

TWENTIETH DAY

St. Paul, Minnesota, Thursday, March 3, 2011

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

CALL OF THE SENATE

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

Prayer was offered by Senator Michael J. Jungbauer.

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

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

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

The President declared a quorum present.

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

EXECUTIVE AND OFFICIAL COMMUNICATIONS

The following communications were received.

February 24, 2011

The Honorable Michelle L. Fischbach
President of the Senate

Dear Senator Fischbach:

As the Senate Majority Leader, I am hereby making the following appointment:

Pursuant to Minnesota Statutes 2010

3.303: Legislative Coordinating Commission - Senators Benson and Dahms to serve until a successor is named during a regular session following appointment.

Sincerely,
Amy Koch, Chair
Senate Majority Leader

February 24, 2011

The Honorable Michelle L. Fischbach
President of the Senate

Dear Senator Fischbach:

Please note that the following are serving by virtue of their position:

3.303: Legislative Coordinating Commission - Senator Fischbach as President of the Senate, Senator Koch as Senate Majority Leader, and Senator Bakk as Senate Minority Leader to serve until successors are named during the regular session following appointment.

Sincerely,
Amy Koch, Chair
Subcommittee on Committees

March 1, 2011

The Honorable Michelle L. Fischbach
President of the Senate

Dear Senator Fischbach:

The Subcommittee on Committees of the Committee on Rules and Administration met on March 1, 2011, and by appropriate action made the following appointments:

Pursuant to Minnesota Statutes 2010

3.305, Subd. 6: LCC Subcommittee on Redistricting - Senators Michel and Rest to serve at the pleasure of the appointing authority.

Sincerely,
Amy Koch, Chair
Subcommittee on Committees

March 2, 2011

The Honorable Kurt Zellers
Speaker of the House of Representatives

The Honorable Michelle L. Fischbach
President of the Senate

I have the honor to inform you that the following enrolled Act of the 2011 Session of the State Legislature has been received from the Office of the Governor and is deposited in the Office of the Secretary of State for preservation, pursuant to the State Constitution, Article IV, Section 23:

S.F. No.	H.F. No.	Session Laws Chapter No.	Time and Date Approved 2011	Date Filed 2011
	55	3	11:44 a.m. March 2	March 2

Sincerely,
Mark Ritchie
Secretary of State

MESSAGES FROM THE HOUSE

Madam President:

I have the honor to announce that the House has acceded to the request of the Senate for the appointment of a Conference Committee, consisting of 3 members of the House, on the amendments adopted by the House to the following Senate File:

S.F. No. 40: A bill for an act relating to education; amending teacher licensure provisions; establishing an alternative teacher preparation program and limited-term teacher license; requiring reports; amending Minnesota Statutes 2010, section 122A.16; proposing coding for new law in Minnesota Statutes, chapter 122A; repealing Minnesota Statutes 2010, section 122A.24.

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

Garofalo, Erickson and Mariani.

Senate File No. 40 is herewith returned to the Senate.

Albin A. Mathiowetz, Chief Clerk, House of Representatives

Returned February 28, 2011

REPORTS OF COMMITTEES

Senator Koch moved that the Committee Reports at the Desk be now adopted, with the exception of the report pertaining to appointments. The motion prevailed.

Senator Hann from the Committee on Health and Human Services, to which was referred

S.F. No. 162: A bill for an act relating to health; exempting municipal laboratories from certification; amending Minnesota Statutes 2010, section 144.98, by adding a subdivision.

Reports the same back with the recommendation that the bill be re-referred to the Committee on Environment and Natural Resources without recommendation. Report adopted.

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

S.F. No. 220: A bill for an act relating to taxes; creating a Tax Expenditure Advisory Commission; providing for review and sunset of tax expenditures; proposing coding for new law as Minnesota Statutes, chapter 290D.

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

Page 5, after line 9, insert:

"Subd. 3. **Rate reductions to achieve revenue neutrality.** In the year in which the tax expenditures are sunset within a tax chapter in statute, the general tax rate or rates in that chapter shall be permanently reduced proportionately so that the total revenues raised by the affected tax remains as close as is practical to the amount that would be raised absent the repeal of any tax expenditures not continued as provided in section 290D.10. The commissioner of revenue shall calculate the change in the rate or rates needed to accomplish the revenue neutrality authorized in this subdivision."

