, section 97A.420, subdivision 6, is amended to read:

Subd. 6. **Return or revocation of licenses upon dismissal or conviction.** (a) Upon acquittal, dismissal, or determination not to charge a person for a violation, the license seizure under subdivision 1 or 1a is immediately rescinded and any license seized in connection with the incident must be returned to the licensee.

(b) Upon conviction of a violation when the restitution value of the wild animals exceeds \$500, revocation of licenses and license privileges must be imposed as provided under section 97A.421, subdivision 2a.

(c) Upon conviction for violation of the wildlife feeding or baiting restrictions under section 97B.118 or 97B.328, revocation of licenses and license privileges must be imposed as provided under section 97A.421, subdivision 3a.

Sec. 26. Minnesota Statutes 2008, section 97A.421, is amended by adding a subdivision to read:

Subd. 3a. **Issuance of big game license after conviction for feeding or baiting.** (a) A person who is convicted of violating the wildlife feeding or baiting restrictions under section 97B.118 or 97B.328 may not obtain a deer hunting license or take deer under a lifetime license for one year after the date of conviction.

(b) A person who is convicted of a second violation of section 97B.118 or 97B.328 within three years of a previous conviction under that section may not obtain any big game license or take big game under a lifetime license for three years after the date of conviction.

Sec. 27. Minnesota Statutes 2008, section 97A.421, subdivision 4a, is amended to read:

Subd. 4a. **Suspension for failure to appear in court or pay a fine or surcharge.** When a court

reports to the commissioner that a person (1) has failed to appear in court ~~under the summons issued in response to a notice to appear or fails to comply with other orders of the court regarding the appearance or proceedings~~ for a violation of the game and fish laws or (2) has been convicted of violating a provision of the game and fish laws, has been sentenced to the payment of a fine or had a surcharge levied against them, and refused or failed to comply with that sentence or to pay the fine or surcharge, the commissioner shall suspend the game and fish license and permit privileges of the person until notified by the court that the person has appeared in court under clause (1) or that any fine or surcharge due the court has been paid under clause (2).

Sec. 28. Minnesota Statutes 2008, section 97A.433, is amended by adding a subdivision to read:

Subd. 5. **Mandatory separate selection.** The commissioner must conduct a separate selection for 20 percent of the elk licenses to be issued each year. Only individuals who have applied at least ten times for an elk license and who have never received a license are eligible for this separate selection.

Sec. 29. Minnesota Statutes 2008, section 97A.435, subdivision 1, is amended to read:

Subdivision 1. ~~Number of licenses to be issued~~ **License issuance.** The commissioner shall include in a rule setting the dates for a turkey season ~~the number of licenses to be issued~~ rules setting turkey seasons the methods for issuing licenses for those seasons.

Sec. 30. Minnesota Statutes 2009 Supplement, section 97A.445, subdivision 1a, is amended to read:

Subd. 1a. **Angling in a state park.** (a) A resident may take fish by angling without an angling license:

(1) when shore fishing or wading on state-owned land within a state park; or

(2) when angling from a boat or float, ~~this subdivision applies only to those~~ or through the ice on water bodies completely encompassed within the statutory boundary of the state park.

(b) The exemption from an angling license does not apply to waters where a trout stamp is required.

Sec. 31. Minnesota Statutes 2008, section 97A.445, subdivision 5, is amended to read:

Subd. 5. ~~Small game hunting; Take a Kid Hunting Weekend.~~ (a) A resident over age 18 may take small game by hunting without a license during one Saturday and Sunday of the small game hunting season designated by rule of the commissioner if accompanied by a child who is under age ~~16~~ 18. The commissioner shall publicize the Saturday and Sunday as "Take a Kid Hunting Weekend." Notwithstanding section 97A.451, subdivision 3, a person under age 18 does not need a hunting license to take small game by hunting on the weekend designated under this paragraph.

(b) Notwithstanding section 97A.451, subdivision 3a, a person under age 16 may take waterfowl without a license when accompanied by a nonhunting adult age 18 or over during youth waterfowl hunting days designated by rule of the commissioner in accordance with federal law.

Sec. 32. Minnesota Statutes 2009 Supplement, section 97A.451, subdivision 2, is amended to read:

Subd. 2. **Residents under age 16 18; fishing.** (a) A resident under the age of 16 18 years may take fish without a license.

(b) A resident under the age of 16 18 may net ciscoes and whitefish for personal consumption without the license required under section 97A.475, subdivision 13. A resident netting ciscoes and whitefish under this paragraph must follow all other applicable requirements for netting ciscoes and whitefish for personal consumption.

EFFECTIVE DATE. This section is effective March 1, 2011.

Sec. 33. Minnesota Statutes 2008, section 97A.451, subdivision 3, is amended to read:

Subd. 3. **Residents under age 16; small game and nonresident hunting.** (a) ~~A resident under age 16 must obtain a small game license in order to take small game by firearms or bow and arrow without paying the applicable fees under section 97A.475, subdivisions 2, 4, and 5, if the resident is:~~

~~(1) age 14 or 15 and possesses a firearms safety certificate;~~

~~(2) age 13, possesses a firearms safety certificate, and is accompanied by a parent or guardian;~~

~~(3) age 13, 14, or 15, possesses an apprentice hunter validation, and is accompanied by a parent or guardian who possesses a small game license that was not obtained using an apprentice hunter validation; or~~

~~(4) age 12 or under and is accompanied by a parent or guardian~~ Except as otherwise specifically provided by law, a person must obtain a license to hunt big game or small game by firearms or bow and arrow and is eligible to obtain a license and use it for hunting if the person was born on or before December 31, 1979, or, if born after December 31, 1979, is:

(1) 12 years of age or under and is accompanied by a parent or guardian;

(2) 13 years of age, possesses a hunter education firearms safety certificate, and is accompanied by a parent or guardian;

(3) 14 years of age or over and possesses a hunter education firearms safety certificate; or

(4) 13 years of age or over, possesses an apprentice hunter validation, and is accompanied by an adult 18 years of age or over who is licensed to hunt in Minnesota and whose license was not obtained using an apprentice hunter validation.

(b) ~~A resident under age 16 may take small game by trapping without a small game license, but a resident 13 years of age or older must have a trapping license to take small game by trapping. A resident under age 13 may trap without a trapping license, but may not register fisher, otter, bobcat, or pine marten unless the resident is at least age five. Any fisher, otter, bobcat, or pine marten taken by a resident under age five must be included in the limit of the accompanying parent or guardian.~~

~~(c) A resident under age 12 may apply for a turkey license and may take a turkey without a firearms safety certificate if the resident is accompanied by an adult parent or guardian who has a firearms safety certificate.~~

~~(d) A resident under age 12 may apply for a prairie chicken license and may take a prairie chicken~~

~~without a firearms safety certificate if the resident is accompanied by an adult parent or guardian who has a firearms safety certificate.~~

Sec. 34. Minnesota Statutes 2009 Supplement, section 97A.475, subdivision 2, is amended to read:

Subd. 2. **Resident hunting.** Fees for the following licenses, to be issued to residents only, are:

- (1) for persons under age 18 to take small game, \$5;
- (2) for persons age 18 or over and under age 65 to take small game, \$12.50;
- ~~(2)~~ (3) for persons ages 16 and 17 and age 65 or over, \$6 to take small game;
- ~~(3)~~ (4) for persons age 18 or over to take turkey, \$23;
- ~~(4)~~ (5) for persons under age 18 to take turkey, \$12 \$5;
- ~~(5)~~ (6) for persons age 18 or over to take deer with firearms during the regular firearms season, \$26;
- ~~(6)~~ (7) for persons age 18 or over to take deer by archery, \$26;
- ~~(7)~~ (8) for persons age 18 or over to take deer by muzzleloader during the muzzleloader season, \$26;
- ~~(8)~~ (9) to take moose, for a party of not more than six persons, \$310;
- ~~(9)~~ (10) to take bear, \$38;
- ~~(10)~~ (11) to take elk, for a party of not more than two persons, \$250;
- ~~(11)~~ (12) to take Canada geese during a special season, \$4;
- ~~(12)~~ (13) to take prairie chickens, \$20;
- ~~(13)~~ (14) for persons under age 18 to take deer with firearms during the regular firearms season, \$13 \$5;
- ~~(14)~~ (15) for persons under age 18 to take deer by archery, \$13 \$5; and
- ~~(15)~~ (16) for persons under age 18 to take deer by muzzleloader during the muzzleloader season, \$13 \$5.

Sec. 35. Minnesota Statutes 2009 Supplement, section 97A.475, subdivision 3, is amended to read:

Subd. 3. **Nonresident hunting.** (a) Fees for the following licenses, to be issued to nonresidents, are:

- (1) for persons under age 18 to take small game, \$5;
- (2) for persons age 18 or over to take small game, \$73;
- ~~(2)~~ (3) for persons age 18 or over to take deer with firearms during the regular firearms season,

\$135;

~~(3)~~ (4) for persons age 18 or over to take deer by archery, \$135;

~~(4)~~ (5) for persons age 18 or over to take deer by muzzleloader during the muzzleloader season, \$135;

~~(5)~~ (6) to take bear, \$195;

~~(6)~~ (7) for persons age 18 ~~and older~~ or over to take turkey, \$78;

~~(7)~~ (8) for persons under age 18 to take turkey, ~~\$12~~ \$5;

~~(8)~~ (9) to take raccoon or bobcat, \$155;

~~(9)~~ (10) to take Canada geese during a special season, \$4;

~~(10)~~ (11) for persons under age 18 to take deer with firearms during the regular firearms season in any open season option or time period, ~~\$13~~ \$5;

~~(11)~~ (12) for persons under age 18 to take deer by archery, ~~\$13~~ \$5; and

~~(12)~~ (13) for persons under age 18 to take deer during the muzzleloader season, ~~\$13~~ \$5.

(b) A \$5 surcharge shall be added to nonresident hunting licenses issued under paragraph (a), clauses ~~(1)~~ (2) to ~~(8)~~ (9). An additional commission may not be assessed on this surcharge.

Sec. 36. Minnesota Statutes 2008, section 97A.475, subdivision 3a, is amended to read:

Subd. 3a. **Deer license surcharge.** A person may agree to add a donation of \$1, \$3, or \$5 to the fees for annual resident and nonresident licenses to take deer by firearms or archery established under subdivisions 2, clauses ~~(5)~~, (6), (7), ~~(11)~~, and ~~(13)~~ (8), and 3, clauses ~~(2)~~, (3), (4), (5), and ~~(9)~~ (10). Beginning March 1, 2008, fees for bonus licenses to take deer by firearms or archery established under section 97B.301, subdivision 4, must be increased by a surcharge of \$1. An additional commission may not be assessed on the donation or surcharge and the following statement must be included in the annual deer hunting regulations: "The deer license donations and surcharges are being paid by hunters for deer management, including assisting with the costs of processing deer donated for charitable purposes."

Sec. 37. Minnesota Statutes 2008, section 97A.475, subdivision 4, is amended to read:

Subd. 4. **Small game surcharge.** Fees for annual licenses to take small game must be increased by a surcharge of \$6.50. An additional commission may not be assessed on the surcharge and the following statement must be included in the annual small game hunting regulations: "This \$6.50 surcharge is being paid by hunters for the acquisition and development of wildlife lands." Small game licenses issued to individuals under age 18 are exempt from this surcharge.

Sec. 38. Minnesota Statutes 2008, section 97A.475, subdivision 6, is amended to read:

Subd. 6. **Resident fishing.** (a) Before March 1, 2015, fees for the following licenses, to be issued to residents only, are:

(1) to take fish by angling, ~~\$17~~ \$21;

(2) to take fish by angling, for a combined license for a married couple, ~~\$25~~ \$31;

(3) to take fish by spearing from a dark house, ~~\$17~~ \$10; and

(4) to take fish by angling for a 24-hour period selected by the licensee, ~~\$8.50~~ \$9.

(b) On March 1, 2015, and thereafter, fees for the following licenses, to be issued to residents only, are:

(1) to take fish by angling, \$25;

(2) to take fish by angling, for a combined license for a married couple, \$37;

(3) to take fish by spearing from a dark house, \$10; and

(4) to take fish by angling for a 24-hour period selected by the licensee, \$9.

(c) At least ten percent of the additional revenue from resident license fee increases after March 1, 2011, shall be available for fish stocking programs.

EFFECTIVE DATE. This section is effective March 1, 2011.

Sec. 39. Minnesota Statutes 2009 Supplement, section 97A.475, subdivision 7, is amended to read:

Subd. 7. **Nonresident fishing.** (a) Before March 1, 2015, fees for the following licenses, to be issued to nonresidents, are:

(1) to take fish by angling, ~~\$37.50~~ \$42;

(2) to take fish by angling limited to seven consecutive days selected by the licensee, ~~\$26.50~~ \$30;

(3) to take fish by angling for a 72-hour period selected by the licensee, ~~\$22~~ \$25;

(4) to take fish by angling for a combined license for a family for one or both parents and dependent children under the age of 16, ~~\$50.50~~ \$56;

(5) to take fish by angling for a 24-hour period selected by the licensee, ~~\$8.50~~ \$9;

(6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days selected by one of the licensees, ~~\$38.50~~ \$43; and

(7) to take fish by spearing from a dark house, ~~\$37.50~~ \$20.

(b) On March 1, 2015, and thereafter, fees for the following licenses to be issued to nonresidents are:

(1) to take fish by angling, \$46;

(2) to take fish by angling, limited to seven consecutive days selected by the licensee, \$33;

(3) to take fish by angling for a 72-hour period selected by the licensee, \$28;

(4) to take fish by angling for a combined license for a family for one or both parents and

dependent children under the age of 16, \$61;

(5) to take fish by angling for a 24-hour period selected by the licensee, \$9;

(6) to take fish by angling for a combined license for a married couple, limited to 14 consecutive days selected by one of the licensees, \$47; and

(7) to take fish by spearing from a dark house, \$24.

(c) A \$2 surcharge shall be added to all nonresident fishing licenses, except licenses issued under paragraph (a), clause (5). An additional commission may not be assessed on this surcharge.

EFFECTIVE DATE. This section is effective March 1, 2011.

Sec. 40. Minnesota Statutes 2008, section 97A.475, subdivision 8, is amended to read:

Subd. 8. **Minnesota sporting.** (a) The commissioner shall issue Minnesota sporting licenses to residents only. The licensee may take fish by angling and small game.

(b) Before March 1, 2015, the fee for the license is:

(1) for an individual, ~~\$23~~ \$26; and

(2) for a combined license for a married couple to take fish and for one spouse to take small game, ~~\$32~~ \$37.

(c) On March 1, 2015, and thereafter, the fee for the license is:

(1) for an individual, \$29; and

(2) for a combined license for a married couple to take fish and for one spouse to take small game, \$42.

EFFECTIVE DATE. This section is effective March 1, 2011.

Sec. 41. Minnesota Statutes 2008, section 97A.475, subdivision 43, is amended to read:

Subd. 43. **Duplicate licenses.** The fees for duplicate licenses are:

(1) for licenses to take big game, \$5; and

(2) for a license issued to a person under age 18, \$1; and

(3) for other licenses, \$2.

Sec. 42. Minnesota Statutes 2008, section 97A.475, subdivision 44, is amended to read:

Subd. 44. **Replacement licenses.** (a) The fee for a replacement firearms deer license is \$5.

(b) The fee for a replacement firearms deer license issued to a person under age 18 is \$1.

Sec. 43. Minnesota Statutes 2008, section 97A.485, subdivision 6, is amended to read:

Subd. 6. **Licenses to be sold and issuing fees.** (a) Persons authorized to sell licenses under this section must issue the following licenses for the license fee and the following issuing fees:

- (1) to take deer or bear with firearms and by archery, the issuing fee is ~~\$1~~ \$2;
 - (2) Minnesota sporting, the issuing fee is ~~\$1~~ \$2;
 - (3) to take small game, to take fish by angling or by spearing, and to trap fur-bearing animals, the issuing fee is ~~\$1~~ \$2;
 - (4) for a stamp validation that is not issued simultaneously with a license, an issuing fee of ~~50 cents~~ \$1 may be charged at the discretion of the authorized seller;
 - (5) for stamp validations issued simultaneously with a license, there is no fee;
 - (6) for licenses, seals, tags, or coupons issued without a fee under section 97A.441 or 97A.465, an issuing fee of ~~50 cents~~ \$1 may be charged at the discretion of the authorized seller;
 - (7) for lifetime licenses, there is no fee; and
 - (8) for all other licenses, permits, renewals, or applications or any other transaction through the electronic licensing system under this chapter or any other chapter when an issuing fee is not specified, an issuing fee of ~~50 cents~~ \$1 may be charged at the discretion of the authorized seller.
- (b) Only one issuing fee may be collected when selling more than one stamp in the same transaction after the end of the season for which the stamp was issued.
- (c) The agent shall keep the issuing fee as a commission for selling the licenses.
- (d) The commissioner shall collect the issuing fee on licenses sold by the commissioner.
- (e) A license, except stamps, must state the amount of the issuing fee and that the issuing fee is kept by the seller as a commission for selling the licenses.
- (f) For duplicate licenses, including licenses issued without a fee, the issuing fees are:
- (1) for licenses to take big game, ~~75 cents~~ \$1.50; and
 - (2) for other licenses, ~~50 cents~~ \$1.
- (g) The commissioner ~~may~~ shall issue one-day angling licenses in books of ten licenses each to fishing guides operating charter boats upon receipt of payment of all license fees, excluding the issuing fee required under this section. Copies of sold and unsold licenses shall be returned to the commissioner. The commissioner shall refund the charter boat captain for the license fees of all unsold licenses. Copies of sold licenses shall be maintained by the commissioner for one year.

EFFECTIVE DATE. This section is effective March 1, 2011.

Sec. 44. Minnesota Statutes 2008, section 97A.535, subdivision 2a, is amended to read:

Subd. 2a. **Quartering of deer allowed.** A deer that has been tagged as required in subdivision 1 may be quartered at the site of the kill. The animal's head or genitalia must remain attached to one of the quarters. For antlered deer, the animal's head must remain attached to one of the quarters. The quarters must be presented together for registration under subdivision 2 and must remain together until the deer is processed for storage.

Sec. 45. Minnesota Statutes 2008, section 97A.545, subdivision 5, is amended to read:

Subd. 5. **Birds must be in undressed condition; exceptions.** (a) Except as provided in paragraph (b), a person may ship or otherwise transport game birds in an undressed condition only.

(b) Paragraph (a) does not apply if the birds being shipped or otherwise transported:

(1) were taken on a shooting preserve and are marked or identified in accordance with section 97A.121, subdivision 5;

(2) were taken, dressed, and lawfully shipped or otherwise transported in another state; or

(3) are migratory game birds that were lawfully tagged and packed by a federally permitted migratory bird preservation facility; or

(4) are doves shipped or transported in accordance with federal law.

Sec. 46. Minnesota Statutes 2008, section 97B.015, is amended to read:

97B.015 HUNTER EDUCATION FIREARMS SAFETY AND WILDLIFE IDENTIFICATION COURSE.

Subdivision 1. **Establishment.** The commissioner shall establish a statewide course in the safe use of firearms and identification of wild mammals and birds. A course may be held in a school district. The courses must be conducted by the commissioner in cooperation with other organizations. The courses must instruct youths in commonly accepted principles of safety in hunting and handling common hunting firearms and identification of various species of wild mammals and birds by sight and other unique characteristics.