And when so amended the bill be re-referred to the Committee on State Government Innovation and Veterans without recommendation. Amendments adopted. Report adopted.

Senator Vandever from the Committee on Local Government and Elections, to which was referred

S.F. No. 156: A bill for an act relating to elections; increasing the time provided for canvassing state primary election returns; amending Minnesota Statutes 2010, section 204C.32.

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 2010, section 204C.32, subdivision 1, is amended to read:

Subdivision 1. **County canvass.** The county canvassing board shall meet at the county auditor's office on either the second or third day following the state primary. After taking the oath of office, the canvassing board shall publicly canvass the election returns delivered to the county auditor. The board shall complete the canvass ~~on~~ by the third day following the state primary and shall promptly prepare and file with the county auditor a report that states:

(a) the number of individuals voting at the election in the county, and in each precinct;

(b) the number of individuals registering to vote on election day and the number of individuals registered before election day in each precinct;

(c) for each major political party, the names of the candidates running for each partisan office and the number of votes received by each candidate in the county and in each precinct;

(d) the names of the candidates of each major political party who are nominated; and

(e) the number of votes received by each of the candidates for nonpartisan office in each precinct in the county and the names of the candidates nominated for nonpartisan office.

Upon completion of the canvass, the county auditor shall mail or deliver a notice of nomination to each nominee for county office voted for only in that county. The county auditor shall transmit one of the certified copies of the county canvassing board report for state and federal offices to the secretary of state by express mail or similar service immediately upon conclusion of the county canvass. The secretary of state shall mail a notice of nomination to each nominee for state or federal office.

Sec. 2. Minnesota Statutes 2010, section 205.065, subdivision 5, is amended to read:

Subd. 5. **Results.** (a) The municipal primary shall be conducted and the returns made in the manner provided for the state primary so far as practicable. If the primary is conducted:

(1) only within that municipality, a canvass may be conducted on either the second or third day after the primary; or

(2) in conjunction with the state primary, the canvass must be conducted on the third day after the primary, except as otherwise provided in paragraph (b).

~~On the third day after the primary,~~ The governing body of the municipality shall canvass the returns, and the two candidates for each office who receive the highest number of votes, or a number of candidates equal to twice the number of individuals to be elected to the office, who receive the highest number of votes, shall be the nominees for the office named. Their names shall be certified to the municipal clerk who shall place them on the municipal general election ballot without partisan designation and without payment of an additional fee.

(b) Following a municipal primary as described in paragraph (a), clause (2), a canvass may be conducted on the second day after the primary if the county auditor of each county in which the municipality is located agrees to administratively review the municipality's primary voting statistics for accuracy and completeness within a time that permits the canvass to be conducted on that day.

Sec. 3. Minnesota Statutes 2010, section 205A.03, subdivision 4, is amended to read:

Subd. 4. **Results.** (a) The school district primary must be conducted and the returns made in the manner provided for the state primary as far as practicable. If the primary is conducted:

(1) only within that school district, a canvass may be conducted on either the second or third day after the primary; or

(2) in conjunction with the state primary, the canvass must be conducted on the third day after the primary, except as otherwise provided in paragraph (b).

~~On the third day after the primary,~~ The school board of the school district shall canvass the returns, and the two candidates for each specified school board position who receive the highest number of votes, or a number of candidates equal to twice the number of individuals to be elected

to at-large school board positions who receive the highest number of votes, are the nominees for the office named. Their names must be certified to the school district clerk who shall place them on the school district general election ballot without partisan designation and without payment of an additional fee.

(b) Following a school district primary as described in paragraph (a), clause (2), a canvass may be conducted on the second day after the primary if the county auditor of each county in which the school district is located agrees to administratively review the school district's primary voting statistics for accuracy and completeness within a time that permits the canvass to be conducted on that day."

Delete the title and insert:

"A bill for an act relating to elections; allowing flexibility in the time provided for canvassing primary election returns for counties, municipalities, and school districts; amending Minnesota Statutes 2010, sections 204C.32, subdivision 1; 205.065, subdivision 5; 205A.03, subdivision 4."