Subd. 2. **Administration, supervision, and enforcement.** (a) The commissioner shall appoint a qualified person from the Enforcement Division under civil service rules as supervisor of hunting safety and prescribe the duties and responsibilities of the position. The commissioner shall determine and provide the Enforcement Division with the necessary personnel for this section.

(b) The Enforcement Division may appoint instructors necessary for this section. Instructors shall serve on a voluntary basis without compensation. The Enforcement Division must supply the materials necessary for the course. School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training.

Subd. 3. **Liability insurance.** The commissioner shall obtain insurance to cover all liability incurred by the county directors and instructors for bodily injury, death, and property damage in the performance of their duties under this section.

Subd. 4. **Student fee.** To defray the expense of the course, the Enforcement Division shall collect a fee from each person that takes the hunter education firearm safety course. The commissioner shall establish a fee that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the services. The fee is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The fees shall be deposited in the game and fish fund and the amount thereof is appropriated annually to the Enforcement Division of the Department of Natural Resources for the administration of the program. In addition to the fee established by the commissioner, instructors may charge each person up to the established fee amount for class materials and expenses.

Subd. 5. **Hunter education firearms safety certificate.** The commissioner shall issue a hunter

~~education firearms safety certificate to a person that satisfactorily completes the required course of instruction. A person must be at least age 11 to take the hunter education firearms safety course and may receive a firearms safety certificate, but the certificate is not valid for hunting until the year the person reaches age 12. A person who is age 11 and has a firearms safety certificate may purchase a license to take big game that will be valid for hunting during the entire regular season for which the license is valid if the person will reach age 12 during that calendar year. A firearms safety certificate issued to a person under age 12 by another state as provided in section 97B.020 is not valid for hunting in Minnesota until the person reaches age 12. The form and content of the hunter education firearms safety certificate shall be prescribed by the commissioner.~~

Subd. 5a. **Exemption for military personnel.** Notwithstanding subdivision 5, a person who has successfully completed basic training in the United States armed forces is exempt from the range and shooting exercise portion of the required course of instruction for the hunter education firearms safety certificate. The commissioner may require written proof of the person's military training, as deemed appropriate for implementing this subdivision. The commissioner shall publicly announce this exemption from the range and shooting exercise requirement and the availability of the department's online, remote study option for adults seeking hunter education firearms safety certification. Military personnel are not exempt from any other requirement of this section for obtaining a hunter education firearms safety certificate.

Subd. 6. **Provisional certificate for persons with developmental disability.** Upon the recommendation of a course instructor, the commissioner may issue a provisional hunter education firearms safety certificate to a person who satisfactorily completes the classroom portion of the hunter education firearms safety course but is unable to pass the written or an alternate format exam portion of the course because of developmental disability as defined in section 97B.1055, subdivision 1. The certificate is valid only when used according to section 97B.1055.

Subd. 7. **Fee for duplicate certificate.** The commissioner shall collect a fee, to include a \$1 issuing fee for licensing agents, for issuing a duplicate hunter education firearms safety certificate. The commissioner shall establish a fee that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the service. The fee is not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. The commissioner may establish the fee notwithstanding section 16A.1283. The duplicate certificate fees, except for the issuing fee for licensing agents under this subdivision, shall be deposited in the game and fish fund and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, and issuing fees collected by the commissioner, are appropriated annually to the Enforcement Division of the Department of Natural Resources for the administration of the hunter education firearm safety course program.

Sec. 47. Minnesota Statutes 2008, section 97B.020, is amended to read:

97B.020 HUNTER EDUCATION FIREARMS SAFETY CERTIFICATE REQUIRED.

(a) Except as provided in this section and section 97A.451, subdivision 3a, a person age 13 or over born after December 31, 1979, may not obtain an annual license to take wild animals by firearms unless the person has:

- (1) a hunter education firearms safety certificate or equivalent certificate;
- (2) a driver's license or identification card with a valid hunter education firearms safety

qualification indicator issued under section 171.07, subdivision 13;

(3) a previous hunting license with a valid hunter education firearms safety qualification indicator;

(4) an apprentice hunter validation issued under section 97B.022; or

(5) other evidence indicating that the person has completed in this state or in another state a hunter safety course recognized by the department under a reciprocity agreement or certified by the department as substantially similar.

(b) A person who is on active duty and has successfully completed basic training in the United States armed forces, reserve component, or National Guard may obtain a hunting license or approval authorizing hunting regardless of whether the person is issued a hunter education firearms safety certificate.

(c) A person age 13 or over born after December 31, 1979, may not use a lifetime license to take wild animals by firearms, unless the person meets the requirements for obtaining an annual license under paragraph (a) or (b).

Sec. 48. Minnesota Statutes 2008, section 97B.021, subdivision 1, is amended to read:

Subdivision 1. **Restrictions.** (a) Except as provided in this subdivision, a person under the age of 16 may not possess a firearm, unless accompanied by a parent or guardian.

(b) A person under age 16 may possess a firearm without being accompanied by a parent or guardian:

(1) on land owned by, or occupied as the principal residence of, the person or the person's parent or guardian;

(2) while participating in an organized target shooting program with adult supervision;

(3) while the person is participating in a hunter education firearms safety program or traveling to and from class; or

(4) if the person is age 14 or 15 and has a hunter education firearms safety certificate.

(c) A person age 13, 14, or 15 hunting with an apprentice hunter validation may possess a firearm if accompanied by a parent or guardian age 18 or over who is licensed to hunt in Minnesota and whose license was not obtained using an apprentice hunter validation.

Sec. 49. **[97B.0215] PARENT OR GUARDIAN RESPONSIBILITY; VIOLATION.**

A parent or guardian may not knowingly direct, allow, or permit a person under the age of 18 to hunt without the required license, permit, training, or certification, or in violation of the game and fish laws.

Sec. 50. Minnesota Statutes 2008, section 97B.022, subdivision 2, is amended to read:

Subd. 2. **Apprentice hunter validation requirements.** A resident born after December 31, 1979, who is age ~~12~~ 13 or ~~older~~ over and ~~who~~ a nonresident who is age 13 to 17, and the resident or nonresident does not possess a hunter education firearms safety certificate may be issued an

apprentice hunter validation. An apprentice hunter validation is valid for only ~~one~~ two license year years in a lifetime. An individual in possession of an apprentice hunter validation may hunt small game ~~and~~, deer, and bear only when accompanied by an adult licensed to hunt in Minnesota whose license was not obtained using an apprentice hunter validation. An apprentice hunter validation holder must obtain all required licenses and stamps.

Sec. 51. Minnesota Statutes 2008, section 97B.031, subdivision 5, is amended to read:

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

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

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

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

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

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

Sec. 52. Minnesota Statutes 2008, section 97B.045, is amended by adding a subdivision to read:

Subd. 4. Exception for livestock producers taking predators. The restrictions in subdivision 1 do not apply to a livestock producer or producer's employee while taking unprotected wild animals or predatory domestic dogs on the person's farm when experiencing predatory loss of livestock from wild animal or domestic dog predation.

Sec. 53. Minnesota Statutes 2009 Supplement, section 97B.055, subdivision 3, is amended to read:

Subd. 3. Hunting from vehicle by disabled hunters. (a) The commissioner may issue a special permit, without a fee, to discharge a firearm or bow and arrow from a stationary motor vehicle to a person who obtains the required licenses and who has a permanent physical disability that is more substantial than discomfort from walking. The permit recipient must be:

(1) unable to step from a vehicle without aid of a wheelchair, crutches, braces, or other mechanical support or prosthetic device; or

(2) unable to walk any distance because of a permanent lung, heart, or other internal disease that requires the person to use supplemental oxygen to assist breathing.

(b) The permanent physical disability must be established by medical evidence verified in writing by a licensed physician ~~or~~, chiropractor, or certified nurse practitioner or certified physician assistant acting under the direction of a licensed physician. The commissioner may request additional information from the physician or chiropractor if needed to verify the applicant's eligibility for the permit. Notwithstanding section 97A.418, the commissioner may, in consultation with appropriate advocacy groups, establish reasonable minimum standards for permits to be issued under this section. In addition to providing the medical evidence of a permanent disability, the applicant must possess a valid disability parking certificate authorized by section 169.345 or license plates issued under section 168.021.

(c) A person issued a special permit under this subdivision and hunting deer may take a deer of either sex, except in those antlerless permit areas and seasons where no antlerless permits are offered. This subdivision does not authorize another member of a party to take an antlerless deer under section 97B.301, subdivision 3.

(d) A permit issued under this subdivision is valid for five years.

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

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

(g) Notwithstanding paragraph (d), the commissioner may issue a permit valid for the entire life of the applicant if the commissioner determines that there is no chance that an applicant will become ineligible for a permit under this section and the applicant requests a lifetime permit.

Sec. 54. Minnesota Statutes 2008, section 97B.075, is amended to read:

97B.075 HUNTING RESTRICTED BETWEEN EVENING AND MORNING.

(a) A person may not take protected wild animals, except raccoon and fox, with a firearm between the evening and morning times established by commissioner's rule, except as provided in this section.

(b) Big game may be taken from one-half hour before sunrise until one-half hour after sunset.

(c) Except as otherwise prescribed by the commissioner on or before the Saturday nearest October 8, waterfowl may be taken from one-half hour before sunrise until sunset during the entire season prescribed by the commissioner. On the opening day of the duck season, shooting hours for migratory game birds, except woodcock and doves, begin at 9:00 a.m.

Sec. 55. Minnesota Statutes 2008, section 97B.106, subdivision 1, is amended to read:

Subdivision 1. **Qualifications for crossbow permits.** (a) The commissioner may issue a special permit, without a fee, to take big game, small game, or rough fish with a crossbow to a person that is unable to hunt or take rough fish by archery because of a permanent or temporary physical disability. A crossbow permit issued under this section also allows the permittee to use a bow with a mechanical device that draws, releases, or holds the bow at full draw as provided in section 97B.035, subdivision 1, paragraph (a).

(b) To qualify for a crossbow permit under this section, a temporary disability must render the person unable to hunt or fish by archery for a minimum of two years after application for the permit is made. The permanent or temporary disability must be established by medical evidence, and the inability to hunt or fish by archery for the required period of time must be verified in writing by (1) a licensed physician or a certified nurse practitioner or certified physician assistant acting under the direction of a licensed physician; or (2) a licensed chiropractor. A person who has received a special permit under this section because of a permanent disability is eligible for subsequent special permits without providing medical evidence and verification of the disability.

(c) The person must obtain the appropriate license.

Sec. 56. [97B.118] WILDLIFE FEEDING; RESTRICTIONS BEFORE AND DURING OPEN DEER SEASONS.

Subdivision 1. **Time period; restrictions.** (a) From September 1 to December 31, a person may not place feed for the purpose of attracting or feeding wildlife within an area where deer may be taken by firearm or archery during the open seasons under applicable laws and ordinances.

(b) Feed includes grains, fruits, vegetables, nuts, hay, prepared wildlife food products, or other food that is capable of attracting wildlife and has been placed by a person, but does not include:

(1) liquid scents, salt, and minerals;

(2) bait placed by a licensed trapper for taking fur-bearing animals;

(3) bait placed by a licensed bear hunter or licensed bear hunting outfitter at a registered bear bait station under section 97B.425;

(4) food placed in a bird feeder within 50 feet of a building for the purpose of feeding birds other than game birds; or

(5) food that has not been placed by a person and resulting from normal or accepted farming, forest management, wildlife food plantings, orchard management, or other similar land management activities.

Subd. 2. **Agricultural and livestock exception.** The prohibition in subdivision 1 does not apply to feed placed for agricultural or livestock purposes if the feed is stored consistent with normal agricultural practices.

Subd. 3. **Removal of feed; additional violation.** (a) In addition to any other penalties imposed, a person charged with a violation of this section shall immediately remove any remaining feed.

(b) Failure to comply with this subdivision is a separate violation, in addition to violation of subdivision 1.

Sec. 57. Minnesota Statutes 2008, section 97B.211, subdivision 1, is amended to read:

Subdivision 1. **Possession of firearms prohibited.** (a) A person may not take deer by archery while in possession of a firearm.

(b) Paragraph (a) does not apply to a handgun carried in compliance with section 624.714.

Sec. 58. Minnesota Statutes 2008, section 97B.301, subdivision 3, is amended to read:

Subd. 3. **Party hunting.** If two or more persons with licenses to take deer by firearms, or two or more persons with licenses to take deer by archery, are hunting as a party, a member of the party may take more than one deer, but the total number of deer taken by the party may not exceed the number of persons licensed to take deer in the party. For a deer license issued to a person under age 18, only the person to whom the license is issued may take and tag a deer under that license.

Sec. 59. Minnesota Statutes 2008, section 97B.301, subdivision 6, is amended to read:

Subd. 6. **Residents or nonresidents under age 18 may take deer of either sex.** A resident or nonresident under the age of 18 may take a deer of either sex except in those antlerless permit areas and seasons where no antlerless permits are offered. In antlerless permit areas where no antlerless permits are offered, the commissioner may provide a limited number of youth either sex permits to residents or nonresidents under age 18, under the procedures provided in section 97B.305, and may give preference to residents or nonresidents under the age of 18 that have not previously been selected. This subdivision does not authorize the taking of ~~an antlerless deer~~ on the youth hunter's license by another member of a party under subdivision 3.

Sec. 60. Minnesota Statutes 2008, section 97B.325, is amended to read:

97B.325 ~~DEER~~ DEER BIG GAME STAND RESTRICTIONS.

A person may not take ~~deer~~ big game from a constructed platform or other structure that is located within the right-of-way of an improved public highway or is higher than 16 feet above the ground. The height restriction does not apply to a portable stand that is chained, belted, clamped, or tied with rope.

Sec. 61. Minnesota Statutes 2008, section 97B.405, is amended to read:

97B.405 COMMISSIONER MAY LIMIT NUMBER OF BEAR HUNTERS.

~~(a)~~ The commissioner may limit the number of persons that may hunt bear in an area, if it is necessary to prevent an overharvest or improve the distribution of hunters. The commissioner may establish, by rule, a method, including a drawing, to impartially select the hunters for an area. The commissioner shall give preference to hunters that have previously applied and have not been selected.

~~(b) In the case of a drawing, the commissioner shall allow a person to apply for a permit in more than one area at the same time and rank the person's choice of area.~~

Sec. 62. Minnesota Statutes 2008, section 97B.515, is amended by adding a subdivision to read:

Subd. 4. **Taking elk causing damage or nuisance.** The commissioner may authorize the taking of elk that are causing damage or nuisance by licensed hunters from September 1 to March 1 under

rules prescribed by the commissioner. The commissioner may select and issue licenses to hunters from lists of license applicants based on their interest, proximity, and availability to quickly respond to the damage or nuisance situation. A person receiving a license to hunt elk under this subdivision is not subject to the requirements of section 97A.433, subdivision 2, clause (2), and does not lose eligibility for future elk hunts.

Sec. 63. Minnesota Statutes 2008, section 97B.601, subdivision 4, is amended to read:

Subd. 4. Exception to license requirements. (a) ~~A resident under age 16 may take small game without a small game license, and a resident under age 13 may trap without a trapping license, as provided in section 97A.451, subdivision 3.~~

(b) A person may take small game without a small game license on land occupied by the person as a principal residence.

(c) An owner or occupant may take certain small game causing damage without a small game or trapping license as provided in section 97B.655.

(d) A person may use dogs to pursue and tree raccoons under section 97B.621, subdivision 2, during the closed season without a license.

(e) A person may take a turkey or a prairie chicken without a small game license.

(f) A person participating in "Take a Kid Hunting Weekend" may take small game without a license as provided in section 97A.445, subdivision 5.

(g) A person under age 16 may take waterfowl without a small game license on youth waterfowl days as provided in section 97A.445, subdivision 5.

(h) Certain military personnel or discharged veterans may take small game without a license as provided in section 97A.465.

Sec. 64. Minnesota Statutes 2008, section 97B.711, is amended by adding a subdivision to read:

Subd. 4. Shooting grouse prohibited near motor vehicle. A person in the vicinity of a motor vehicle may not discharge a firearm or an arrow from a bow at a grouse, or at a decoy of a grouse placed by an enforcement officer, unless the person is at least 20 yards from the vehicle and the vehicle's engine is shut off. This subdivision does not apply to a person with a disability permit issued under section 97B.055, subdivision 3.

Sec. 65. Minnesota Statutes 2008, section 97B.803, is amended to read:

97B.803 MIGRATORY WATERFOWL SEASONS AND LIMITS.

~~(a) The commissioner shall prescribe seasons, limits, and areas for taking migratory waterfowl in accordance with federal law.~~

~~(b) The regular duck season may not open before the Saturday closest to October 1.~~

Sec. 66. Minnesota Statutes 2008, section 97C.005, subdivision 3, is amended to read:

Subd. 3. Seasons, limits, and other rules. The commissioner may, in accordance with the procedures in subdivision 2, paragraphs (c) and (e), or by rule under chapter 14, establish open

seasons, limits, methods, and other requirements for taking fish on special management waters. The commissioner may, by written order published in the State Register, amend daily, possession, or size limits to make midseason adjustments that are necessary based on available harvest, angling pressure, and population data to manage the fisheries in the 1837 Ceded Territory in compliance with the court orders in Mille Lacs Band of Chippewa v. Minnesota, 119 S. Ct. 1187 (1999). The midseason adjustments in daily, possession, or size limits are not subject to the rulemaking provisions of chapter 14 and section 14.386 does not apply. Before the written order is effective, the commissioner shall attempt to notify persons or groups of persons affected by the written order by public announcement, posting, and other appropriate means as determined by the commissioner.

Sec. 67. Minnesota Statutes 2008, section 97C.087, subdivision 2, is amended to read:

Subd. 2. **Application for tag.** Application for special fish management tags must be accompanied by a \$5, nonrefundable application fee for each tag. A person may not make more than one tag application each calendar year. If a person makes more than one application, the person is ineligible for a special fish management tag for that ~~season~~ calendar year after determination by the commissioner, without a hearing.

Sec. 68. Minnesota Statutes 2008, section 97C.205, is amended to read:

97C.205 TRANSPORTING AND STOCKING FISH.

(a) Except on the water body where taken, a person may not transport a live fish in a quantity of water sufficient to keep the fish alive, unless the fish:

(1) is being transported under an aquaculture license as authorized under sections 17.4985 and 17.4986;

(2) is being transported for a fishing contest weigh-in under section 97C.081;

(3) is a minnow being transported under section 97C.505 or 97C.515;

(4) is being transported by a commercial fishing license holder under section 97C.821; or

(5) is being transported as otherwise authorized in this section or as prescribed for certifiable diseases under sections 17.46 to 17.4999.

(b) The commissioner may adopt rules to allow and regulate:

(1) the transportation of fish and fish eggs; and

(2) the stocking of waters with fish or fish eggs.

(c) The commissioner must allow the possession of fish on special management or experimental waters to be prepared as a meal on the ice or on the shore of that water body if the fish:

(1) were lawfully taken;

(2) have been packaged by a licensed fish packer; and

(3) do not otherwise exceed the statewide possession limits.

(d) The commissioner shall prescribe rules designed to encourage local sporting organizations to propagate game fish by using rearing ponds. The rules must:

- (1) prescribe methods to acquire brood stock for the ponds by seining public waters;
- (2) allow the sporting organizations to own and use seines and other necessary equipment; and
- (3) prescribe methods for stocking the fish in public waters that give priority to the needs of the community where the fish are reared and the desires of the organization operating the rearing pond.