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

Senator Vandever from the Committee on Local Government and Elections, to which was re-referred

S.F. No. 261: A bill for an act relating to regulatory reform; providing that certain rules take effect only upon legislative approval; amending Minnesota Statutes 2010, section 14.19; proposing coding for new law in Minnesota Statutes, chapter 14; repealing Minnesota Statutes 2010, section 14.127.

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

Page 2, delete lines 11 to 14

Page 3, after line 1, insert:

"Sec. 4. **EFFECTIVE DATE.**

This act is effective the day following final enactment, and applies to any rule for which the hearing record has not closed before that date, or if there is not a public hearing, for which the agency has not submitted the record to the administrative law judge before that date."

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

Senator Michel from the Committee on Jobs and Economic Growth, to which was referred

S.F. No. 1: A bill for an act relating to job creation; reducing certain taxes; providing for permitting efficiency; modifying environmental review requirements; amending Minnesota Statutes 2010, sections 84.027, by adding a subdivision; 115.07; 116.03, by adding a subdivision; 116.07, subdivision 2; 116D.04, subdivisions 3a, 10; 116D.045, subdivisions 1, 3; 275.025, subdivisions 1, 4; 290.06, subdivision 1; 290.0921, subdivision 1.

Reports the same back with the recommendation that the bill do pass and be re-referred to the

Committee on Taxes. Report adopted.

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

H.F. No. 103 for comparison with companion Senate File, reports the following House File was found identical and recommends the House File be given its second reading and substituted for its companion Senate File as follows:

GENERAL ORDERS		CONSENT CALENDAR		CALENDAR	
H.F. No.	S.F. No.	H.F. No.	S.F. No.	H.F. No.	S.F. No.
103	114				

and that the above Senate File be indefinitely postponed.

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

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

H.F. No. 141 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.
141	121				

Pursuant to Rule 45, the Committee on Rules and Administration recommends that H.F. No. 141 be amended as follows:

Delete all the language after the enacting clause of H.F. No. 141, the first engrossment; and insert the language after the enacting clause of S.F. No. 121, the first engrossment; further, delete the title of H.F. No. 141, the first engrossment; and insert the title of S.F. No. 121, the first engrossment.

And when so amended H.F. No. 141 will be identical to S.F. No. 121, and further recommends that H.F. No. 141 be given its second reading and substituted for S.F. No. 121, and that the Senate File be indefinitely postponed.

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

Senator Fischbach from the Committee on Higher Education, to which were referred the following appointments:

BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES

Duane Benson
Philip Krinkie
Alfredo Oliveira
Thomas S. Renier

Michael M. Vekich

Reports the same back with the recommendation that the appointments be confirmed.

Senator Koch moved that the foregoing committee report be laid on the table. The motion prevailed.

SECOND READING OF SENATE BILLS

S.F. No. 156 was read the second time.

SECOND READING OF HOUSE BILLS

H.F. Nos. 103 and 141 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Langseth introduced—

S.F. No. 533: A bill for an act relating to capital investment; appropriating money to implement a flood damage reduction project of a capital nature with certain conditions in the Moorhead area; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Pappas, Bonoff, Bakk, Latz and Saxhaug introduced—

S.F. No. 534: A bill for an act relating to the University of Minnesota; limiting the number of former legislators on the Board of Regents; proposing coding for new law in Minnesota Statutes, chapter 137.

Referred to the Committee on Higher Education.

Senators Gerlach, Michel, Senjem, Howe and Tomassoni introduced—

S.F. No. 535: A bill for an act relating to capital investment; requiring state agencies to track and report on the number of jobs created or retained as a result of capital project funding; amending Minnesota Statutes 2010, section 16A.633, by adding a subdivision.

Referred to the Committee on Capital Investment.

Senators Rest, Robling, Langseth and Kruse introduced—

S.F. No. 536: A bill for an act relating to historical preservation and cultural heritage; appropriating money for the State Capitol building.

Referred to the Committee on Environment and Natural Resources.

Senators Nelson, Newman and Harrington introduced—

S.F. No. 537: A bill for an act relating to public safety; adding synthetic marijuana to the definition of marijuana; prescribing criminal penalties; amending Minnesota Statutes 2010, section 152.01, subdivision 9.

Referred to the Committee on Judiciary and Public Safety.

Senators Magnus, Rosen, Kubly and Dahms introduced—

S.F. No. 538: A bill for an act relating to agriculture; appropriating money to the commissioner of agriculture for bioenergy grants.

Referred to the Committee on Agriculture and Rural Economies.

Senators Pederson, Brown, Nelson and Metzen introduced—

S.F. No. 539: A bill for an act relating to economic development; extending deadlines for spending tax increments under certain conditions; amending Minnesota Statutes 2010, section 469.176, subdivisions 4c, 4m.

Referred to the Committee on Taxes.

Senators Nelson, Senjem, Rosen, Bonoff and Olson introduced—

S.F. No. 540: A bill for an act relating to education; modifying parent notification of child maltreatment in a school facility; requiring a policy for educating employees about mandatory child maltreatment reporting; amending Minnesota Statutes 2010, section 122A.20, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 123B.

Referred to the Committee on Education.

Senator Berglin introduced—

S.F. No. 541: A bill for an act relating to human services; requiring the commissioner of human services to propose statutory changes to address frequency of medical assistance eligibility assessments for nonemergency medical transportation and the length of time a recipient is deemed eligible for special transportation.

Referred to the Committee on Health and Human Services.

Senator Berglin introduced—

S.F. No. 542: A bill for an act relating to human services; requiring patient-centered decision-making process before certain procedures are reimbursed under medical assistance; proposing coding for new law in Minnesota Statutes, chapter 256B.

Referred to the Committee on Health and Human Services.

Senators Senjem and Nelson introduced—

S.F. No. 543: A bill for an act relating to state government; establishing a retained savings program for executive branch agencies; proposing coding for new law in Minnesota Statutes, chapter 15.

Referred to the Committee on State Government Innovation and Veterans.

Senator Tomassoni introduced—

S.F. No. 544: A bill for an act relating to capital investment; appropriating money for reconstruction of the city of Virginia's wastewater treatment facilities; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Kubly, Anderson, Dibble and Jungbauer introduced—

S.F. No. 545: A bill for an act relating to energy; requiring Legislative Energy Commission to examine issue of permanent storage of spent nuclear fuel produced by nuclear-powered electric generating plants.

Referred to the Committee on Energy, Utilities and Telecommunications.

Senator Fischbach introduced—

S.F. No. 546: A bill for an act relating to higher education; changing eligibility for the senior citizen higher education program; amending Minnesota Statutes 2010, section 135A.51, subdivision 2.

Referred to the Committee on Higher Education.

Senators Kubly, Lourey, Sheran and Senjem introduced—

S.F. No. 547: A bill for an act relating to drivers' licenses; authorizing issuance of limited license to obtain medical treatment; amending Minnesota Statutes 2010, section 171.30, subdivision 1.

Referred to the Committee on Transportation.

Senators Benson, Rosen, Anderson, Dibble and Howe introduced—

S.F. No. 548: A bill for an act relating to utilities; clarifying authority of Public Utilities Commission to approve multiyear rate plan that meets specified criteria; consolidating multiple rate riders into single large energy project; amending Minnesota Statutes 2010, sections 216B.16, subdivisions 6b, 7, 7d, by adding a subdivision; 216B.241, subdivisions 1, 1c; proposing coding for new law in Minnesota Statutes, chapter 216B; repealing Minnesota Statutes 2010, sections 216B.16, subdivision 7b; 216B.1636; 216B.1637; 216B.1645, subdivisions 2, 2a.

Referred to the Committee on Energy, Utilities and Telecommunications.

Senator Kubly introduced—

S.F. No. 549: A bill for an act relating to capital investment; appropriating money for the Ortonville emergency operations center; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senator Reinert introduced—

S.F. No. 550: A bill for an act relating to liquor; authorizing shipments of malt liquor into Minnesota with certain conditions; amending Minnesota Statutes 2010, sections 297G.07, subdivision 1; 340A.417.

Referred to the Committee on Commerce and Consumer Protection.