(e) A person age 16 or under may, for purposes of display in a home aquarium, transport largemouth bass, smallmouth bass, yellow perch, rock bass, black crappie, white crappie, bluegill pumpkinseed, green sunfish, orange spotted sunfish, and black, yellow, and brown bullheads taken by angling, except as otherwise ordered by the commissioner upon documentation of an emergency fish disease in Minnesota waters, as defined in section 17.4982, subdivision 9. No more than four of each species may be transported at any one time, and any individual fish can be no longer than ten inches in total length. The commissioner may, by written order published in the State Register, prohibit transportation of live fish under this paragraph to help prevent spread of an emergency fish disease documented to occur in Minnesota waters. The order is exempt from the rulemaking provisions of chapter 14 and section 14.386 does not apply.

Sec. 69. [97C.338] TRANSPORTATION AND BAIT USE OF LARGE BULLHEADS AND WHITE SUCKERS.

Subdivision 1. Large bullheads. (a) Notwithstanding section 97C.205, paragraph (a), up to 100 bullheads that are greater than seven inches and equal to or less than ten inches in length may be taken, possessed, transported, and held for use as live bait as provided in this section.

(b) Bullheads taken under this section may be taken from the wild by:

(1) angling;

(2) dip net; or

(3) seines used as authorized for noncommercial taking of minnows under sections 97C.505 and 97C.511, subdivision 1, and as prescribed by the commissioner.

(c) Bullheads taken and possessed under this section count towards the daily and possession limits for bullheads prescribed by the commissioner.

(d) Bullheads taken and possessed under this section must be transported in a container with a locking lid or other device to prevent escape, and live bullheads may not be released into the wild.

(e) A person transporting or holding bullheads under this section must allow inspection of the bullheads by the commissioner at any time.

(f) A person may not transport live bullheads taken or possessed under this section across the Minnesota state border without an appropriate commercial license and transportation permit.

Subd. 2. Bullhead transportation north of State Highway 210. Live bullheads, regardless of size, may not be transported north of State Highway 210 except under an appropriate commercial fishing, aquatic farm, private hatchery, or minnow dealer license or as specifically authorized by permit.

Subd. 3. Large white suckers. Notwithstanding section 97C.205, paragraph (a), white suckers

that are over 12 inches in length and have been legally purchased from a licensed commercial vendor may be transported alive if the person transporting them has in personal possession a valid sales receipt from the vendor. To be valid, the sales receipt must:

- (1) show the number of fish purchased;
- (2) show the date and time of the purchase; and
- (3) have a date and time of purchase that is not more than 96 hours prior to the time the suckers are being transported.

Sec. 70. Minnesota Statutes 2008, section 97C.341, is amended to read:

97C.341 CERTAIN AQUATIC LIFE PROHIBITED FOR BAIT.

(a) A person may not use live minnows imported from outside of the state, game fish, goldfish, or carp for bait. The commissioner may authorize use of game fish eggs as bait and prescribe restrictions on their use.

(b) A person may not import or possess live, frozen, or processed bait from known waters where viral hemorrhagic septicemia has been identified as being present. For purposes of this paragraph, "bait" includes fish, aquatic worms, amphibians, invertebrates, and insects used for angling taking wild animals.

Sec. 71. ZONE 3 DEER SEASON AND RESTRICTIONS; 2010.

For the 2010 deer season, notwithstanding rules of the commissioner of natural resources under Minnesota Statutes, section 97B.311, paragraph (a), the commissioner shall allow a nine-day early A season in Zone 3 beginning the Saturday nearest November 6 and a nine-day late B season in Zone 3 beginning the Saturday nearest November 20. During the last two days of the 2010 early A season in Zone 3, a person may not take antlered deer unless the deer has at least four points on one side, or the person has taken an antlerless deer prior to taking the antlered deer. Party hunting for antlered deer under Minnesota Statutes, section 97B.301, subdivision 3, is not allowed in the last two days of the 2010 early A season in Zone 3. Zone 3 is defined in rules of the Department of Natural Resources. The penalty provisions under Minnesota Statutes, section 97A.301, apply to specific restrictions under this section.

Sec. 72. CASS LAKE; TEMPORARY REGULATIONS.

(a) Notwithstanding rules of the commissioner of natural resources, until March 15, 2015, a person may take fish by spearing from a dark house on Cass Lake. The commissioner may establish temporary special management regulations for Cass Lake under Minnesota Statutes, section 84.027, subdivision 13. Until March 15, 2015, on Cass Lake:

- (1) a person must release a muskellunge of any size that is taken by angling;
- (2) a person who takes a muskellunge accidentally by spearing must protect the evidence and report the taking to a conservation officer with 24 hours;
- (3) a person who accidentally takes a muskellunge by spearing and who complies with clause (2), shall not be convicted for the violation and shall not be assessed restitution;

(4) a person convicted of taking a muskellunge by spearing who does not comply with clause (2), in addition to other penalties in law, shall be ineligible for a license to take game and fish under the game and fish laws for five years after the conviction; and

(5) restitution for muskellunge taken illegally must be imposed at double the rate under the rules of the commissioner.

(b) By December 1, 2010, the commissioner shall attempt to notify persons or groups of persons affected by the change in paragraph (a) by public announcement, posting, and other appropriate means as determined by the commissioner.

(c) By January 15, 2015, the commissioner of natural resources shall report to the senate and house of representatives natural resources policy committees on the effects of the changes in paragraph (a) on the populations of northern pike, muskellunge, and other affected species in Cass Lake. The commissioner may include any recommendations for continuation of the requirements in paragraph (a) and a discussion of broadening the requirements to other lakes in the state.

EFFECTIVE DATE. This section is effective December 1, 2010.

Sec. 73. PILOT WALK-IN PUBLIC ACCESS PROGRAM; APPROPRIATION.

(a) \$1,400,000 in fiscal year 2011 is appropriated from the game and fish fund to the commissioner of natural resources for a two-year pilot walk-in public access program. The commissioner shall work with the Board of Water and Soil Resources and other interested persons to design a pilot program. The commissioner shall pursue additional funding and coordination with the United States Department of Agriculture. The commissioner shall contract with landowners at locations within the agricultural areas of the state for recreational access on lands containing at least 40 contiguous acres of game habitat. At a minimum, all of the locations must be open to the public for taking game during prescribed seasons from September 1 to the end of the small game season each year. Land under contract pursuant to this section shall be treated the same as land made available without charge for recreational purposes under Minnesota Statutes, sections 604A.20 to 604A.27. This is a onetime appropriation and is available until June 30, 2012.

(b) By February 15, 2011, the commissioner shall provide a progress report to the house of representatives and senate committees and divisions with primary jurisdiction over natural resources policy and budget on the pilot walk-in public access program. The report shall include:

(1) the number of acres and location of each pilot walk-in public access contract;

(2) information on landowner acceptance of the program;

(3) information on the design of the program, including payments for landowner contracts and other criteria for the program;

(4) a copy of the landowner contract used for the pilot program;

(5) a proposed source of revenue for continuation of the program and the leverage of federal funds; and

(6) habitat criteria for the public access walk-in contracts, including any recommendations on use of money from other sources for restoration and enhancement of the walk-in access sites.

Sec. 74. **REPEALER.**

Minnesota Statutes 2008, sections 84.942, subdivisions 2, 3, and 4; 97A.435, subdivision 5; 97A.451, subdivisions 3a and 4; 97A.485, subdivision 12; 97B.022, subdivision 1; 97B.511; and 97B.515, subdivision 3, are repealed.

ARTICLE 2

NATURAL RESOURCES POLICY

Section 1. Minnesota Statutes 2008, section 84.025, subdivision 9, is amended to read:

Subd. 9. **Professional services support account.** The commissioner of natural resources may bill other governmental units, including tribal governments, and the various programs carried out by the commissioner for the costs of providing them with professional support services. Except as provided under section 89.421, receipts must be credited to a special account in the state treasury and are appropriated to the commissioner to pay the costs for which the billings were made.

The commissioner of natural resources shall submit to the commissioner of management and budget before the start of each fiscal year a work plan showing the estimated work to be done during the coming year, the estimated cost of doing the work, and the positions and fees that will be necessary. This account is exempted from statewide and agency indirect cost payments.

Sec. 2. Minnesota Statutes 2008, section 84.027, subdivision 15, is amended to read:

Subd. 15. **Electronic transactions.** (a) The commissioner may receive an application for, sell, and issue any license, stamp, permit, pass, sticker, ~~duplicate~~ gift card, safety training certification, registration, or transfer under the jurisdiction of the commissioner by electronic means, including by telephone. Notwithstanding section 97A.472, electronic and telephone transactions may be made outside of the state. The commissioner may:

(1) provide for the electronic transfer of funds generated by electronic transactions, including by telephone;

(2) assign an identification number to an applicant who purchases a hunting or fishing license or recreational vehicle registration by electronic means, to serve as temporary authorization to engage in the activity requiring a license or registration until the license or registration is received or expires;

(3) charge and permit agents to charge a fee of individuals who make electronic transactions and transactions by telephone or Internet, including issuing fees and an additional transaction fee not to exceed \$3.50;

(4) charge and permit agents to charge a convenience fee not to exceed three percent of the cost of the license to individuals who use electronic bank cards for payment. An electronic licensing system agent charging a fee of individuals making an electronic bank card transaction in person must post a sign informing individuals of the fee. The sign must be near the point of payment, clearly visible, include the amount of the fee, and state: "License agents are allowed by state law to charge a fee not to exceed three percent of the cost of state licenses to persons who use electronic bank cards for payment. The fee is not required by state law.";

(5) establish, by written order, an electronic licensing system commission to be paid by revenues generated from all sales made through the electronic licensing system. The commissioner shall

establish the commission in a manner that neither significantly overrecovers nor underrecovers costs involved in providing the electronic licensing system; and

(6) adopt rules to administer the provisions of this subdivision.

(b) The fees established under paragraph (a), clauses (3) and (4), and the commission established under paragraph (a), clause (5), are not subject to the rulemaking procedures of chapter 14 and section 14.386 does not apply.

(c) Money received from fees and commissions collected under this subdivision, including interest earned, is annually appropriated from the game and fish fund and the natural resources fund to the commissioner for the cost of electronic licensing.

Sec. 3. Minnesota Statutes 2008, section 84.0856, is amended to read:

84.0856 FLEET MANAGEMENT ACCOUNT.

The commissioner of natural resources may bill organizational units within the Department of Natural Resources and other governmental units, including tribal governments, for the costs of providing them with equipment. Costs billed may include acquisition, licensing, insurance, maintenance, repair, and other direct costs as determined by the commissioner. Receipts and interest earned on the receipts shall be credited to a special account in the state treasury and are appropriated to the commissioner to pay the costs for which the billings were made.

Sec. 4. Minnesota Statutes 2008, section 84.0857, is amended to read:

84.0857 FACILITIES MANAGEMENT ACCOUNT.

(a) The commissioner of natural resources may bill organizational units within the Department of Natural Resources and other governmental units, including tribal governments, for the costs of providing them with building and infrastructure facilities. Costs billed may include modifications and adaptations to allow for appropriate building occupancy, building code compliance, insurance, utility services, maintenance, repair, and other direct costs as determined by the commissioner. Receipts shall be credited to a special account in the state treasury and are appropriated to the commissioner to pay the costs for which the billings were made.

(b) Money deposited in the special account from the proceeds of a sale under section 94.16, subdivision 3, paragraph (b), is appropriated to the commissioner to acquire facilities or renovate existing buildings for administrative use or to acquire land for, design, and construct administrative buildings for the Department of Natural Resources.

Sec. 5. Minnesota Statutes 2008, section 84.82, subdivision 3, is amended to read:

Subd. 3. **Fees for registration.** (a) The fee for registration of each snowmobile, other than those used for an agricultural purpose, as defined in section 84.92, subdivision 1c, or those registered by a dealer or manufacturer pursuant to clause (b) or (c) shall be as follows: \$45 for three years and \$4 for a duplicate or transfer.

(b) The total registration fee for all snowmobiles owned by a dealer and operated for demonstration or testing purposes shall be \$50 per year.

(c) The total registration fee for all snowmobiles owned by a manufacturer and operated for

research, testing, experimentation, or demonstration purposes shall be \$150 per year. Dealer and manufacturer registrations are not transferable.

(d) The onetime fee for registration of an exempt snowmobile under subdivision 6a is \$6.

Sec. 6. Minnesota Statutes 2008, section 84.82, is amended by adding a subdivision to read:

Subd. 6a. **Exemption; collector unlimited snowmobile use.** Snowmobiles may be issued an exempt registration if the machine is at least 25 years old. Exempt registration is valid from the date of issuance until ownership of the snowmobile is transferred. Exempt registrations are not transferable.

Sec. 7. Minnesota Statutes 2008, section 84.92, subdivision 9, is amended to read:

Subd. 9. **Class 1 all-terrain vehicle.** "Class 1 all-terrain vehicle" means an all-terrain vehicle that has a total dry weight of less than ~~900~~ 1,000 pounds.

Sec. 8. Minnesota Statutes 2008, section 84.92, subdivision 10, is amended to read:

Subd. 10. **Class 2 all-terrain vehicle.** "Class 2 all-terrain vehicle" means an all-terrain vehicle that has a total dry weight of ~~900~~ 1,000 to ~~1,500~~ 1,800 pounds.

Sec. 9. Minnesota Statutes 2008, section 84.922, is amended by adding a subdivision to read:

Subd. 2b. **Collector unlimited use; exempt registration.** All-terrain vehicles may be issued an exempt registration if requested and the machine is at least 25 years old. Exempt registration is valid from the date of issuance until ownership of the all-terrain vehicle is transferred. Exempt registrations are not transferable.

Sec. 10. Minnesota Statutes 2008, section 84.922, subdivision 5, is amended to read:

Subd. 5. **Fees for registration.** (a) The fee for a three-year registration of an all-terrain vehicle under this section, other than those registered by a dealer or manufacturer under paragraph (b) or (c), is:

- (1) for public use, \$45;
- (2) for private use, \$6; and
- (3) for a duplicate or transfer, \$4.

(b) The total registration fee for all-terrain vehicles owned by a dealer and operated for demonstration or testing purposes is \$50 per year. Dealer registrations are not transferable.

(c) The total registration fee for all-terrain vehicles owned by a manufacturer and operated for research, testing, experimentation, or demonstration purposes is \$150 per year. Manufacturer registrations are not transferable.

(d) The onetime fee for registration of an all-terrain vehicle under subdivision 2b is \$6.

(e) The fees collected under this subdivision must be credited to the all-terrain vehicle account.

Sec. 11. Minnesota Statutes 2008, section 84.925, subdivision 1, is amended to read:

Subdivision 1. **Program established.** (a) The commissioner shall establish a comprehensive all-terrain vehicle environmental and safety education and training program, including the preparation and dissemination of vehicle information and safety advice to the public, the training of all-terrain vehicle operators, and the issuance of all-terrain vehicle safety certificates to vehicle operators over the age of 12 years who successfully complete the all-terrain vehicle environmental and safety education and training course.

(b) For the purpose of administering the program and to defray a portion of the expenses of training and certifying vehicle operators, the commissioner shall collect a fee of \$15 from each person who receives the training. The commissioner shall collect a fee, to include a \$1 issuing fee for licensing agents, for issuing a duplicate all-terrain vehicle safety certificate. The commissioner shall establish the fee for a duplicate all-terrain vehicle safety certificate that neither significantly overrecovers nor underrecovers costs, including overhead costs, involved in providing the service. Fee proceeds, except for the issuing fee for licensing agents under this subdivision, shall be deposited in the all-terrain vehicle account in the natural resources fund. In addition to the fee established by the commissioner, instructors may charge each person ~~the cost of~~ up to the established fee amount for class material materials and expenses.

(c) The commissioner shall cooperate with private organizations and associations, private and public corporations, and local governmental units in furtherance of the program established under this section. School districts may cooperate with the commissioner and volunteer instructors to provide space for the classroom portion of the training. The commissioner shall consult with the commissioner of public safety in regard to training program subject matter and performance testing that leads to the certification of vehicle operators. By June 30, 2003, the commissioner shall incorporate a riding component in the safety education and training program.

Sec. 12. Minnesota Statutes 2009 Supplement, section 84.928, subdivision 1, is amended to read:

Subdivision 1. **Operation on roads and rights-of-way.** (a) Unless otherwise allowed in sections 84.92 to 84.928, a person shall not operate an all-terrain vehicle in this state along or on the roadway, shoulder, or inside bank or slope of a public road right-of-way of a trunk, county state-aid, or county highway.

(b) A person may operate a class 1 all-terrain vehicle in the ditch or the outside bank or slope of a trunk, county state-aid, or county highway unless prohibited under paragraph (d) or (f).

(c) A person may operate a class 2 all-terrain vehicle within the public road right-of-way of a county state-aid or county highway on the extreme right-hand side of the road and left turns may be made from any part of the road if it is safe to do so under the prevailing conditions, unless prohibited under paragraph (d) or (f). A person may operate a class 2 all-terrain vehicle on the bank or ditch of a public road right-of-way on a designated class 2 all-terrain vehicle trail.

(d) A road authority as defined under section 160.02, subdivision 25, may after a public hearing restrict the use of all-terrain vehicles in the public road right-of-way under its jurisdiction.

(e) The restrictions in paragraphs (a), (d), (h), (i), and (j) do not apply to the operation of an all-terrain vehicle on the shoulder, inside bank or slope, ditch, or outside bank or slope of a trunk, interstate, county state-aid, or county highway:

(1) that is part of a funded grant-in-aid trail; or

(2) when the all-terrain vehicle is:

~~(1)~~ owned by or operated under contract with a publicly or privately owned utility or pipeline company; and

~~(2)~~ used for work on utilities or pipelines.

(f) The commissioner may limit the use of a right-of-way for a period of time if the commissioner determines that use of the right-of-way causes:

(1) degradation of vegetation on adjacent public property;

(2) siltation of waters of the state;

(3) impairment or enhancement to the act of taking game; or

(4) a threat to safety of the right-of-way users or to individuals on adjacent public property.

The commissioner must notify the road authority as soon as it is known that a closure will be ordered. The notice must state the reasons and duration of the closure.

(g) A person may operate an all-terrain vehicle registered for private use and used for agricultural purposes on a public road right-of-way of a trunk, county state-aid, or county highway in this state if the all-terrain vehicle is operated on the extreme right-hand side of the road, and left turns may be made from any part of the road if it is safe to do so under the prevailing conditions.

(h) A person shall not operate an all-terrain vehicle within the public road right-of-way of a trunk, county state-aid, or county highway from April 1 to August 1 in the agricultural zone unless the vehicle is being used exclusively as transportation to and from work on agricultural lands. This paragraph does not apply to an agent or employee of a road authority, as defined in section 160.02, subdivision 25, or the Department of Natural Resources when performing or exercising official duties or powers.

(i) A person shall not operate an all-terrain vehicle within the public road right-of-way of a trunk, county state-aid, or county highway between the hours of one-half hour after sunset to one-half hour before sunrise, except on the right-hand side of the right-of-way and in the same direction as the highway traffic on the nearest lane of the adjacent roadway.

(j) A person shall not operate an all-terrain vehicle at any time within the right-of-way of an interstate highway or freeway within this state.

Sec. 13. Minnesota Statutes 2009 Supplement, section 85.015, subdivision 13, is amended to read:

Subd. 13. **Arrowhead Region Trails, in Cook, Lake, St. Louis, Pine, Carlton, Koochiching, and Itasca Counties.** (a)(1) The Taconite Trail shall originate at Ely in St. Louis County and extend southwesterly to Tower in St. Louis County, thence westerly to McCarthy Beach State Park in St. Louis County, thence southwesterly to Grand Rapids in Itasca County and there terminate;

(2) The C. J. Ramstad/Northshore Trail shall originate in Duluth in St. Louis County and extend northeasterly to Two Harbors in Lake County, thence northeasterly to Grand Marais in Cook County, thence northeasterly to the international boundary in the vicinity of the north shore of Lake Superior,

and there terminate;

(3) The Grand Marais to International Falls Trail shall originate in Grand Marais in Cook County and extend northwesterly, outside of the Boundary Waters Canoe Area, to Ely in St. Louis County, thence southwesterly along the route of the Taconite Trail to Tower in St. Louis County, thence northwesterly through the Pelican Lake area in St. Louis County to International Falls in Koochiching County, and there terminate;

(4) The Becky Lourey Trail shall originate in Duluth in St. Louis County and extend southerly to St. Croix State Forest in Pine County.

(b) The trails shall be developed primarily for riding and hiking.

(c) In addition to the authority granted in subdivision 1, lands and interests in lands for the Arrowhead Region trails may be acquired by eminent domain. Before acquiring any land or interest in land by eminent domain the commissioner of administration shall obtain the approval of the governor. The governor shall consult with the Legislative Advisory Commission before granting approval. Recommendations of the Legislative Advisory Commission shall be advisory only. Failure or refusal of the commission to make a recommendation shall be deemed a negative recommendation.

Sec. 14. Minnesota Statutes 2008, section 85.015, subdivision 14, is amended to read:

Subd. 14. **Willard Munger Trail System, Chisago, Ramsey, Pine, St. Louis, Carlton, and Washington Counties.** (a) The trail shall consist of six segments. One segment shall be known as the Gateway Trail and shall originate at the State Capitol and extend northerly and northeasterly to William O'Brien State Park, thence northerly to Taylors Falls in Chisago County. ~~One segment shall be known as the Boundary Trail and shall originate in Chisago County and extend into Duluth in St. Louis County.~~ One segment shall be known as the Browns Creek Trail and shall originate at Duluth Junction and extend into Stillwater in Washington County. One segment shall be known as the Munger Trail and shall originate at Hinckley in Pine County and extend through Moose Lake in Carlton County to Duluth in St. Louis County. One segment shall be known as the Alex Laveau Trail and shall originate in Carlton County at Carlton and extend through Wrenshall to the Minnesota-Wisconsin border. One segment shall be established that extends the trail to include the cities of Proctor, Duluth, and Hermantown in St. Louis County.

(b) The Gateway and Browns Creek Trails shall be developed primarily for hiking and nonmotorized riding and the remaining trails shall be developed primarily for riding and hiking.

(c) In addition to the authority granted in subdivision 1, lands and interests in lands for the Gateway and Browns Creek Trails may be acquired by eminent domain.

Sec. 15. Minnesota Statutes 2008, section 85.22, subdivision 5, is amended to read:

Subd. 5. **Exemption.** Purchases for resale or rental made from the state parks working capital ~~fund~~ account are exempt from competitive bidding, notwithstanding chapter 16C.

Sec. 16. Minnesota Statutes 2008, section 85.32, subdivision 1, is amended to read:

Subdivision 1. **Areas marked.** The commissioner of natural resources is authorized in cooperation with local units of government and private individuals and groups when feasible to

~~mark canoe and boating routes~~ state water trails on the Little Fork, Big Fork, Minnesota, St. Croix, Snake, Mississippi, Red Lake, Cannon, Straight, Des Moines, Crow Wing, St. Louis, Pine, Rum, Kettle, Cloquet, Root, Zumbro, Pomme de Terre within Swift County, Watonwan, Cottonwood, Whitewater, Chippewa from Benson in Swift County to Montevideo in Chippewa County, Long Prairie, Red River of the North, Sauk, Otter Tail, Redwood, Blue Earth, and Crow Rivers which have historic and scenic values and to mark appropriately points of interest, portages, camp sites, and all dams, rapids, waterfalls, whirlpools, and other serious hazards which are dangerous to canoe, kayak, and watercraft travelers.

Sec. 17. Minnesota Statutes 2008, section 85.43, is amended to read:

85.43 DISPOSITION OF RECEIPTS; PURPOSE.

Fees from cross-country ski passes shall be deposited in the state treasury and credited to a cross-country ski account in the natural resources fund and, except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, are appropriated to the commissioner of natural resources for the following purposes:

(1) grants-in-aid for cross-country ski trails sponsored by to:

(i) local units of government counties and municipalities for construction and maintenance of cross-country ski trails; and

(ii) special park districts as provided in section 85.44 for construction and maintenance of cross-country ski trails; and

(2) development and maintenance of state cross-country ski trails.

Sec. 18. Minnesota Statutes 2008, section 85.46, as amended by Laws 2009, chapter 37, article 1, sections 22 to 24, is amended to read:

85.46 HORSE TRAIL PASS.

Subdivision 1. **Pass in possession.** (a) Except as provided in paragraph (b), while riding, leading, or driving a horse ~~on horse trails and associated day use areas on state trails, in state parks, in state recreation areas, and in state forests,~~ on lands administered by the commissioner, a person 16 years of age or over shall carry in immediate possession a valid horse ~~trail~~ pass. The pass must be available for inspection by a peace officer, a conservation officer, or an employee designated under section 84.0835.

(b) A valid horse ~~trail~~ pass is not required under this section for a person riding, leading, or driving a horse only on the portion of a horse trail property that is owned by the person or the person's spouse, child, parent, or guardian.

Subd. 2. **License agents.** (a) The commissioner of natural resources may appoint agents to issue and sell horse ~~trail~~ passes. The commissioner may revoke the appointment of an agent at any time.

(b) The commissioner may adopt additional rules as provided in section 97A.485, subdivision 11. An agent shall observe all rules adopted by the commissioner for the accounting and handling of passes according to section 97A.485, subdivision 11.

(c) An agent must promptly deposit and remit all money received from the sale of passes, except

issuing fees, to the commissioner.

Subd. 3. **Issuance.** The commissioner of natural resources and agents shall issue and sell horse ~~trail~~ passes. The pass shall include the applicant's signature and other information deemed necessary by the commissioner. To be valid, a daily or annual pass must be signed by the person riding, leading, or driving the horse, and a commercial annual pass must be signed by the owner of the commercial ~~trail~~ riding facility.

Subd. 4. **Pass fees.** (a) The fee for an annual horse ~~trail~~ pass is \$20 for an individual 16 years of age and over. The fee shall be collected at the time the pass is purchased. Annual passes are valid for one year beginning January 1 and ending December 31.

(b) The fee for a daily horse ~~trail~~ pass is \$4 for an individual 16 years of age and over. The fee shall be collected at the time the pass is purchased. The daily pass is valid only for the date designated on the pass form.

(c) The fee for a commercial annual horse ~~trail~~ pass is \$200 and includes issuance of 15 passes. Additional or individual commercial annual horse ~~trail~~ passes may be purchased by the commercial ~~trail~~ riding facility owner at a fee of \$20 each. Commercial annual horse ~~trail~~ passes are valid for one year beginning January 1 and ending December 31 and may be affixed to the horse tack, saddle, or person. Commercial annual horse ~~trail~~ passes are not transferable to another commercial ~~trail~~ riding facility. For the purposes of this section, a "commercial ~~trail~~ riding facility" is an operation where horses are used for riding instruction or other equestrian activities for hire or use by others.

Subd. 5. **Issuing fee.** In addition to the fee for a horse ~~trail~~ pass, an issuing fee of \$1 per pass shall be charged. The issuing fee shall be retained by the seller of the pass. Issuing fees for passes sold by the commissioner of natural resources shall be deposited in the state treasury and credited to the horse ~~trail~~ pass account in the natural resources fund and are appropriated to the commissioner for the operation of the electronic licensing system. A pass shall indicate the amount of the fee that is retained by the seller.

Subd. 6. **Disposition of receipts.** Fees collected under this section, except for the issuing fee, shall be deposited in the state treasury and credited to the horse ~~trail~~ pass account in the natural resources fund. Except for the electronic licensing system commission established by the commissioner under section 84.027, subdivision 15, the fees are appropriated to the commissioner of natural resources for trail acquisition, trail and facility development, and maintenance, enforcement, and rehabilitation of horse trails or trails authorized for horse use, whether for riding, leading, or driving, on ~~state trails and in state parks, state recreation areas, and state forests~~ land administered by the commissioner.

Subd. 7. **Duplicate horse ~~trail~~ passes.** The commissioner of natural resources and agents shall issue a duplicate pass to a person or commercial ~~trail~~ riding facility owner whose pass is lost or destroyed using the process established under section 97A.405, subdivision 3, and rules adopted thereunder. The fee for a duplicate horse ~~trail~~ pass is \$2, with an issuing fee of 50 cents.

Sec. 19. Minnesota Statutes 2009 Supplement, section 86A.09, subdivision 1, is amended to read:

Subdivision 1. **Master plan required.** No construction of new facilities or other development of an authorized unit, other than repairs and maintenance, shall commence until the managing agency

has prepared and submitted to the commissioner of natural resources and the commissioner has reviewed, pursuant to this section, a master plan for administration of the unit in conformity with this section. No master plan is required for wildlife management areas that do not have resident managers, for scientific and natural areas, for water access sites, for aquatic management areas, for rest areas, or for boater waysides.

Sec. 20. Minnesota Statutes 2008, section 86B.101, is amended to read:

86B.101 WATERCRAFT SAFETY AND EDUCATION PROGRAM.

Subdivision 1. **Safety and education program.** The commissioner shall continue and expand the comprehensive ~~boat~~ watercraft safety and education program. The commissioner shall cooperate with ~~boaters~~ watercraft owners, governmental subdivisions, state agencies, other states, and the federal government in the operation of the program.

Subd. 2. **Youth watercraft safety and education course.** (a) The commissioner shall establish an educational course and a testing program for personal watercraft and watercraft operators and for persons age 12 or older but younger than age 18 required to take the watercraft safety and education course. The course shall have an invasive species component that includes the identification of invasive species and invasive species control requirements. The commissioner shall prescribe a written test as part of the course. A personal watercraft educational course and testing program that emphasizes safe and legal operation must be required for persons age 13 or older but younger than age 18 operating personal watercraft.

(b) The commissioner shall issue a watercraft operator's permit to a person age 12 or older but younger than age 18 who successfully completes the educational program and the written test.

Subd. 3. **Operator's permit.** The commissioner shall issue a watercraft operator's permit to a person who successfully qualifies for a watercraft operator's permit under the ~~boat~~ watercraft safety and education program.

Subd. 4. **~~Boat~~ Watercraft safety and education program; reciprocity with other states.** The commissioner may enter into reciprocity agreements or otherwise certify ~~boat~~ watercraft safety and education programs from other states that are substantially similar to in-state programs. The commissioner shall issue a watercraft operator's permit to a person who provides proof of completion of a program subject to a reciprocity agreement or certified as substantially similar.

Sec. 21. Minnesota Statutes 2008, section 97B.665, subdivision 2, is amended to read:

Subd. 2. **Petition to district court.** ~~If a beaver dam causes a threat to personal safety or a serious threat to damage property, and a person cannot obtain consent under subdivision 1, a person may petition the district court for relief. The court may order the commissioner~~ owners of private property where beaver dams are located to take action to reduce the threat. A permit is not required for an action ordered by the court. The action may include destruction or alteration of beaver dams and removal of beaver. This subdivision does not apply to state parks, state game refuges, and federal game refuges.

Sec. 22. Minnesota Statutes 2008, section 103A.305, is amended to read:

103A.305 JURISDICTION.

Sections 103A.301 to 103A.341 apply if the decision of an agency in a proceeding involves a question of water policy in one or more of the areas of water conservation, water pollution, preservation and management of wildlife, drainage, soil conservation, public recreation, forest management, and municipal planning under section 97A.135; 103A.411; 103E.011; 103E.015; 103G.245; 103G.261; 103G.271; 103G.275; 103G.281; ~~103G.295, subdivisions 1 and 2;~~ 103G.287; 103G.297 to 103G.311; 103G.315, subdivisions 1, 10, 11, and 12; 103G.401; 103G.405; 103I.681, subdivision 1; 115.04; or 115.05.

Sec. 23. Minnesota Statutes 2009 Supplement, section 103G.201, is amended to read:

103G.201 PUBLIC WATERS INVENTORY.

(a) The commissioner shall maintain a public waters inventory map of each county that shows the waters of this state that are designated as public waters under the public waters inventory and classification procedures prescribed under Laws 1979, chapter 199, and shall provide access to a copy of the maps ~~and lists~~. As county public waters inventory maps ~~and lists~~ are revised according to this section, the commissioner shall send a notification or a copy of the maps ~~and lists~~ to the auditor of each affected county.

(b) The commissioner is authorized to revise the ~~list~~ map of public waters established under Laws 1979, chapter 199, to reclassify those types 3, 4, and 5 wetlands previously identified as public waters wetlands under Laws 1979, chapter 199, as public waters or as wetlands under section 103G.005, subdivision 19. The commissioner may only reclassify public waters wetlands as public waters if:

(1) they are assigned a shoreland management classification by the commissioner under sections 103F.201 to 103F.221;

(2) they are classified as lacustrine wetlands or deepwater habitats according to Classification of Wetlands and Deepwater Habitats of the United States (Cowardin, et al., 1979 edition); or

(3) the state or federal government has become titleholder to any of the beds or shores of the public waters wetlands, subsequent to the preparation of the public waters inventory map filed with the auditor of the county, pursuant to paragraph (a), and the responsible state or federal agency declares that the water is necessary for the purposes of the public ownership.

(c) The commissioner must provide notice of the reclassification to the local government unit, the county board, the watershed district, if one exists for the area, and the soil and water conservation district. Within 60 days of receiving notice from the commissioner, a party required to receive the notice may provide a resolution stating objections to the reclassification. If the commissioner receives an objection from a party required to receive the notice, the reclassification is not effective. If the commissioner does not receive an objection from a party required to receive the notice, the reclassification of a wetland under paragraph (b) is effective 60 days after the notice is received by all of the parties.

(d) The commissioner shall give priority to the reclassification of public waters wetlands that are or have the potential to be affected by public works projects.

(e) The commissioner may revise the public waters inventory map ~~and list~~ of each county:

(1) to reflect the changes authorized in paragraph (b); and

(2) as needed, to:

(i) correct errors in the original inventory;

(ii) add or subtract trout stream tributaries within sections that contain a designated trout stream following written notice to the landowner;

(iii) add depleted quarries, and sand and gravel pits, when the body of water exceeds 50 acres and the shoreland has been zoned for residential development; and

(iv) add or subtract public waters that have been created or eliminated as a requirement of a permit authorized by the commissioner under section 103G.245.

Sec. 24. Minnesota Statutes 2008, section 103G.271, subdivision 3, is amended to read:

Subd. 3. **Permit restriction during summer months.** The commissioner must not modify or restrict the amount of appropriation from a groundwater source authorized in a water use permit issued to irrigate agricultural land ~~under section 103G.295, subdivision 2,~~ between May 1 and October 1, unless the commissioner determines the authorized amount of appropriation endangers a domestic water supply.

Sec. 25. **[103G.282] MONITORING TO EVALUATE IMPACTS FROM APPROPRIATIONS.**

Subdivision 1. **Monitoring equipment.** The commissioner may require the installation and maintenance of monitoring equipment to evaluate water resource impacts from permitted appropriations and proposed projects that require a permit. Monitoring for water resources that supply more than one appropriator must be designed to minimize costs to individual appropriators.

Subd. 2. **Measuring devices required.** Monitoring installations required under subdivision 1 must be equipped with automated measuring devices to measure water levels, flows, or conditions. The commissioner may determine the frequency of measurements and other measuring methods based on the quantity of water appropriated or used, the source of water, potential connections to other water resources, the method of appropriating or using water, seasonal and long-term changes in water levels, and any other facts supplied to the commissioner.

Subd. 3. **Reports and costs.** (a) Records of water measurements under subdivision 2 must be kept for each installation. The measurements must be reported annually to the commissioner on or before February 15 of the following year in a format or on forms prescribed by the commissioner.

(b) The owner or person in charge of an installation for appropriating or using waters of the state or a proposal that requires a permit is responsible for all costs related to establishing and maintaining monitoring installations and to measuring and reporting data. Monitoring costs for water resources that supply more than one appropriator may be distributed among all users within a monitoring area determined by the commissioner and assessed based on volumes of water appropriated and proximity to resources of concern.

Sec. 26. Minnesota Statutes 2008, section 103G.285, subdivision 5, is amended to read:

Subd. 5. **Trout streams.** Permits issued after June 3, 1977, to appropriate water from streams designated trout streams by the commissioner's orders under section ~~97C.024~~ 97C.005 must be limited to temporary appropriations.

Sec. 27. **[103G.287] GROUNDWATER APPROPRIATIONS.**

Subdivision 1. **Waiver.** The commissioner may waive a limitation or requirement in subdivisions 2 to 6 for just cause.

Subd. 2. **Applications for groundwater appropriations.** Groundwater use permit applications are not complete until the applicant has supplied:

(1) a water well record as required by section 103I.205, subdivision 9, information on the subsurface geologic formations penetrated by the well and the formation or aquifer that will serve as the water source, and geologic information from test holes drilled to locate the site of the production well;

(2) the maximum daily, seasonal, and annual pumpage rates and volumes being requested;

(3) information on groundwater quality in terms of the measures of quality commonly specified for the proposed water use and details on water treatment necessary for the proposed use;

(4) an inventory of existing wells within 1-1/2 miles of the proposed production well or within the area of influence, as determined by the commissioner. The inventory must include information on well locations, depths, geologic formations, depth of the pump or intake, pumping and nonpumping water levels, and details of well construction; and

(5) the results of an aquifer test completed according to specifications approved by the commissioner. The test must be conducted at the maximum pumping rate requested in the application and for a length of time adequate to assess or predict impacts to other wells and surface water and groundwater resources. The permit applicant is responsible for all costs related to the aquifer test, including the construction of groundwater and surface water monitoring installations, and water level readings before, during, and after the aquifer test.

Subd. 3. **Relationship to surface water resources.** Groundwater appropriations that have potential impacts to surface waters are subject to applicable provisions in section 103G.285.

Subd. 4. **Protection of groundwater supplies.** The commissioner may establish water appropriation limits to protect groundwater resources. When establishing water appropriation limits to protect groundwater resources, the commissioner must consider current and projected water levels and water supply management objectives in section 103G.265, subdivision 1.

Subd. 5. **Groundwater management areas.** The commissioner may designate groundwater management areas and limit total annual water appropriations and uses within a designated area to ensure future supplies. Water appropriations and uses within a designated management area must be consistent with a plan approved by the commissioner that addresses water conservation requirements and water allocation priorities established in section 103G.261.

Subd. 6. **Interference with other wells.** The commissioner may issue water use permits for appropriation from groundwater only if the commissioner determines that adequate water supplies are available for the proposed use without reducing water levels beyond the reach of public water supply and private domestic wells constructed according to Minnesota Rules, chapter 4725.

Sec. 28. Minnesota Statutes 2008, section 103G.301, subdivision 6, is amended to read:

Subd. 6. **Filing application.** (a) An application for a permit must be filed with the commissioner

and if the proposed activity for which the permit is requested is within a municipality, or is within or affects a watershed district or a soil and water conservation district, a copy of the application with maps, plans, and specifications must be served on the mayor of the municipality, the secretary of the board of managers of the watershed district, and the secretary of the board of supervisors of the soil and water conservation district.