Senators Gimse, Senjem and Pederson introduced—

S.F. No. 551: A bill for an act relating to liquor; authorizing cities to issue license for a stadium or ballpark for the purposes of summer collegiate league baseball games; amending Minnesota Statutes 2010, section 340A.404, subdivision 1.

Referred to the Committee on Commerce and Consumer Protection.

Senators Latz, Sieben, Bakk, Dibble and Goodwin introduced—

S.F. No. 552: A bill for an act relating to taxation; authorizing valuation exclusion for certain improvements to homestead and commercial-industrial property; amending Minnesota Statutes 2010, section 273.11, subdivision 16, by adding a subdivision.

Referred to the Committee on Taxes.

Senators Goodwin and Sieben introduced—

S.F. No. 553: A bill for an act relating to elections; permitting candidates to serve as an election judge in precincts where the candidate's name does not appear on the ballot; amending Minnesota Statutes 2010, section 204B.19, subdivision 2.

Referred to the Committee on Local Government and Elections.

Senator Goodwin introduced—

S.F. No. 554: A bill for an act relating to the legislature; authorizing certain legislative employees to organize and to select representatives to negotiate collective bargaining agreements; amending Minnesota Statutes 2010, sections 43A.18, subdivision 6; 43A.24, subdivision 2; 179A.01.

Referred to the Committee on State Government Innovation and Veterans.

Senator Nienow introduced—

S.F. No. 555: A bill for an act relating to education; directing the Minnesota State High School

League to amend its transfer rule, including the procedure to determine student eligibility; amending Minnesota Statutes 2010, section 128C.02, by adding a subdivision.

Referred to the Committee on Education.

Senators Nienow, Lourey and Marty introduced—

S.F. No. 556: A bill for an act relating to human services; appropriating money for emergency services grants and transitional housing.

Referred to the Committee on Health and Human Services.

Senators Nienow, Hann and Ortman introduced—

S.F. No. 557: A bill for an act relating to health; repealing statewide trauma system; repealing Minnesota Statutes 2010, sections 144.602; 144.603; 144.604, subdivisions 1, 2; 144.605; 144.606.

Referred to the Committee on Health and Human Services.

Senators Rosen, Skoe, Brown, Magnus and Stumpf introduced—

S.F. No. 558: A bill for an act relating to agriculture; providing for the burial of certain materials on land used for farming; clarifying responsibility for the oversight of livestock mortality disposal; amending Minnesota Statutes 2010, section 17.135; proposing coding for new law in Minnesota Statutes, chapter 115A.

Referred to the Committee on Agriculture and Rural Economies.

Senator Saxhaug introduced—

S.F. No. 559: A bill for an act relating to taxation; authorizing the city of Grand Rapids to impose a local sales tax; adjusting the local government aid payment to the city.

Referred to the Committee on Taxes.

Senator Saxhaug introduced—

S.F. No. 560: A bill for an act relating to state lands; authorizing sale of certain tax-forfeited land bordering public waters in Itasca County.

Referred to the Committee on Environment and Natural Resources.

Senator Saxhaug introduced—

S.F. No. 561: A bill for an act relating to state lands; authorizing private sale of certain tax-forfeited land in Itasca County.

Referred to the Committee on Environment and Natural Resources.

Senators Rosen, Senjem, Metzen, Bonoff and Nelson introduced–

S.F. No. 562: A bill for an act relating to capital investment; appropriating money for a physics and nanotechnology building on the Twin Cities campus of the University of Minnesota; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Rosen, Magnus and Dahms introduced–

S.F. No. 563: A bill for an act relating to natural resources; appropriating money for the Watline Trail.

Referred to the Committee on Environment and Natural Resources.

Senator Pederson introduced–

S.F. No. 564: A bill for an act relating to education finance; permitting a onetime fund transfer for Independent School District No. 742, St. Cloud.

Referred to the Committee on Education.

Senator Benson introduced–

S.F. No. 565: A bill for an act relating to higher education; requiring a study of graduate education.

Referred to the Committee on Higher Education.

Senators Lourey and Rosen introduced–

S.F. No. 566: A bill for an act relating to human services; authorizing medical assistance reimbursement for in-reach community-based care coordination in a hospital setting; amending Minnesota Statutes 2010, section 256B.0625, by adding a subdivision.