~~(b) If the application is required to be served on a local governmental unit under this subdivision, proof of service must be included with the application and filed with the commissioner.~~

Sec. 29. Minnesota Statutes 2008, section 103G.305, subdivision 2, is amended to read:

Subd. 2. **Exception.** The requirements of subdivision 1 do not apply to applications for a water use permit for:

~~(1) appropriations from waters of the state for irrigation, under section 103G.295;~~

~~(2) appropriations for diversion from the basin of origin of more than 2,000,000 gallons per day average in a 30-day period; or~~

~~(3) (2) appropriations with a consumptive use of more than 2,000,000 gallons per day average for a 30-day period.~~

Sec. 30. Minnesota Statutes 2008, section 103G.315, subdivision 11, is amended to read:

Subd. 11. **Limitations on permits.** (a) Except as otherwise expressly provided by law, a permit issued by the commissioner under this chapter is subject to:

(1) cancellation by the commissioner at any time if necessary to protect the public interests;

(2) further conditions on the term of the permit or its cancellation as the commissioner may prescribe and amend and reissue the permit; and

(3) applicable law existing before or after the issuance of the permit.

(b) Permits issued to irrigate agricultural land ~~under section 103G.295, or considered issued,~~ are subject to this subdivision and are subject to cancellation by the commissioner upon the recommendation of the supervisors of the soil and water conservation district where the land to be irrigated is located.

Sec. 31. Minnesota Statutes 2008, section 103G.515, subdivision 5, is amended to read:

Subd. 5. **Removal of hazardous dams.** Notwithstanding any provision of this section or of section 103G.511 relating to cost sharing or apportionment, the commissioner, within the limits of legislative appropriation, may assume or pay the entire cost of removal of a privately or publicly owned dam upon determining removal provides the lowest cost solution and:

(1) that continued existence of the structure presents a significant public safety hazard, or prevents restoration of an important fisheries resource; or

(2) that public or private property is being damaged due to partial failure of the structure, and that an attempt to assess costs of removal against the private or public owner would be of no avail.

Sec. 32. [103G.651] REMOVING SUNKEN LOGS FROM PUBLIC WATERS

PROHIBITED.

The commissioner of natural resources must not issue leases to remove sunken logs or issue permits for the removal of sunken logs from public waters.

Sec. 33. Minnesota Statutes 2008, section 290.431, is amended to read:

290.431 NONGAME WILDLIFE CHECKOFF.

Every individual who files an income tax return or property tax refund claim form may designate on their original return that \$1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that individual and paid into an account to be established for the management of nongame wildlife. The commissioner of revenue shall, on the income tax return and the property tax refund claim form, notify filers of their right to designate that a portion of their tax or refund shall be paid into the nongame wildlife management account. The sum of the amounts so designated to be paid shall be credited to the nongame wildlife management account for use by the nongame program ~~of the section of wildlife~~ in the Department of Natural Resources. All interest earned on money accrued, gifts to the program, contributions to the program, and reimbursements of expenditures in the nongame wildlife management account shall be credited to the account by the commissioner of management and budget, except that gifts or contributions received directly by the commissioner of natural resources and directed by the contributor for use in specific nongame field projects or geographic areas shall be handled according to section 84.085, subdivision 1. The commissioner of natural resources shall submit a work program for each fiscal year and semiannual progress reports to the Legislative-Citizen Commission on Minnesota Resources in the form determined by the commission. ~~None of the money provided in this section may be expended unless the commission has approved the work program.~~

The state pledges and agrees with all contributors to the nongame wildlife management account to use the funds contributed solely for the management of nongame wildlife projects and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of nongame wildlife. The commissioner may use funds appropriated for nongame wildlife programs for the purpose of developing, preserving, restoring, and maintaining wintering habitat for neotropical migrant birds in Latin America and the Caribbean under agreement or contract with any nonprofit organization dedicated to the construction, maintenance, and repair of such projects that are acceptable to the governmental agency having jurisdiction over the land and water affected by the projects. Under this authority, the commissioner may execute agreements and contracts if the commissioner determines that the use of the funds will benefit neotropical migrant birds that breed in or migrate through the state.

Sec. 34. Minnesota Statutes 2008, section 290.432, is amended to read:

290.432 CORPORATE NONGAME WILDLIFE CHECKOFF.

A corporation that files an income tax return may designate on its original return that \$1 or more shall be added to the tax or deducted from the refund that would otherwise be payable by or to that corporation and paid into the nongame wildlife management account established by section 290.431 for use by ~~the section of wildlife~~ in the Department of Natural Resources for its nongame wildlife program. The commissioner of revenue shall, on the corporate tax return, notify filers of their right to designate that a portion of their tax return be paid into the nongame wildlife management account

for the protection of endangered natural resources. All interest earned on money accrued, gifts to the program, contributions to the program, and reimbursements of expenditures in the nongame wildlife management account shall be credited to the account by the commissioner of management and budget, except that gifts or contributions received directly by the commissioner of natural resources and directed by the contributor for use in specific nongame field projects or geographic areas shall be handled according to section 84.085, subdivision 1. The commissioner of natural resources shall submit a work program for each fiscal year to the Legislative-Citizen Commission on Minnesota Resources in the form determined by the commission. ~~None of the money provided in this section may be spent unless the commission has approved the work program.~~

The state pledges and agrees with all corporate contributors to the nongame wildlife account to use the funds contributed solely for the nongame wildlife program and further agrees that it will not impose additional conditions or restrictions that will limit or otherwise restrict the ability of the commissioner of natural resources to use the available funds for the most efficient and effective management of those programs.

Sec. 35. REPORT ON PAYMENTS IN LIEU OF TAXES FOR STATE NATURAL RESOURCE LANDS.

By January 15, 2011, the commissioner of revenue, after consultation with the commissioner of natural resources and representatives from affected local units of government and other interested parties, shall report to the senate and house of representatives natural resources and tax policy and finance committees and divisions with recommended changes to payment in lieu of taxes for natural resource lands under Minnesota Statutes, sections 97A.061 and 477A.11 to 477A.145. The report shall include an analysis of the current payment and distribution system, and any recommended changes to:

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

Sec. 36. REVISOR'S INSTRUCTION.

(a) The revisor of statutes shall change the term "horse trail pass" to "horse pass" wherever it appears in Minnesota Statutes and Minnesota Rules.

(b) The revisor of statutes shall change the term "canoe and boating routes" or similar term to "state water trails" or similar term wherever it appears in Minnesota Statutes and Minnesota Rules.

(c) The revisor of statutes shall change the term "Minnesota Conservation Corps" to "Conservation Corps Minnesota" wherever it appears in Minnesota Statutes.

Sec. 37. REPEALER.

(a) Minnesota Statutes 2008, sections 84.02, subdivisions 1, 2, 3, 4, 5, 6, 7, and 8; 97B.665, subdivision 1; 103G.295; and 103G.650, are repealed.

(b) Minnesota Statutes 2009 Supplement, sections 3.3006; and 84.02, subdivisions 4a, 6a, and 6b, are repealed.

(c) Laws 2009, chapter 172, article 5, section 8, is repealed.

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

ARTICLE 3
STATE LANDS

Section 1. Minnesota Statutes 2008, section 84.0272, subdivision 2, is amended to read:

Subd. 2. **Stream easements.** (a) Notwithstanding subdivision 1, the commissioner may acquire permanent stream easements for angler access, fish management, and habitat work for a onetime payment based on a value attributed to both the stream and the easement corridor. The payment shall equal:

- (1) the per linear foot of stream within the easement corridor times \$5; plus
- (2) the easement corridor acres times the estimated market value.
- (b) The estimated market value is equal to:

(1) the total farm market value plus the timberlands value agricultural market value plus the rural vacant market value plus the managed forest market value; divided by

(2) the acres of deeded farmland plus the acres of timber agricultural land plus the rural vacant land plus the managed forest land.

(c) The total farm market value, timberlands value, acres of deeded farmland, and acres of timber agricultural market value, rural vacant market value, and managed forest market value or equivalent are determined from data collected by the Department of Revenue during its annual spring mini abstract survey. If the Department of Revenue changes its property type groups for its annual spring mini abstract survey, the agricultural market value, the rural vacant market value, and the managed forest market value shall be determined by the commissioner from data collected by the Department of Revenue in a manner that provides the most reasonable substitute for the market values as presently reported. The commissioner must use the most recent available data for the city or township within which the easement corridor is located.

(d) The commissioner shall periodically review the easement payment rates under this subdivision to determine whether the stream easement payments reflect current shoreland market values. If the commissioner determines that the easements do not reflect current shoreland market values, the commissioner shall report to the senate and house of representatives natural resources policy committees with recommendations for changes to this subdivision that are necessary for the stream easement payment rates to reflect current shoreland market values. The recommendations may include an adjustment to the dollar amount in paragraph (a), clause (1).

Sec. 2. Minnesota Statutes 2008, section 85.012, subdivision 40, is amended to read:

Subd. 40. McCarthy Beach State Park, St. Louis County and Itasca Counties, which is hereby renamed from McCarthy Beach Memorial State Park.

Sec. 3. **[85.0144] HILL-ANNEX MINE STATE PARK; HISTORIC PROPERTY EXEMPTION.**

In accordance with Laws 1988, chapter 686, article 1, section 53, that provided that mining may

be conducted on Hill-Annex Mine State Park in the future and that portions of the surface estate may be necessary for these mining operations, section 138.665, subdivision 2, does not apply to the removal of any taconite or any iron-bearing material stockpiles within the Hill-Annex Mine State Park.

Sec. 4. Minnesota Statutes 2008, section 89.032, subdivision 2, is amended to read:

Subd. 2. **Acquisition for state forests.** The commissioner may acquire lands or interest in lands for state forest purposes. The land or interests in land may be subject to mineral reservations.

Sec. 5. Laws 2008, chapter 368, article 1, section 34, as amended by Laws 2009, chapter 176, article 4, section 2, is amended to read:

Sec. 34. PRIVATE SALE OF SURPLUS STATE LAND; HENNEPIN COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of natural resources shall sell to the city of Wayzata the surplus land that is described in paragraph (c) ~~upon verification that the city has acquired the adjacent parcel, currently occupied by a gas station.~~

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell the land described in paragraph (c) to the city of Wayzata, for ~~up to \$75,000 plus transaction costs~~ \$1, but the conveyance must provide that the land described in paragraph (c) be used for a public road and reverts to the state if the city of Wayzata fails to provide for public use of the land as a road or abandons the public use of the land.

(c) The land that may be sold is located in Hennepin County and is described as: Tract F, Registered Land Survey No. 1168.

(d) The Department of Natural Resources has determined that the state's land management interests would best be served if the land was conveyed to the city of Wayzata.

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

Sec. 6. Laws 2009, chapter 176, article 4, section 9, is amended to read:

Sec. 9. PRIVATE SALE OF SURPLUS LAND; CLEARWATER COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell the land to the White Earth Band of Ojibwe for ~~less than the value of the land as determined by the commissioner~~ \$1, but the conveyance must provide that the land be used for the public and reverts to the state if the band fails to provide for public use or abandons the public use of the land. The conveyance may reserve an easement for ingress and egress.

(c) The land that may be sold is located in Clearwater County and is described as: the West 400 feet of the South 750 feet of Government Lot 3, Section 31, Township 145 North, Range 38 West, containing 6.89 acres, more or less.

(d) The Department of Natural Resources has determined that the land and building are no longer needed for natural resource purposes.

Sec. 7. ADDITIONS TO STATE PARKS.

Subdivision 1. [85.012] [Subd. 19.] Forestville Mystery Cave State Park, Fillmore County.
The following areas are added to Forestville Mystery Cave State Park, all in Fillmore County:

(1) commencing at the northeast corner of Section 14, Township 102 North, Range 12 West; thence West 1,608.8 feet; thence South 2 degrees 50 minutes West 1,260.4 feet; thence North 89 degrees 57 minutes West 656 feet; thence South 0 degrees 39 minutes West 541.4 feet; thence North 89 degrees 57 minutes West 302.7 feet; thence South 0 degrees 39 minutes West 347.1 feet; thence South 89 degrees 58 minutes East 132 feet; thence South 0 degrees 39 minutes West 496 feet; thence South 89 degrees 58 minutes East 495 feet; thence South 54 degrees East 990 feet; thence South 39 degrees East 295 feet; thence South 84 degrees East 594 feet; thence South 64 degrees East 148.5 feet; thence South 66 degrees East 462 feet; thence North 0 degrees 45 minutes East 3763 feet to beginning;

(2) that part of the East Half of the Southeast Quarter of Section 14, Township 102 North, Range 12 West, lying North of the south bank of the North Branch Creek, also known as Forestville Creek. Said parcel of real estate being more fully described as follows: commencing at the northeast corner of Section 14, proceed West, a distance of 1,608.8 feet; thence South 2 degrees 50 minutes West a distance of 1,260.4 feet; thence North 89 degrees 57 minutes West, a distance of 656 feet; thence South 0 degrees 39 minutes West, a distance of 541.4 feet to the beginning corner. From the point of beginning, continue North 89 degrees 57 minutes West, a distance of 302.7 feet; thence South 0 degrees 39 minutes West a distance of 347.1 feet; thence South 89 degrees 58 minutes East, a distance of 132 feet; thence South 0 degrees 39 minutes West, a distance of 496 feet; thence South 89 degrees 58 minutes East a distance of 363 feet; thence South 54 degrees East 990 feet; thence South 39 degrees East 295 feet; thence South 84 degrees East 594 feet; thence South 64 degrees East 148.5 feet; thence South 66 degrees East 462 feet, to the section line; thence North on the section line, a distance of 1,783 feet; thence North 85 degrees 34 minutes West a distance of 2,340.2 feet to the beginning corner;

(3) the South Half of the Northeast Quarter of Section 23, Township 102, Range 12, Fillmore County, Minnesota, except the South Half of the Southeast Quarter of the Southeast Quarter of said Northeast Quarter, and also except that part thereof lying West of the center of County Road No. 12;

(4) that part of the North Half of the Southwest Quarter of Section 23, Township 102, Range 12, Fillmore County, Minnesota, lying northerly and easterly of the following described line: commencing at a point 288.4 feet North of the southwest corner of the Northwest Quarter of the Southwest Quarter of said Section 23; thence North 132 feet, to the point of beginning of the line to be described; thence East 1,800 feet, to the center of river; thence South 6 degrees East 133 feet to intersect the hereinafter described Line X; thence easterly along said Line X to the hereinafter described Point A; thence South, parallel with the west line of said Southwest Quarter to the south line of said North Half of said Southwest Quarter and said line there terminating. Said Line X and Point A being described as follows: commencing at the southwest corner of the Northwest Quarter of the Southwest Quarter of said Section 23; thence running North 4.37 chains; thence East, along a line referred to as Line X in the above description, a distance of 27.25 chains to a point referred to as Point A in the above description;

(5) the East Half of the Southeast Quarter of the Southwest Quarter of Section 23, Township 102, Range 12, Fillmore County, Minnesota; and

(6) the Southeast Quarter of Section 23, Township 102, Range 12, Fillmore County, Minnesota, except the North Half of the Northeast Quarter of the Northeast Quarter of said Southeast Quarter.

Subd. 2. [85.012] [Subd. 31.] **Judge C. R. Magney State Park, Cook County.** The following areas are added to Judge C. R. Magney State Park, all in Cook County: the Northwest Quarter of the Northwest Quarter, the Northeast Quarter of the Northwest Quarter, and the Northwest Quarter of the Northeast Quarter, all in Section 5, Township 62 North, Range 3 East.

Subd. 3. [85.012] [Subd. 54.] **Split Rock Lighthouse State Park, Lake County.** The following areas are added to Split Rock Lighthouse State Park, all in Lake County: the Southeast Quarter of the Northwest Quarter and the Southwest Quarter of the Northeast Quarter, all in Section 32, Township 55 North, Range 8 West.

Subd. 4. [85.012] [Subd. 55a.] **Tettegouche State Park, Lake County.** The following areas are added to Tettegouche State Park:

(1) that part of Government Lot 2, Section 15, Township 56, Range 7, Lake County, Minnesota, described as follows: commencing at the quarter corner between said Section 15 and Section 22, Township 56, Range 7; thence East, along the section line between said Sections 15 and 22, a distance of 503.0 feet; thence northeasterly, deflecting to the left 75 degrees 00 minutes a distance of 425.0 feet, to a point designated by a two-inch iron pipe, being the point of beginning; thence northwesterly, to a point on the west line of said Lot 2 distant approximately 970.0 feet North of said quarter corner between Sections 15 and 22; thence North along said west line to the northwest corner of said Lot 2; thence East, along the north line of said Lot 2, approximately 240.0 feet; thence in a southeasterly direction to a point on the east side of a point of rocks projecting into Lake Superior, being marked by an X; thence in a southwesterly direction, along the shore of said Lake Superior to the point of beginning. (X mark on rock being in line making a deflection angle of 45 degrees 51 minutes to the left with the east-west section line from a point on the section line 503.0 feet East of the quarter corner between said Sections 15 and 22 and being approximately 830 feet from said point on said section line.); and

(2) the Northeast Quarter of the Southwest Quarter of Section 15, Township 56, Range 7, Lake County, Minnesota.

Sec. 8. **DELETIONS FROM STATE PARKS.**

Subdivision 1. [85.012] [Subd. 1a.] **Afton State Park, Washington County.** The following area is deleted from Afton State Park: all that part of the Southwest Quarter of Section 3, Township 27, Range 20, Washington County, Minnesota, embraced within the recorded plat of ALPS ESTATES.

Subd. 2. [85.012] [Subd. 14.] **Crow Wing State Park, Crow Wing, Cass, and Morrison Counties.** The following areas are deleted from Crow Wing State Park:

(1) all that part of Government Lots 7 and 8, Section 24, Township 44, Range 32, Crow Wing County, Minnesota, embraced within the recorded plat of RED RIVER TRAIL; and

(2) all that part of Government Lot 7, Section 24, Township 44, Range 32, Crow Wing County, Minnesota, embraced within the recorded plat of LOGGER RUN.

Subd. 3. **[85.012] [Subd. 21.] Frontenac State Park, Goodhue County.** The following area is deleted from Frontenac State Park: that part of the Southeast Quarter, Section 11, Township 112 North, Range 13 West, being described as BLOCK P, GARRARD'S SOUTH EXTENSION TO FRONTENAC according to the plat on file and of record in the Office of the Recorder for Goodhue County, Minnesota, including any portions of vacated roadway which have attached thereto.

Subd. 4. **[85.012] [Subd. 26.] Hayes Lake State Park, Roseau County.** The following area is deleted from Hayes Lake State Park: the West 45.00 feet of the North 160.7 feet of the South 263.58 feet of the Southwest Quarter of the Northeast Quarter of Section 32, Township 160, Range 38, Roseau County, Minnesota.

Subd. 5. **[85.012] [Subd. 40.] McCarthy Beach State Park, St. Louis and Itasca Counties.** The following area is deleted from McCarthy Beach State Park in Itasca County: all that part of the Northeast Quarter of the Southeast Quarter, Section 1, Township 60 North, Range 22 West, embraced within the recorded plat of "TRUST," as depicted thereon.

Subd. 6. **[85.012] [Subd. 41.] Maplewood State Park, Otter Tail County.** The following areas are deleted from Maplewood State Park:

(1) that part of Government Lot 4, Section 9, Township 135, Range 42, Otter Tail County, Minnesota, embraced within the recorded plat of South Lida Shores, according to the recorded plat thereof;

(2) that part of Government Lot 4, Section 9, Township 135, Range 42, Otter Tail County, Minnesota, embraced within the recorded plat of Greens Isle View Addition, according to the recorded plat thereof;

(3) that part of Government Lot 4, Section 9, Township 135, Range 42, Otter Tail County, Minnesota, described as follows: beginning at a point located by running West 401 feet from the northeast corner of said Government Lot 4 in Section 9; thence South 47 degrees 10 minutes West 100 feet; thence South 52 degrees 19 minutes West along the lakeshore of Lake Lida a distance of 50 feet; thence South 42 degrees 50 minutes East 200 feet; thence North 52 degrees 19 minutes East 50 feet; thence North 42 degrees 50 minutes West 100 feet; thence North 47 degrees 10 minutes East 100 feet; thence North 42 degrees 50 minutes West, 100 feet to the point of beginning;

(4) that part of Government Lot 5, Section 9, Township 135, Range 42, Otter Tail County, Minnesota, described as follows: commencing at the northeast corner of Government Lot 4 in said Section 9; thence on an assumed bearing of West, along the north line of said Government Lot 4, a distance of 130 feet, to intersect the shore of South Lida Lake, said point of intersection being the point of beginning of the tract of land to be described; thence return on a bearing of East, a distance of 130 feet, to said northeast corner of Government Lot 4; thence North 03 degrees 46 minutes 00 seconds West 224.40 feet, along the centerline of a township road; thence North 08 degrees 31 minutes 00 seconds East 346.60 feet along said centerline; thence North 81 degrees 14 minutes 00 seconds West 34.00 feet to the westerly line of said township road; thence North 08 degrees 31 minutes 00 seconds East along said westerly line 125.00 feet; thence North 36 degrees 09 minutes 00 seconds West 230.00 feet; thence South 71 degrees 21 minutes 00 seconds West 93.00 feet, more or less to the easterly shoreline of South Lida Lake; thence southeasterly along said shoreline to the point of beginning; and

(5) that part of Government Lot 2, Section 33, Township 136, Range 42, Otter Tail County,

Minnesota, described as follows: commencing at the East Quarter corner of said Section 33; thence on an assumed bearing of West, along the east-west quarter line of said Section 33, a distance of 3,994.0 feet; thence North 25 degrees East, a distance of 308.3 feet to the southwesterly right-of-way line of a public highway; thence North 40 degrees 00 minutes West, a distance of 169.0 feet, along said right-of-way; thence South 74 degrees 43 minutes West, a distance of 70.0 feet, more or less, to the shore of South Lida Lake; thence southwesterly, along said shoreline to the south line of said Government Lot 2; thence on a bearing of East, along the south line of said Government Lot 2, also being said east-west quarter line to the point of beginning.

Subd. 7. [85.012] [Subd. 54.] Split Rock Lighthouse State Park, Lake County. The following area is deleted from Split Rock Lighthouse State Park: the Southeast Quarter of the Southeast Quarter, Section 31, Township 55 North, Range 8 West, Lake County.

Sec. 9. ADDITIONS TO STATE FORESTS.

[89.021] [Subd. 32.] Lyons State Forest. The following area is added to the Lyons State Forest: Section 16, Township 135 North, Range 32 West, Cass County.

Sec. 10. PRIVATE SALE OF SURPLUS STATE LAND; ANOKA COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale to a political subdivision the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Anoka County and is described as: the East Half of the Southeast Quarter of Section 25, Township 32 North, Range 22 West, Anoka County, Minnesota, containing 80 acres, more or less.

(d) The Department of Natural Resources has determined that the state's land management interests would best be served if the land was conveyed to a political subdivision. A political subdivision would like to use this parcel as a wetland mitigation site.

(e) This sale is the result of the intent expressed by the city of Columbus and Anoka County to allow the commissioner of natural resources to replace the approximately 80 acres of land with land adjacent to the Carlos Avery Wildlife Management Area from willing sellers as identified in the November 19, 2007, Department of Natural Resources' land acquisition plan.

Sec. 11. PUBLIC SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; BELTRAMI COUNTY.

(a) Notwithstanding Minnesota Statutes, section 92.45, the commissioner of natural resources may sell by public sale the surplus land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The conveyance must include a reservation of perpetual road easements described in paragraph (c) to the state for ingress and egress for constructing, repairing, maintaining, and operating an adjacent northern pike spawning and rearing area.

(c) The land that may be sold is located in Beltrami County and is described as: All that part of the Southwest Quarter of the Southwest Quarter and Government Lot 1, Section 21, Township 146 North, Range 31 West, bounded by the water's edge of Cass Lake and the following described lines: Commencing at the southwest corner of said section, thence North 00 degrees 07 minutes West, 691.2 feet on and along the west line of said section to the point of beginning; thence South 58 degrees 27 minutes East, 177.64 feet; thence South 65 degrees 00 minutes East, 162.35 feet; thence North 52 degrees 07 minutes East, 175.70 feet; thence North 86 degrees 05 minutes East, 232.35 feet; thence South 41 degrees 50 minutes East, 186.35 feet; thence South 25 degrees 59 minutes East, 122.0 feet; thence South 33 degrees 47 minutes West, 176.13 feet; thence South 26 degrees 31 minutes West, 157.26 feet; thence South 50 degrees 19 minutes East, 142.34 feet; thence North 88 degrees 05 minutes East, 66.15 feet to point "A"; thence North 67 degrees 06 minutes East, 442.0 feet; thence North 76 degrees 24 minutes East, 113.86 feet; thence North 80 degrees 48 minutes East, 88.96 feet to point "B"; thence South 17 degrees 17 minutes East, 138 feet, more or less, to the water's edge of Cass Lake and there terminating. And from the point of beginning; thence North 00 degrees 07 minutes West, 630.92 feet on and along the west line of said Section 21; thence South 75 degrees 27 minutes East, 206.01 feet; thence South 35 degrees 36 minutes East, 210.68 feet; thence South 37 degrees 07 minutes East, 230.53 feet; thence South 51 degrees 18 minutes East, 124.95 feet; thence North 55 degrees 37 minutes East, 156.60 feet; thence South 48 degrees 10 minutes East, 120.58 feet; thence South 89 degrees 59 minutes East, 197.76 feet; thence South 68 degrees 28 minutes East, 195.0 feet; thence South 38 degrees 25 minutes East, 162.17 feet; thence South 56 degrees 38 minutes East, 410.58 feet; thence South 31 degrees 06 minutes West, 203.30 feet; thence South 80 degrees 48 minutes West, 14.84 feet; thence South 17 degrees 17 minutes East, 133 feet, more or less, to the water's edge of Cass Lake and there terminating. Including all riparian rights to the contained 18.0 acres, more or less and subject to all existing easements.

Subject to a perpetual road easement for ingress and egress over and across the following described land in Government Lot 1 of said section described as follows: Beginning at point "B," said point being on the southerly boundary of the above described tract; thence North 80 degrees 48 minutes East, 20.2 feet; thence South 17 degrees 17 minutes East, 33.33 feet; thence South 80 degrees 48 minutes West, 20.2 feet; thence North 17 degrees 17 minutes West, 33.33 feet to point "B" and the point of beginning.

Except that part of Government Lot 1 of Section 21, Township 146 North, Range 31 West, described as follows: Commencing at the southwest corner of said Section 21; thence North 00 degrees 07 minutes West, 1,322.12 feet along the west line of said Section 21; thence South 75 degrees 27 minutes East, 206.01 feet; thence South 35 degrees 36 minutes East, 210.68 feet; thence South 37 degrees 07 minutes East, 230.53 feet; thence South 51 degrees 18 minutes East, 124.95 feet; thence North 55 degrees 37 minutes East, 156.60 feet; thence South 48 degrees 10 minutes East, 120.58 feet; thence South 89 degrees 59 minutes East, 197.76 feet; thence South 68 degrees 28 minutes East, 195.0 feet; thence South 38 degrees 25 minutes East, 162.17 feet; thence South 56 degrees 38 minutes East, 383.52 feet, to the point of beginning; thence South 56 degrees 38 minutes East, 27.06 feet; thence South 31 degrees 06 minutes West, 203.30 feet; thence South 80 degrees 48 minutes West, 2.52 feet; thence North 15 degrees 31 minutes West, 46.80 feet; thence North 32 degrees 31 minutes East, 18.96 feet; thence North 59 degrees 39 minutes East, 58.56 feet; thence North 20 degrees 23 minutes East, 105.29 feet to the point of beginning; containing 0.1 acres.

Together with a perpetual road easement for ingress and egress over and across the Southwest Quarter of the Southwest Quarter of said section being a strip of land 33 feet wide, lying 16.5 feet on

each side of the following described lines: Commencing at the southwest corner of said Section 21; thence North 00 degrees 07 minutes West, 656.4 feet on and along the west line of said section to the point of beginning; thence South 42 degrees 51 minutes East, 52.16 feet; thence South 70 degrees 04 minutes East, 214.3 feet; thence South 37 degrees 58 minutes East, 219.4 feet; thence South 49 degrees 02 minutes East, 252.6 feet; thence South 45 degrees 15 minutes East, 152.5 feet; thence South 50 degrees 19 minutes East, 119.9 feet, to the south line of Section 21 and there terminating.

Together with a perpetual road easement for ingress and egress over and across the northwesterly 16.5 feet of the following described land in Government Lot 1 and the Southwest Quarter of the Southwest Quarter of said section described as follows: Beginning at point "A," said point being on the southern boundary of the above described tract; thence North 67 degrees 06 minutes East, 442.0 feet; thence North 76 degrees 24 minutes East, 113.86 feet; thence North 80 degrees 48 minutes East, 88.96 feet; thence South 17 degrees 17 minutes East, 33.33 feet; thence South 80 degrees 48 minutes West, 92.38 feet; thence South 76 degrees 24 minutes West, 109.91 feet; thence South 67 degrees 06 minutes West, 353.28 feet; thence South 88 degrees 05 minutes West, 92.15 feet to point "A" and the point of beginning.

(d) The land borders Cass Lake. The land was acquired for a northern pike spawning area but has not been used for such purpose for 30 years. The Department of Natural Resources has determined that the land is not needed for natural resource purposes.

Sec. 12. PRIVATE SALE OF SURPLUS STATE LAND; CARLTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale to a political subdivision the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Carlton County and is described as: the Northeast Quarter of the Northwest Quarter of the Southeast Quarter, except state trunk highway right-of-way, Section 26, Township 49 North, Range 17 West, containing 9.324 acres, more or less.

(d) The Department of Natural Resources has determined that the land is not needed for natural resource purposes.

Sec. 13. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; CARLTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Carlton County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The land to be sold is located in Carlton County and is described as:

(1) part of Government Lot 1 commencing 42 rods 17 links East of the northwest corner of

Section 6, Township 46, Range 18; thence South 82 rods 11 links; thence West to Bear Lake; thence West on the shoreline to the section line; thence North to the northwest corner; thence East to the beginning; except the highway right-of-way and except the part northwest of Highway 35, Docket 214412 and except commencing at the northwest corner of said Government Lot 1; thence South 0 degrees 5 minutes 51 seconds West on the west line thereof 1,176.49 feet to a point on the southeast right-of-way line of the Interstate Highway 35 frontage road; thence North 51 degrees 42 minutes 51 seconds East on said right-of-way line 209.76 feet; thence South 19 degrees 45 minutes East 120.0 feet to the point of beginning; thence North 19 degrees 45 minutes West 120.0 feet; thence North 51 degrees 42 minutes 51 seconds East 80.0 feet to the MNDOT right-of-way monument; thence South 71 degrees 36 minutes 52 seconds East 216.61 feet; thence South 3 degrees 30 minutes West 195 feet, more or less, to the shore of Bear Lake; thence westerly on said shore 215 feet, more or less, to a point which bears 2 degrees 55 minutes East from the point of beginning; thence North 2 degrees 55 minutes West 150 feet, more or less, to the point of beginning, on Docket 240622 and except commencing at the northwest corner of said Government Lot 1; thence East along the north line 704.22 feet; thence South parallel to the west line 1,360.26 feet to the actual point of beginning; thence North 739.16 feet, more or less, to the southeast right-of-way line of the I-35 frontage road; thence southwest along said right-of-way line 608.48 feet, more or less, to the MNDOT monument; thence South 71 degrees 36 minutes 52 seconds East 216.61 feet; thence South 3 degrees 30 minutes West 195 feet, more or less, to the shore of Bear Lake; thence East on said shore 285 feet, more or less, to a point which bears North 00 degrees West from the point of beginning; thence South 90 degrees East 15 feet, more or less, to the point of beginning, Docket 282721 (parcel identification number 39-010-0920); and

(2) that part of Government Lot 2 lying North of Moose Horn River, Docket 262968, 272524, and 272525, Section 11, Township 46, Range 19 (parcel identification number 39-030-1220).

(d) The county has determined that the county's land management interests would best be served if the land was sold to adjoining landowners.

Sec. 14. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; CARLTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, Carlton County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Carlton County and is described as:

(1) the Northwest Quarter of the Southeast Quarter, Section 27, Township 48 North, Range 18 West (parcel number 33-010-6300);

(2) the Southwest Quarter of the Northeast Quarter, except that part East of the Kettle River, Section 26, Township 48 North, Range 20 West (parcel number 90-010-4630); and

(3) the Northwest Quarter of the Southeast Quarter or Government Lot 5, Section 12, Township 49 North, Range 19 West (parcel number 94-026-2020).

(d) The county has determined that the county's land management interests would best be served

if the lands were returned to private ownership.

Sec. 15. PRIVATE SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; CASS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, and upon completion of exchange of the school trust land for acquired land, the commissioner of natural resources may sell to a school district by private sale the surplus land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell the land to a school district for less than the value of the land as determined by the commissioner, but the conveyance must provide that the land described in paragraph (c) be used for an educational unit managed forest and reverts to the state if the school district fails to provide for or abandons the educational unit managed forest use of the land.

(c) The land that may be sold is located in Cass County and is described as:

(1) the Southwest Quarter of the Southwest Quarter of Section 27;

(2) the Southeast Quarter of the Southeast Quarter of Section 28;

(3) Government Lot 11 of Section 33; and

(4) Government Lot 14 of Section 34,

all in Township 141 North, Range 28 West, containing a total of 98.7 acres, more or less.

(d) The land borders Nellie Lake. Independent School District No. 118, Longville, has inadvertently trespassed upon the land for the establishment of an educational unit managed forest under Minnesota Statutes, section 89.41. The commissioner of natural resources has determined that the state's land management interests would best be served if the land was managed as an educational unit managed forest. Since the land is currently school trust land, the commissioner of natural resources shall first exchange the school trust land for acquired land prior to sale.

Sec. 16. PUBLIC OR PRIVATE SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; CASS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell by public or private sale the surplus land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell to a local unit of government for less than the value of the land, as determined by the commissioner, but the conveyance must provide that the land be used for the public and reverts to the state if the local unit of government fails to provide for public use or abandons the public use of the land.

(c) The land that may be sold is located in Cass County and is described as: Lot 7, Block 1, Dell's Sleepy Hollow, Cass County, Minnesota, according to the recorded plat thereof, containing

0.54 acres, more or less.

(d) The land borders Woman Lake. The Department of Natural Resources has determined that the state's land management interests would best be served if the land was conveyed to a local unit of government.

Sec. 17. PRIVATE SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; GOODHUE COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45, 94.09, and 94.10, the commissioner of natural resources may sell by private sale the surplus land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The conveyance must include the easement specified in paragraph (c). The purpose of the easement is to:

(1) provide for the development of fish habitat, including tree planting, erosion control, installation of instream structures, posting of signs, and other improvements;

(2) permit angling by the public; and

(3) provide ingress and egress through the property sold to the easement area.

(c) The land that may be sold is located in Goodhue County and is described as: that part of the Southwest Quarter of the Northeast Quarter and that part of the Northwest Quarter of the Southeast Quarter of Section 7, Township 112, Range 15, Goodhue County, Minnesota, which lie westerly of the centerline of County State-Aid Highway No. 6, containing 2.6 acres, more or less.

Reserving an easement over, under, and across that part of the above described property located within a strip of land 132 feet in width, and centered on the centerline of Spring Creek, as the same meanders through said Southwest Quarter of the Northeast Quarter and said Northwest Quarter of the Southeast Quarter.

(d) The land borders Spring Creek. The Department of Natural Resources has determined that the land is not needed for natural resource purposes provided that an easement right is retained. The land is separated from the wildlife management area by a county road and has been subject to inadvertent trespass by the adjacent landowner.

Sec. 18. PRIVATE SALE OF SURPLUS STATE LAND; HENNEPIN COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell to a local unit of government by private sale the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The commissioner may sell to a local unit of government for less than the value of the land, as determined by the commissioner, but the conveyance must provide that the land be used for the public and reverts to the state if the local unit of government fails to provide for public use or abandons the public use of the land.

(c) The land that may be sold is located in Hennepin County and is described as: Outlot A, Block 1, Schendel Woods, Hennepin County, Minnesota, according to the recorded plat thereof, containing 13.92 acres, more or less.

(d) The Department of Natural Resources has determined that the state's land management interests would best be served if the land was conveyed to a local unit of government. A local unit of government would like to use this parcel for a storm water runoff project.

Sec. 19. CONVEYANCE OF TAX-FORFEITED LAND BORDERING PUBLIC WATERS; ITASCA COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Itasca County may convey to the city of Cohasset for consideration as determined by Itasca County the land described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general and provide that the land reverts to the state if the city of Cohasset fails to provide for the public use described in paragraph (d) or abandons the public use of the land. As a condition of conveyance, the city of Cohasset must provide to Itasca County a survey of the property, at no cost to Itasca County. The conveyance is subject to easements, restrictions, and reservations of record. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land to be conveyed is located in Itasca County and is described as: that part of Government Lot 7, Section 23, Township 55 North, Range 26 West, described as follows:

Commencing at the southwest corner of the Northwest Quarter of the Southwest Quarter, Section 23, Township 55 North, Range 26 West; thence South 88 degrees 02 minutes 11 seconds East, along the south line of said Northwest Quarter of Southwest Quarter and the south line of Government Lot 7 according to the plat of HILLCREST PARK, 1,351.90 feet to the centerline of the Tioga Beach Road and the point of beginning; thence northerly along the centerline of the Tioga Beach Road 123.51 feet along a nontangential curve concave to the East, said curve having a central angle of 12 degrees 08 minutes 28 seconds, radius of 582.87 feet, a chord bearing of North 07 degrees 35 minutes 37 seconds West, chord distance 123.28 feet; thence North 01 degrees 31 minutes 24 seconds West, along the centerline of the Tioga Beach Road 167.83 feet; thence northerly along the centerline of the Tioga Beach Road 139.95 feet along a tangential curve concave to the West, said curve having a central angle of 11 degrees 26 minutes 28 seconds, radius of 700.85 feet; thence North 12 degrees 57 minutes 52 seconds West, along the centerline of the Tioga Beach Road 174.21 feet; thence northerly along the centerline of the Tioga Beach Road 70.93 feet, more or less, along a tangential curve concave to the East, said curve having a central angle of 08 degrees 46 minutes 30 seconds, radius of 463.14 feet to intersect the north line of the South 665.00 feet of Government Lot 7; thence South 88 degrees 02 minutes 11 seconds East along the north line of the South 665.00 feet of said Government Lot 7, a distance of 512.74 feet; thence South 65 degrees 39 minutes 08 seconds East, 184 feet, more or less, to the waters edge of Pokegama Lake; thence southwesterly along the waters edge of Pokegama Lake to intersect the south line of said Government Lot 7; thence North 88 degrees 02 minutes 11 seconds West, along the south line of Government Lot 7, 220 feet, more or less, to the point of the beginning and there terminating. Parcel contains approximately 690 front feet of shoreland on Pokegama Lake and 6.8 acres.