Referred to the Committee on Health and Human Services.

Senators Miller and Carlson introduced–

S.F. No. 567: A bill for an act relating to natural resources; requiring a nonresident off-road vehicle state trail pass; proposing coding for new law in Minnesota Statutes, chapter 84.

Referred to the Committee on Environment and Natural Resources.

Senators Miller, Langseth, DeKruif and Howe introduced–

S.F. No. 568: A bill for an act relating to capital investment; appropriating money for the greater Minnesota business development infrastructure grant program; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Miller, Langseth, DeKruif and Howe introduced—

S.F. No. 569: A bill for an act relating to public infrastructure grants; clarifying the use of funds appropriated; amending Minnesota Statutes 2010, section 116J.431, by adding a subdivision.

Referred to the Committee on Jobs and Economic Growth.

Senators Jungbauer and Nienow introduced—

S.F. No. 570: A resolution urging the members of the United States Congress to propose the Parental Rights Amendment to the Constitution of the United States relating to parental rights.

Referred to the Committee on Judiciary and Public Safety.

Senators Kruse and Scheid introduced—

S.F. No. 571: A bill for an act relating to financial institutions; repealing an administrative rule restricting the capitalization of permanent improvements to other real estate owned by a bank; repealing Minnesota Rules, part 2675.2170, item F.

Referred to the Committee on Commerce and Consumer Protection.

Senator Fischbach introduced—

S.F. No. 572: A bill for an act relating to higher education; requiring a vote to increase optional student fees; amending Minnesota Statutes 2010, section 136F.06, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 135A.

Referred to the Committee on Higher Education.

Senators Gerlach, Metzen and Daley introduced—

S.F. No. 573: A bill for an act relating to Dakota County; extending interest in lands occupied by Minnesota Zoo.

Referred to the Committee on Local Government and Elections.

Senators Chamberlain, Rosen and Wolf introduced—

S.F. No. 574: A bill for an act relating to public safety; providing for jurisdiction for petitions for harassment restraining orders; amending Minnesota Statutes 2010, section 609.748, subdivisions 2, 3a.

Referred to the Committee on Judiciary and Public Safety.

Senator Newman introduced—

S.F. No. 575: A bill for an act relating to state government; requiring legislative approval for

adoption of rules; amending Minnesota Statutes 2010, sections 14.18, subdivision 1; 14.27; 14.389, subdivision 3.

Referred to the Committee on State Government Innovation and Veterans.

Senators Carlson, Dahms and Skoe introduced—

S.F. No. 576: A bill for an act relating to agriculture; repealing obsolete provisions on county seed and feed loans; repealing Minnesota Statutes 2010, sections 395.14; 395.15; 395.16; 395.17; 395.18; 395.19; 395.20; 395.21; 395.22; 395.23; 395.24.

Referred to the Committee on Agriculture and Rural Economies.

Senators Thompson, Chamberlain, Newman and Gerlach introduced—

S.F. No. 577: A bill for an act relating to education; prohibiting public school employees from using public funds and resources to advocate to pass, elect, or defeat a political candidate, ballot question, or pending legislation; proposing coding for new law in Minnesota Statutes, chapter 123B.

Referred to the Committee on Education.

Senators Benson, Rosen, Sheran, Hann and Hoffman introduced—

S.F. No. 578: A bill for an act relating to state government; requiring Department of Human Services to issue a request for proposals for an integrated online eligibility and application portal for food support, cash assistance, child care, and health care programs.

Referred to the Committee on Health and Human Services.

Senators Gazelka, Gerlach, Howe, Lillie and Robling introduced—

S.F. No. 579: A bill for an act relating to air admittance valves; modifying building code requirements to create jobs through innovative technology; repealing Minnesota Statutes 2010, section 326B.43, subdivision 6.

Referred to the Committee on Jobs and Economic Growth.

Senator Skoe introduced—

S.F. No. 580: A bill for an act relating to public safety; modifying certain provisions regarding sale of vehicle subject to impoundment order; authorizing commissioner of public safety to establish variance process; amending Minnesota Statutes 2010, sections 169A.60, subdivision 14; 169A.75.

Referred to the Committee on Transportation.