(d) The county has determined that the county's land management interests would be best served

if the lands are managed for a public beach and other public recreational purposes by the city of Cohasset.

Sec. 20. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; MAHNOMEN COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Mahnomen County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy. The conveyance must include a deed restriction that prohibits buildings, structures, tree cutting, removal of vegetation, and shoreland alterations within an area 75 feet from the ordinary high water level. A 15-foot strip for lake access and a dock is allowed.

(c) The land to be sold is located in Mahnomen County and is described as:

Beginning at the northeast corner of Lot 1; thence 28 rods West to the point of beginning; thence West 7 rods; thence South to the shoreline of North Twin Lake 9 rods, more or less; thence southeast on the shoreline to a point South of the point of beginning; thence North 16 rods, more or less, to the point of beginning, all in Section 29, Township 144 North, Range 39 West (parcel number R16 029 0200).

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 21. PRIVATE SALE OF SURPLUS STATE LAND; MARTIN COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Martin County and is described as: the North 700 feet of a strip of land 100 feet in width extending over and across the West Half of the Northwest Quarter and the Northwest Quarter of the Southwest Quarter of Section 25, Township 101 North, Range 32 West, Martin County, Minnesota. The centerline of said strip being the centerline of the main track (now removed) of the Minnesota and Iowa Railway Company, as said centerline was originally located and established over and across said Section 25. This parcel contains 1.6 acres, more or less.

(d) The Department of Natural Resources has determined that the land is not needed for natural resource purposes and that the state's land management interests would best be served if the land were conveyed to the adjacent landowner to improve access to the landowner's property.

Sec. 22. EXCHANGE OF STATE LAND WITHIN LAKE MARIA WILDLIFE MANAGEMENT AREA; MURRAY COUNTY.

(a) The commissioner of natural resources may, with the approval of the Land Exchange Board

as required under the Minnesota Constitution, article XI, section 10, and according to the provisions of Minnesota Statutes, sections 94.343 to 94.347, exchange the land described in paragraph (b).

(b) The land that may be exchanged is located in Murray County and is described as:

(1) the North 866 feet of the South 1555 feet of the Southwest Quarter of Section 7, Township 108, Range 41, lying West of the East 450 feet thereof;

(2) the South 689 feet of the Southwest Quarter of Section 7, Township 108, Range 41; and

(3) that part of the Northeast Quarter of Section 18, Township 108, Range 41, described as follows: Commencing at the northwest corner of said Section 7, Township 108, Range 41; thence running easterly along the north line of said Section 7 a distance of 2,769.50 feet to the intersection with the centerline of the township road; thence southerly along the centerline of said township road a distance of 2,653.75 feet; thence deflecting 00 degrees 31 minutes right and continuing along the centerline of said township road a distance of 2,051.75 feet; thence easterly and parallel to the south line of the Southwest Quarter of the Southeast Quarter of said Section 7, a distance of 464 feet; thence South and parallel to the west line of the Northeast Quarter of said Section 18, a distance of 3,198.00 feet, to the south line of the Northeast Quarter of said Section 18, and the point of beginning of the land to be described; thence return northerly, along the last described course, a distance of 2,635 feet to the north line of said Northeast Quarter; thence southwesterly, a distance of 999 feet, to a point on the west line of said Northeast Quarter, distant 421.5 feet South of the northwest corner of said Northeast Quarter, thence South along said west line, to the southwest corner of said Northeast Quarter; thence East, along the south line of said Northeast Quarter, a distance of 910 feet to the point of beginning.

(c) The land was acquired in part with bonding appropriations. The exchange with the adjacent landowner will provide additional wildlife acres and additional water frontage to the state.

Sec. 23. **CONVEYANCE OF SURPLUS STATE LAND; ACQUISITION; NICOLLET COUNTY.**

Subdivision 1. **Conveyance of surplus land.** (a) Notwithstanding Minnesota Statutes, sections 16B.281 to 16B.287, the commissioner of administration may upon recommendation of the commissioner of human services, convey to the city of St. Peter for no consideration the surplus land or any state interest in land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy. The commissioner of administration may grant utility easements for no consideration in conjunction with the conveyances under this section.

(c) The land to be sold is located in Nicollet County and is described as:

(1) all that part of the following described parcel lying westerly of the westerly right-of-way of Freeman Drive, formerly the Saint Peter and Belgrade Road.

Said parcel described as follows:

That part of Government Lot 6 in Section 29, Township 110 North, Range 26 West, city of Saint Peter, Nicollet County, Minnesota, described as:

Commencing at the northeast corner of said Section 29; thence South 00 degrees 29 minutes 46 seconds East, an assumed bearing on the east line of said Northeast Quarter, a distance of 1317.06 feet to the southeast corner of the Northeast Quarter of said Northeast Quarter; thence South 89 degrees 30 minutes 18 seconds West, on the south line of said Northeast Quarter of the Northeast Quarter, a distance of 918.73 feet to the point of beginning; thence South 64 degrees 37 minutes 16 seconds East, a distance of 178.6 feet, more or less, to the centerline of Freeman Drive, formerly the Saint Peter and Belgrade Road; thence northeasterly, on said centerline, a distance of 98.3 feet, more or less, to the north line of said Government Lot 6; thence South 89 degrees 30 minutes 18 seconds West, on said north line; a distance of 220.5 feet, more or less, to the point of beginning;

(2) all that part of the following described parcel lying easterly of the westerly right-of-way of Freeman Drive, formerly the Saint Peter and Belgrade Road.

Said parcel described as follows:

That part of Government Lot 6 in Section 29, Township 110 North, Range 26 West, city of Saint Peter, Nicollet County, Minnesota, described as:

Commencing at the northeast corner of said Section 29; thence South 00 degrees 29 minutes 46 seconds East, an assumed bearing on the east line of said Northeast Quarter, a distance of 1317.06 feet to the southeast corner of the Northeast Quarter of said Northeast Quarter; thence South 89 degrees 30 minutes 18 seconds West, on the south line of said Northeast Quarter of the Northeast Quarter, a distance of 918.73 feet to the point of beginning; thence South 64 degrees 37 minutes 16 seconds East, a distance of 178.6 feet, more or less, to the centerline of Freeman Drive, formerly the Saint Peter and Belgrade Road; thence northeasterly, on said centerline, a distance of 98.3 feet, more or less, to the north line of said Government Lot 6; thence South 89 degrees 30 minutes 18 seconds West, on said north line; a distance of 220.5 feet, more or less, to the point of beginning; and

(3) that part of the East 25.00 of a 150.00 foot wide railroad right-of-way acquired in Book R page 338, in the Northeast Quarter of the Northeast Quarter of Section 29, Township 110 North, Range 26 West, city of Saint Peter, Nicollet County, Minnesota, lying South of the southerly right-of-way line of Minnesota Trunk Highway No. 99, per MN/DOT Right-of-Way Map 31-68 and North of the following described line:

Commencing at the northeast corner of said Section 29; thence South 00 degrees 29 minutes 46 seconds East, an assumed bearing on the east line of said Northeast Quarter, a distance of 1317.06 feet to the southeast corner of the Northeast Quarter of said Northeast Quarter; thence South 89 degrees 30 minutes 18 seconds West, on the south line of said Northeast Quarter of the Northeast Quarter, a distance of 918.73 feet; thence North 64 degrees 37 minutes 16 seconds West, a distance of 86.15 feet; thence northwesterly 127.21 feet on a tangential curve to the right, having a radius of 280.00 feet and a central angle of 26 degrees 01 minutes 59 seconds to the point of beginning of the line to be described; thence continuing northwesterly 31.24 feet on said tangential curve to the right, having a radius of 280.00 feet and a central angle of 06 degrees 23 minutes 34 seconds and there terminating.

(d) The commissioner has determined that the land is no longer needed for any state purpose and that the state's land management interests would best be served if the land was conveyed to and used by the city of St. Peter.

Subd. 2. Acquisition authority. (a) Notwithstanding any law to the contrary, the commissioner of administration, upon recommendation of the commissioner of human services, may acquire from the city of St. Peter, without monetary consideration, land located in Nicollet County, described as follows:

(1) that part of the Northeast Quarter of the Northeast Quarter of Section 29, Township 110 North, Range 26 West, city of Saint Peter, Nicollet County, Minnesota:

Lying East of the east line of the 150.007 foot wide railroad right-of-way acquired in Book R page 338, in said Northeast Quarter of the Northeast Quarter of Section 29;

AND

Lying South of the following described line:

Commencing at the northeast corner of said Section 29; thence South 00 degrees 29 minutes 46 seconds East, an assumed bearing on the east line of said Northeast Quarter, a distance of 1317.06 feet to the southeast corner of the Northeast Quarter of said Northeast Quarter; thence South 89 degrees 30 minutes 18 seconds West, on the south line of said Northeast Quarter of the Northeast Quarter, a distance of 918.73 feet to the point of beginning; thence North 64 degrees 37 minutes 16 seconds West, a distance of 86.15 feet; thence northwesterly 127.21 feet on a tangential curve to the right, having a radius of 280.00 feet and a central angle of 26 degrees 01 minutes 51 seconds to the point of termination. Said point of termination being on the east line of the previously referenced railroad right-of-way and there terminating; and

(2) that part of Government Lot 6 in Section 29, Township 110 North, Range 26 West, city of Saint Peter, Nicollet County, Minnesota described as:

Commencing at the northeast corner of said Section 29; thence South 00 degrees 29 minutes 46 seconds East, an assumed bearing on the east line of said Northeast Quarter, a distance of 1317.06 feet to the southeast corner of the Northeast Quarter of said Northeast Quarter; thence South 89 degrees 30 minutes 18 seconds West, on the south line of said Northeast Quarter of the Northeast Quarter, a distance of 918.73 feet; thence South 64 degrees 37 minutes 16 seconds East, a distance of 179 feet, more or less, to the centerline of Freeman Drive, formerly the Saint Peter and Belgrade Road, and the point of beginning; thence continuing South 64 degrees 37 minutes 16 seconds East, a distance of 25.8 feet, more or less, to the existing right-of-way of U.S. Highway No. 169, per Map 14-80; thence southwesterly along said right-of-way a distance of 91.7 feet, more or less, to the northerly line of a parcel recorded as Document No. 274882, Nicollet County records; thence northwesterly along the northerly line of said parcel a distance of 27.5 feet, more or less, to the centerline of said Freeman Drive; thence northeasterly along said centerline a distance of 93.2 feet, more or less, to the point of beginning.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to legal descriptions to correct errors and ensure accuracy.

Sec. 24. CONVEYANCE OF SURPLUS STATE LAND; OLMSTED COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 to 94.16, the commissioner of natural resources shall convey to the city of Oronoco for no consideration the surplus land that is described in paragraph (c).

(b) The conveyance shall occur upon the operation of the reversion clause contained in the deed for the land described in paragraph (c) in accordance with Minnesota Statutes 1965, section 85.188, and after the passage of resolutions by the Olmsted County Board and the Oronoco City Council, each acknowledging that the requirements set forth in the Agreement for Transfer of Oronoco Park in the City of Oronoco to the City of Oronoco by Olmsted County have been sufficiently met to proceed with the conveyance. The conveyance must be in a form approved by the attorney general, the Olmsted County Board, and the Oronoco City Council. The conveyance must provide that the land reverts to the state if the city of Oronoco fails to maintain and operate the land as a public park. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be conveyed is located in Olmsted County and is described as:

(1) the East Half of the West Half of the Southeast Quarter of the Southeast Quarter, Section 7, Township 108 North, Range 14 West, subject to flowage rights in favor of Olmsted County; and

(2) the East Half of the Southeast Quarter of the Southeast Quarter, Section 7, Township 108 North, Range 14 West.

(d) The land is currently owned by Olmsted County and used as a public park, having been conveyed by the state according to Laws 1965, chapter 810, section 9. The 1965 law and the corresponding conveyance document require reversion to the state if the county stops operating the land as a public park. Olmsted County no longer wishes to operate the public park, but the city of Oronoco has agreed to pay consideration to Olmsted County to continue the park operation. The commissioner has determined that the state's land management interests would best be served if, upon the land's reversion to the state, the land was conveyed to and used by the city of Oronoco as a public park.

Sec. 25. PUBLIC SALE OF SURPLUS STATE LAND BORDERING PUBLIC WATER; ROSEAU COUNTY.

(a) Notwithstanding Minnesota Statutes, section 92.45, the commissioner of natural resources may sell by public sale the surplus land bordering public water that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Roseau County and is described as: Government Lot 9, Section 30, Township 163 North, Range 36 West, containing 0.15 acres, more or less.

(d) The land borders the Warroad River and is not contiguous to other state lands. The Department of Natural Resources has determined that the land is not needed for natural resource purposes.

Sec. 26. PUBLIC OR PRIVATE SALE OF CONSOLIDATED CONSERVATION LAND; ROSEAU COUNTY.

(a) Notwithstanding the classification and public sale provisions of Minnesota Statutes, chapters 84A and 282, Roseau County may sell by public or private sale the consolidated conservation lands that are described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy. The consideration for the conveyance must be for no less than the appraised value of the land and timber and survey costs. Proceeds shall be disposed of according to Minnesota Statutes, chapter 84A.

(c) The land that may be sold is located in Roseau County and is described as:

(1) that part of Government Lot 1, Section 4, Township 162 North, Range 36 West, lying southwesterly of the southwesterly right-of-way of the Canadian National Railway. Subject to the right-of-way of State Highway 11. Contains 0.75 acres, more or less; and

(2) the South Half of the South Half of the Southeast Quarter of the Northwest Quarter, Section 34, Township 159 North, Range 39 West, containing 10 acres, more or less.

(d) The lands are not contiguous to other state lands. The Department of Natural Resources has determined that the land is not needed for natural resource purposes.

Sec. 27. PRIVATE SALE OF TAX-FORFEITED LAND; ROSEAU COUNTY.

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, Roseau County may sell by private sale the tax-forfeited land described in paragraph (c) under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Roseau County and is described as: the Northwest Quarter of the Northeast Quarter and the Southeast Quarter of the Southeast Quarter, Section 20, Township 163, Range 36.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 28. PRIVATE SALE OF TAX-FORFEITED LAND; ST. LOUIS COUNTY.

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, St. Louis County may sell by private sale the tax-forfeited land described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in St. Louis County and is adjacent to a parcel described as: that part of the Northeast Quarter of the Southwest Quarter beginning on the east line at the southerly road right-of-way; thence southerly along the east line 760.07 feet; thence South 89 degrees 3 minutes 23 seconds West 290 feet; thence North 1 degree 12 minutes 54 seconds East 764.79 feet; thence East along the southerly road right-of-way 290 feet to the point of beginning, Section 20, Township 58 North, Range 15 West. St. Louis County shall sell an adjoining amount of land, determined by the county to rectify an inadvertent trespass. The sale will ensure that the buildings causing the inadvertent trespass will meet all setback requirements.

(d) The county has determined that the county's land management interests would best be served

if the lands were returned to private ownership.

Sec. 29. PRIVATE SALE OF TAX-FORFEITED LAND; ST. LOUIS COUNTY.

(a) Notwithstanding the public sale provisions of Minnesota Statutes, chapter 282, or other law to the contrary, St. Louis County may sell by private sale the tax-forfeited land described in paragraph (c).

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The land to be sold is located in St. Louis County and is described as:

(1) Lot 90, Block 75, Duluth Proper Third Division, except the West six feet of the South 50 feet of the West Half, Section 28, Township 50 North, Range 14 West;

(2) the northerly 100 feet of the Southwest Quarter of the Southwest Quarter, except the westerly 233 feet, and except the easterly 50 feet of the westerly 283 feet, Section 14, Township 51 North, Range 13 West;

(3) the South 150 feet of the Northeast Quarter of the Southeast Quarter, Section 5, Township 55 North, Range 18 West;

(4) the West 33 feet of the North 208 feet of the South 1,040 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West;

(5) the North 36 feet of the North 1,076 feet of the West 449 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West;

(6) the West 33 feet of the North 208 feet of the South 832 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West;

(7) the West 33 feet of the North 208 feet of the South 624 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West;

(8) the West 33 feet of the South 416 feet of the Northwest Quarter of the Northeast Quarter, Section 7, Township 60 North, Range 13 West; and

(9) part of the South Half of the Southwest Quarter, Section 20, Township 58 North, Range 15 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 30. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, St. Louis County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general

may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The land to be sold is located in St. Louis County and is described as:

(1) Lot 4, Block 4, Greenwood Beach, town of Duluth, Section 19, Township 51 North, Range 19 West;

(2) beginning at the southwest corner of Lot 4, running thence East 450 feet; thence North 200 feet; thence West 450 feet; thence South along the section line 200 feet to the point of beginning, except the northerly 40 feet, Section 7, Township 54 North, Range 19 West;

(3) the South 560 feet of the East 300 feet of the Northeast Quarter of the Southeast Quarter, except the highway right-of-way and except the North 315 feet, Section 22, Township 61 North, Range 20 West;

(4) an undivided 1/24 interest in the Southeast Quarter of the Northwest Quarter, Section 8, Township 50 North, Range 18 West;

(5) an undivided 2/15 interest in the Southwest Quarter of the Northwest Quarter, Section 20, Township 50 North, Range 18 West;

(6) an undivided 1/3 interest in the Southwest Quarter of the Southeast Quarter, Section 21, Township 50 North, Range 18 West;

(7) an undivided 1/45 interest in the Northeast Quarter of the Southeast Quarter, Section 29, Township 50 North, Range 18 West;

(8) an undivided 1/12 interest in the Northeast Quarter of the Northwest Quarter, Section 25, Township 50 North, Range 19 West;

(9) an undivided 1/12 interest in the Southeast Quarter of the Northwest Quarter, Section 25, Township 50 North, Range 19 West;

(10) an undivided 1369/68040 interest in Lot 8, except the railway right-of-way, Section 28, Township 51 North, Range 18 West; and

(11) that part of the Southeast Quarter of the Northeast Quarter of Section 10, Township 63 North, Range 18 West, St. Louis County, Minnesota, described as follows:

Assuming the northeast line of Lot 9 in the plat of MANNIKKO (PINE RIDGE) to bear North 54 degrees 11 minutes 00 seconds West, and COMMENCING from the most northerly corner of said Lot 9 run North 28 degrees 12 minutes 30 seconds East, a distance of 107.39 feet; thence South 28 degrees 12 minutes 30 seconds West, a distance of 28.19 feet; thence South 86 degrees 24 minutes 10 seconds West, a distance of 82.17 feet; thence South 77 degrees 07 minutes 31 seconds West, a distance of 77.70 feet; thence South 82 degrees 40 minutes 33 seconds West, a distance of 83.09 feet; thence South 71 degrees 26 minutes 45 seconds West, a distance of 190.55 feet; thence North 70 degrees 55 minutes 26 seconds West, a distance of 76.14 feet to a point on a nontangential curve, the center of which bears North 35 degrees 10 minutes 49 seconds West, being also a point on the east right-of-way of "Phillips Road" as it exists in January of 1995; thence northerly along said east right-of-way, on said nontangential curve, concave to the West, central angle of 88 degrees 57 minutes 37 seconds, radius of 90.00 feet, a distance of 139.74 feet; thence North 34 degrees 08 minutes 26 seconds west, along said east right-of-way, a distance of 105.00 feet to a tangential

curve; thence northerly along said east right-of-way on said tangential curve, concave to the East, central angle 69 degrees 38 minutes 31 seconds, radius 68.00 feet, a distance of 82.65 feet to a point of reverse curve; thence northerly along said east right-of-way, on said reverse curve, concave to the West, central angle of 18 degrees, more or less, radius of 116.25 feet, a distance of 36.5 feet, more or less, to the south line of said Southeast Quarter of the Northeast Quarter and the POINT OF BEGINNING of the land being described; thence northerly, continuing along said curve, a distance of 96.2 feet; thence North 29 degrees 54 minutes 20 seconds West, tangent to said curve and along said east right-of-way, a distance of 16.32 feet; thence South 89 degrees 42 minutes 44 seconds East, a distance of 943.3 feet, more or less, to the east line of said Southeast Quarter of the Northeast Quarter; thence southerly, along said east line, a distance of 30 feet, more or less, to the shore of Lake Vermilion; thence southerly, along said shore, a distance of 100 feet, more or less, to the south line of said Southeast Quarter of the Northeast Quarter; thence westerly, along said south line, a distance of 880 feet, more or less, to the POINT OF BEGINNING. Containing 2.5 acres, more or less.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 31. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, St. Louis County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy. Prior to the sales, the commissioner of revenue shall grant permanent conservation easements according to Minnesota Statutes, section 282.37. The easements shall be up to 200 feet in width, lying 100 feet, to the extent possible given the location of property lines, on each side of the centerline of the designated trout stream to provide riparian protection and angler access.

(c) The land to be sold is located in St. Louis County and is described as:

(1) Lot 22, Block 1, Wonderland 1st Addition, town of Duluth, except the highway right-of-way and including part of the adjacent vacated road, Section 17, Township 51 North, Range 12 West; and

(2) that part of the southerly 135 feet of the northerly 543 feet of the Northwest Quarter of the Southwest Quarter lying East of the westerly 968 feet and West of the Sucker River, Section 30, Township 52 North, Range 12 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 32. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited land bordering public water that is described in paragraph (c),

under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy.

(c) The land to be sold is located in St. Louis County and is described as:

(1) the East Half of the Northwest Quarter of the Northeast Quarter of the Northwest Quarter, Section 25, Township 51 North, Range 14 West, subject to an existing easement;

(2) the North 407 feet of that part of Lot 4 lying South of the east and west centerline of Section 20, Section 20, Township 51 North, Range 16 West;

(3) Lots 1, 2, and 3, Childs Birch Grove Tracts, Grand Lake, Section 20, Township 51 North, Range 16 West;

(4) Lots 28 and 29, Briar Lake Shores 3rd Addition, North Star, Section 15, Township 53 North, Range 13 West; and

(5) the East Half of the Southeast Quarter of the Northwest Quarter, Section 26, Township 60 North, Range 17 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 33. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy. Prior to the sales, the commissioner of revenue shall grant permanent conservation easements according to Minnesota Statutes, section 282.37. The easements shall be up to 200 feet in width, lying 100 feet, to the extent possible given the location of property lines, on each side of the centerline of the designated trout stream to provide riparian protection and angler access. For the parcels described in paragraph (c), clauses (6) and (7), a 33-foot strip across the easement shall be allowed for road access and utilities.

(c) The land to be sold is located in St. Louis County and is described as:

(1) the Southwest Quarter of the Southeast Quarter, except 4.56 acres for a road and except that part lying South and West of Highway 2, Section 8, Township 50 North, Range 16 West;

(2) the East Half of the Northeast Quarter of the Northwest Quarter, except the railway right-of-way and except the highway right-of-way, Section 17, Township 51 North, Range 12 West;

(3) the West Half of the Northwest Quarter of the Northeast Quarter of the Northwest Quarter, Section 25, Township 51 North, Range 14 West;

(4) the West Half of the Southwest Quarter of the Northeast Quarter of the Northwest Quarter, Section 25, Township 51 North, Range 14 West;

(5) the West five acres of the South 15 acres of the North 30 acres of the Northeast Quarter of the Southeast Quarter, Section 27, Township 51 North, Range 14 West;

(6) the East Half of the Southeast Quarter of the Southeast Quarter of the Northwest Quarter, Section 27, Township 51 North, Range 14 West; and

(7) the East Half of the Northwest Quarter of the Southeast Quarter of the Northwest Quarter, except the West 25 feet, Section 27, Township 51 North, Range 14 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 34. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy. Prior to the sales, the commissioner of revenue shall grant permanent conservation easements according to Minnesota Statutes, section 282.37. The easements shall be 150 feet in width, lying 75 feet on each side of the centerline of the stream to provide riparian protection and angler access. For the parcel described in paragraph (c), clause (4), a 33-foot strip across the easement shall be allowed for road access and utilities.

(c) The land to be sold is located in St. Louis County and is described as:

(1) the Northwest Quarter of the Southeast Quarter, except the North Half, Section 15, Township 50 North, Range 15 West;

(2) the Southeast Quarter of the Northeast Quarter, Section 19, Township 53 North, Range 20 West;

(3) the westerly 330 feet of the South Half of the Northwest Quarter of the Southwest Quarter, Section 11, Township 56 North, Range 20 West; and

(4) the Southwest Quarter of the Southwest Quarter, except the South Half of the Southwest Quarter of the Southwest Quarter and except the North ten acres, Section 34, Township 50 North, Range 15 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 35. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyances must be in a form approved by the attorney general. The attorney general may make changes to the land descriptions to correct errors and ensure accuracy. Prior to the sales, the commissioner of revenue shall grant permanent conservation easements according to Minnesota Statutes, section 282.37. For the parcel described in paragraph (c), clause (1), the easement must be 100 feet in width from the centerline of the designated trout stream to provide riparian protection and angler access. For the parcel described in paragraph (c), clause (2), the easement must be 200 feet in width from the centerline of the stream to provide riparian protection and angler access.

(c) The land to be sold is located in St. Louis County and is described as:

(1) Lots 511 through 515, Homcroft Park, town of Rice Lake, Section 34, Township 51 North, Range 14 West; and

(2) that part of the Lot 2 lying East of a line parallel with and 150 feet East of the centerline of the Duluth, Missabe and Iron Range Railway, Section 17, Township 51 North, Range 17 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 36. PUBLIC SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; ST. LOUIS COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, St. Louis County may sell the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy. The conveyance must include a deed restriction that prohibits buildings, structures, tree cutting, removal of vegetation, and shoreland alterations within an area 100 feet in width, lying 50 feet on each side of the centerline of streams that are tributaries to the Sand River.

(c) The land to be sold is located in St. Louis County and is described as: the North 416 feet of the East 416 feet of the Southwest Quarter of the Southwest Quarter, Section 10, Township 59 North, Range 17 West.

(d) The county has determined that the county's land management interests would best be served if the lands were returned to private ownership.

Sec. 37. PRIVATE SALE OF SURPLUS STATE LAND; WASHINGTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell to a political subdivision by private sale the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Washington County and is described as:

(1) that part of the Northwest Quarter of the Northwest Quarter of Section 19, Township 32, Range 21, lying South of the centerline of Highway 97; and

(2) that part of the Southwest Quarter of Section 19, Township 32 North, Range 21 West, Washington County, Minnesota, described as follows: beginning at the southwest corner of said Southwest Quarter; thence on an assumed bearing of South 89 degrees 50 minutes 33 seconds East along the south line of said Southwest Quarter 1555.59 feet; thence North 11 degrees 40 minutes 58 seconds East 720.70 feet; thence North 53 degrees 20 minutes 40 seconds West 436.77 feet; thence North 45 degrees 10 minutes 18 seconds West 222.72 feet to the southerly boundary of the recorded plat of BASSWOOD ESTATES, on file and of record in the Office of the County Recorder; thence westerly along the southerly boundary of said BASSWOOD ESTATES to the southwesterly corner thereof; thence northerly along the westerly boundary of said BASSWOOD ESTATES to the most northerly corner of Lot 2 of Block 3 of said BASSWOOD ESTATES; thence westerly to a point on the west line of said Southwest Quarter 407.50 feet southerly of the northwest corner of said Southwest Quarter; thence South 00 degrees 23 minutes 19 seconds East along the west line of said Southwest Quarter 2238.63 feet to the point of beginning.

These parcels contain 57.2 acres, more or less.

(d) The Department of Natural Resources has determined that the state's land management interests would best be served if the land was conveyed to a political subdivision. A political subdivision would like to use these parcels as wetland mitigation sites.

(e) This sale is the result of the intent expressed by of the city of Columbus and Anoka County to allow the commissioner of natural resources to replace the approximately 57 acres of land with land adjacent to the Carlos Avery Wildlife Management Area from willing sellers as identified in the November 19, 2007, Department of Natural Resources' land acquisition plan.

Sec. 38. PRIVATE SALE OF SURPLUS STATE LAND; WASHINGTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 94.09 and 94.10, the commissioner of natural resources may sell by private sale the surplus land that is described in paragraph (c).

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make necessary changes to the legal description to correct errors and ensure accuracy.

(c) The land that may be sold is located in Washington County and is described as: the West 750 feet of the East 1,130.6 feet of the North 786.72 feet of the Northwest Quarter of the Northeast Quarter of Section 15, Township 29 North, Range 20 West, containing 13.5 acres, more or less.

(d) The Department of Natural Resources has determined that the land is not needed for natural resource purposes. The state's land management interests would best be served if the land was sold to an adjacent landowner, as the property described in paragraph (c) does not have legal access to a public road.

Sec. 39. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; WASHINGTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Washington County may sell by private sale or convey for no consideration to the United States of America, acting through the United States National Park Service, Department of the Interior, the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Washington County and is described as:

(1) Parcel A (PIN 29.031.19.22.0001): Section 29, Township 31, Range 19, Government Lot 5;

(2) Parcel B (PIN 20.031.19.22.0001): Section 20, Township 31, Range 19, Government Lot 5;

(3) Parcel C (PIN 17.031.19.32.0001): Section 17, Township 31, Range 19, Government Lot 4;

(4) Parcel D (PIN 18.032.19.11.0001): Section 18, Township 32, Range 19, Government Lot 2;
and

(5) Parcel E (PIN 18.032.19.14.0001): Section 18, Township 32, Range 19, Government Lot 3.

(d) The county has determined that the county's land management interests would best be served if the lands were sold or conveyed to the United States of America and managed by the National Park Service.

Sec. 40. PRIVATE SALE OF TAX-FORFEITED LAND BORDERING PUBLIC WATER; WASHINGTON COUNTY.

(a) Notwithstanding Minnesota Statutes, sections 92.45 and 282.018, subdivision 1, and the public sale provisions of Minnesota Statutes, chapter 282, Washington County may sell by private sale the tax-forfeited land bordering public water that is described in paragraph (c), under the remaining provisions of Minnesota Statutes, chapter 282.

(b) The conveyance must be in a form approved by the attorney general. The attorney general may make changes to the land description to correct errors and ensure accuracy.

(c) The land to be sold is located in Washington County and is described as: Parcel A (PIN 09.032.21.43.0070): Lot 8, Block 3, excepting therefrom the East 200 feet thereof of Skoglund's Park Addition, as surveyed and platted and now on file and of record in the Office of the Registrar of Titles of said County of Washington, State of Minnesota.

(d) The sale would be to an adjacent landowner and the Department of Natural Resources has determined that the land is not appropriate for the department to manage. The county may split the parcel described in paragraph (c), as allowed in Minnesota Statutes, section 282.01, and sell the resulting parcels if the county finds a split to be advantageous for the purpose of sale.

Sec. 41. CONVEYANCE OF DRAINAGE DISTRICT LAND; WINONA COUNTY.

The Rushford Area Drainage and Conservancy District, established by order of the Tenth Judicial District Court on February 20, 1953, was terminated on January 1, 1988, by Laws 1987, chapter 239, section 140. The land that was owned by the Rushford Area Drainage and Conservancy District in Winona County is now owned by the state of Minnesota and is hereby transferred to the commissioner of natural resources for administration and management for conservation purposes.

Sec. 42. DEPOSIT OF PROCEEDS.

Notwithstanding Minnesota Statutes, section 97A.055, subdivision 1, the proceeds resulting from the 2010 sale of a transportation road easement on the Lamprey Pass Wildlife Management

Area to construct a road overpass on County Road 83 in Washington County shall be deposited in the land acquisition account, established under Minnesota Statutes, section 94.165.

Sec. 43. **EFFECTIVE DATE.**

Sections 10 to 41 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to natural resources; modifying aquaculture provisions; modifying disposal restrictions for certain livestock taken by wild animals; modifying provisions for taking, possessing, and transporting wild animals; modifying requirements for fish and wildlife management plans; modifying game and fish provisions; modifying game and fish license requirements and fees for youths; increasing certain fishing license fees; modifying certain requirements for invasive species control; modifying certain administrative accounts; modifying electronic transaction provisions; providing for certain registration exemptions; modifying all-terrain vehicle definitions; modifying all-terrain vehicle operation restrictions; modifying state trails and canoe and boating routes; modifying fees and disposition of certain receipts; modifying certain competitive bidding exemptions; modifying horse trail pass provisions; modifying beaver dam provisions; modifying the Water Law; modifying nongame wildlife check offs; modifying method of determining value of acquired stream easements; providing for certain historic property exemption; modifying adding to and deleting from state parks and state forests; authorizing public and private sales, conveyances, and exchanges of certain state land; providing exemptions from rulemaking; providing criminal penalties; appropriating money; amending Minnesota Statutes 2008, sections 17.4982, subdivision 12, by adding a subdivision; 17.4991, subdivision 3; 17.4994; 35.82, subdivision 2; 84.025, subdivision 9; 84.027, subdivision 15; 84.0272, subdivision 2; 84.0856; 84.0857; 84.82, subdivision 3, by adding a subdivision; 84.92, subdivisions 9, 10; 84.922, subdivision 5, by adding a subdivision; 84.925, subdivision 1; 84.942, subdivision 1; 84D.03, subdivision 3; 84D.13, subdivision 3; 85.012, subdivision 40; 85.015, subdivision 14; 85.22, subdivision 5; 85.32, subdivision 1; 85.43; 85.46, as amended; 86B.101; 89.032, subdivision 2; 97A.015, subdivision 52, by adding a subdivision; 97A.055, subdivision 4b; 97A.101, subdivision 3; 97A.145, subdivision 2; 97A.311, subdivision 5; 97A.331, by adding subdivisions; 97A.420, subdivisions 2, 3, 4, 6, by adding a subdivision; 97A.421, subdivision 4a, by adding a subdivision; 97A.433, by adding a subdivision; 97A.435, subdivision 1; 97A.445, subdivision 5; 97A.451, subdivision 3; 97A.475, subdivisions 3a, 4, 6, 8, 43, 44; 97A.485, subdivision 6; 97A.535, subdivision 2a; 97A.545, subdivision 5; 97B.015; 97B.020; 97B.021, subdivision 1; 97B.022, subdivision 2; 97B.031, subdivision 5; 97B.045, by adding a subdivision; 97B.075; 97B.106, subdivision 1; 97B.211, subdivision 1; 97B.301, subdivisions 3, 6; 97B.325; 97B.405; 97B.515, by adding a subdivision; 97B.601, subdivision 4; 97B.665, subdivision 2; 97B.711, by adding a subdivision; 97B.803; 97C.005, subdivision 3; 97C.087, subdivision 2; 97C.205; 97C.341; 103A.305; 103G.271, subdivision 3; 103G.285, subdivision 5; 103G.301, subdivision 6; 103G.305, subdivision 2; 103G.315, subdivision 11; 103G.515, subdivision 5; 290.431; 290.432; Minnesota Statutes 2009 Supplement, sections 84.928, subdivision 1; 84.95, subdivision 2; 85.015, subdivision 13; 86A.09, subdivision 1; 97A.075, subdivision 1; 97A.445, subdivision 1a; 97A.451, subdivision 2; 97A.475, subdivisions 2, 3, 7; 97B.055, subdivision 3; 103G.201; Laws 2008, chapter 368, article 1, section 34, as amended; Laws 2009, chapter 176, article 4, section 9; proposing coding for new law in Minnesota Statutes, chapters 17; 84D; 85; 97B; 97C; 103G; repealing Minnesota Statutes 2008, sections 84.02, subdivisions 1, 2, 3, 4, 5, 6, 7, 8; 84.942,

subdivisions 2, 3, 4; 97A.435, subdivision 5; 97A.451, subdivisions 3a, 4; 97A.485, subdivision 12; 97B.022, subdivision 1; 97B.511; 97B.515, subdivision 3; 97B.665, subdivision 1; 103G.295; 103G.650; Minnesota Statutes 2009 Supplement, sections 3.3006; 84.02, subdivisions 4a, 6a, 6b; Laws 2009, chapter 172, article 5, section 8."

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

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

S.F. No. 3073: A bill for an act relating to state government; requesting a report regarding the effectiveness of state programs serving people with disabilities.

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

Page 1, line 5, before "REPORT" insert "[256.4825]"

Page 1, line 7, before "The" insert "The Minnesota State Council on Disability, the Minnesota Consortium for Citizens with Disabilities, and" and delete "is respectfully requested to" and insert "may"

Page 1, line 16, before "the" insert "the Minnesota State Council on Disability, the Minnesota Consortium for Citizens with Disabilities, and"

Page 1, line 17, delete "the Arc of Minnesota" and insert "those organizations" and delete "public data" and insert "published information and reports"

Page 1, line 18, delete everything after the period

Page 1, delete line 19

Amend the title as follows:

Page 1, line 2, delete "requesting" and insert "authorizing"

Amend the title numbers accordingly

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

SECOND READING OF SENATE BILLS

S.F. Nos. 2186, 2429, 2998, 2589, 3029, 2900 and 3073 were read the second time.

SECOND READING OF HOUSE BILLS

H.F. No. 2899 was read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senators Langseth, Stumpf, Kubly and Skoe introduced—

S.F. No. 3379: A bill for an act relating to public safety; appropriating money to match federal disaster assistance made available through FEMA Public Assistance Program.

Referred to the Committee on Finance.

Senators Rosen, Skoe, Frederickson and Kubly introduced–

S.F. No. 3380: A bill for an act relating to public safety; appropriating money to match federal disaster assistance made available through FEMA Public Assistance Program.

Referred to the Committee on Finance.

Senator Marty introduced–

S.F. No. 3381: A bill for an act relating to special service districts; changing certain provisions for housing improvement areas concerning petitions and veto powers; amending Minnesota Statutes 2008, sections 428A.12; 428A.18, subdivision 2.

Referred to the Committee on Taxes.

Senator Fischbach introduced–

S.F. No. 3382: A bill for an act relating to human services; modifying procedures for financial management of the MinnesotaCare program; amending Minnesota Statutes 2008, section 256L.02, subdivision 3.

Referred to the Committee on Finance.

MOTION AND RESOLUTIONS - CONTINUED

Senators Hann and Michel introduced –

Senate Resolution No. 181: A Senate resolution relating to rules; prohibiting certain persons from sitting at the committee table; amending permanent rule 12.

Referred to the Committee on Rules and Administration.

MEMBERS EXCUSED

Senators Bonoff; Olson, G.; Parry and Stumpf were excused from the Session of today. Senator Sieben was excused from the Session of today from 11:00 to 11:25 a.m. Senator Cohen was excused from the Session of today from 11:30 a.m. to 1:00 p.m. Senator Chaudhary was excused from the Session of today from 12:15 to 12:40 p.m. Senator Torres Ray was excused from the Session of today at 12:30 p.m. Senator Saltzman was excused from the Session of today from 1:30 to 1:40 p.m.

ADJOURNMENT

Senator Pogemiller moved that the Senate do now adjourn until 2:00 p.m., Monday, April 26, 2010. The motion prevailed.

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