Senators Vandever, Parry, Bakk and Hann introduced—

S.F. No. 581: A bill for an act relating to property taxation; allowing certain expenditures by nonprofit community-service organizations to be considered charitable contributions to qualify for a reduced property tax classification; amending Minnesota Statutes 2010, section 273.13, subdivision

25.

Referred to the Committee on Taxes.

Senators Hoffman and Magnus introduced—

S.F. No. 582: A bill for an act relating to motor vehicles; establishing biennial inspection and filing fee charges for limited use farm trucks; making technical correction; amending Minnesota Statutes 2010, sections 168.002, by adding a subdivision; 168.33, subdivisions 7, 8a; 169.781, subdivision 5.

Referred to the Committee on Transportation.

Senator Hoffman introduced—

S.F. No. 583: A bill for an act relating to capital investment; appropriating money for a grant to Otter Tail County for reconstruction of flood-damaged property; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

Senators Miller and Sparks introduced—

S.F. No. 584: A bill for an act relating to taxation; property; modifying 4c classification requirements; amending Minnesota Statutes 2010, section 273.13, subdivision 25.

Referred to the Committee on Taxes.

Senators Sparks, Langseth, Tomassoni and Saxhaug introduced—

S.F. No. 585: A bill for an act relating to capital investment; appropriating money for the greater Minnesota business development public infrastructure grant program; authorizing the sale and issuance of state bonds.

Referred to the Committee on Capital Investment.

MOTIONS AND RESOLUTIONS

Senator Hann moved that the name of Senator Vandevveer be added as a co-author to S.F. No. 33. The motion prevailed.

Senator Newman moved that the name of Senator Fischbach be added as a co-author to S.F. No. 87. The motion prevailed.

Senator Parry moved that the name of Senator Bonoff be added as a co-author to S.F. No. 130. The motion prevailed.

Senator Higgins moved that the name of Senator Jungbauer be added as a co-author to S.F. No. 305. The motion prevailed.

Senator Parry moved that the name of Senator Sheran be added as a co-author to S.F. No. 401. The motion prevailed.

Senator Sparks moved that his name be stricken as a co-author to S.F. No. 425. The motion prevailed.

Senator Goodwin moved that the names of Senators Metzen and Anderson be added as co-authors to S.F. No. 462. The motion prevailed.

Senator Pogemiller moved that the name of Senator Pappas be added as a co-author to S.F. No. 514. The motion prevailed.

Senator Harrington introduced –

Senate Resolution No. 46: A Senate resolution recognizing Special Agent in Charge Ralph S. Boelter.

Referred to the Committee on Rules and Administration.

Senator Koch introduced –

Senate Resolution No. 47: A Senate resolution adopting Permanent Rules of the Senate.

Senator Koch moved that Senate Resolution No. 47 be laid on the table. The motion prevailed.

S.F. No. 40 and the Conference Committee Report thereon were reported to the Senate.

CONFERENCE COMMITTEE REPORT ON S.F. NO. 40

A bill for an act relating to education; amending teacher licensure provisions; establishing an alternative teacher preparation program and limited-term teacher license; requiring reports; amending Minnesota Statutes 2010, section 122A.16; proposing coding for new law in Minnesota Statutes, chapter 122A; repealing Minnesota Statutes 2010, section 122A.24.

March 1, 2011

The Honorable Michelle L. Fischbach
President of the Senate

The Honorable Kurt Zellers
Speaker of the House of Representatives

We, the undersigned conferees for S.F. No. 40 report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S.F. No. 40 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 122A.09, subdivision 4, is amended to read:

Subd. 4. **License and rules.** (a) The board must adopt rules to license public school teachers

and interns subject to chapter 14.

(b) The board must adopt rules requiring a person to successfully complete a skills examination in reading, writing, and mathematics as a requirement for initial teacher licensure. Such rules must require college and universities offering a board-approved teacher preparation program to provide remedial assistance to persons who did not achieve a qualifying score on the skills examination, including those for whom English is a second language.

(c) The board must adopt rules to approve teacher preparation programs. The board, upon the request of a postsecondary student preparing for teacher licensure or a licensed graduate of a teacher preparation program, shall assist in resolving a dispute between the person and a postsecondary institution providing a teacher preparation program when the dispute involves an institution's recommendation for licensure affecting the person or the person's credentials. At the board's discretion, assistance may include the application of chapter 14.

(d) The board must provide the leadership and shall adopt rules for the redesign of teacher education programs to implement a research based, results-oriented curriculum that focuses on the skills teachers need in order to be effective. The board shall implement new systems of teacher preparation program evaluation to assure program effectiveness based on proficiency of graduates in demonstrating attainment of program outcomes. Teacher preparation programs including alternative teacher preparation programs under section 122A.245, among other programs, must include a content-specific, board-approved, performance-based assessment that measures teacher candidates in three areas: planning for instruction and assessment; engaging students and supporting learning; and assessing student learning.

(e) The board must adopt rules requiring candidates for initial licenses to successfully complete an examination of general pedagogical knowledge and examinations of licensure-specific teaching skills. The rules shall be effective by September 1, 2001. The rules under this paragraph also must require candidates for initial licenses to teach prekindergarten or elementary students to successfully complete, as part of the examination of licensure-specific teaching skills, test items assessing the candidates' knowledge, skill, and ability in comprehensive, scientifically based reading instruction under section 122A.06, subdivision 4, and their knowledge and understanding of the foundations of reading development, the development of reading comprehension, and reading assessment and instruction, and their ability to integrate that knowledge and understanding.

(f) The board must adopt rules requiring teacher educators to work directly with elementary or secondary school teachers in elementary or secondary schools to obtain periodic exposure to the elementary or secondary teaching environment.

(g) The board must grant licenses to interns and to candidates for initial licenses.

(h) The board must design and implement an assessment system which requires a candidate for an initial license and first continuing license to demonstrate the abilities necessary to perform selected, representative teaching tasks at appropriate levels.

(i) The board must receive recommendations from local committees as established by the board for the renewal of teaching licenses.

(j) The board must grant life licenses to those who qualify according to requirements established by the board, and suspend or revoke licenses pursuant to sections 122A.20 and 214.10. The board

must not establish any expiration date for application for life licenses.

(k) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in the areas of using positive behavior interventions and in accommodating, modifying, and adapting curricula, materials, and strategies to appropriately meet the needs of individual students and ensure adequate progress toward the state's graduation rule.

(l) In adopting rules to license public school teachers who provide health-related services for disabled children, the board shall adopt rules consistent with license or registration requirements of the commissioner of health and the health-related boards who license personnel who perform similar services outside of the school.

(m) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further reading preparation, consistent with section 122A.06, subdivision 4. The rules do not take effect until they are approved by law. Teachers who do not provide direct instruction including, at least, counselors, school psychologists, school nurses, school social workers, audiovisual directors and coordinators, and recreation personnel are exempt from this section.

(n) The board must adopt rules that require all licensed teachers who are renewing their continuing license to include in their renewal requirements further preparation in understanding the key warning signs of early-onset mental illness in children and adolescents.

EFFECTIVE DATE. This section is effective the day following final enactment and applies to individuals who complete a teacher preparation program by the end of the 2013-2014 school year or later.

Sec. 2. Minnesota Statutes 2010, section 122A.16, is amended to read:

122A.16 HIGHLY QUALIFIED TEACHER DEFINED.

(a) A qualified teacher is one holding a valid license, under this chapter, to perform the particular service for which the teacher is employed in a public school.

(b) For the purposes of the federal No Child Left Behind Act, a highly qualified teacher is one who holds a valid license under this chapter, including under section 122A.245, among other sections, to perform the particular service for which the teacher is employed in a public school or who meets the requirements of a highly objective uniform state standard of evaluation (HOUSSE).

All Minnesota teachers teaching in a core academic subject area, as defined by the federal No Child Left Behind Act, in which they are not fully licensed may complete the following HOUSSE process in the core subject area for which the teacher is requesting highly qualified status by completing an application, in the form and manner described by the commissioner, that includes:

(1) documentation of student achievement as evidenced by norm-referenced test results that are objective and psychometrically valid and reliable;

(2) evidence of local, state, or national activities, recognition, or awards for professional contribution to achievement;

(3) description of teaching experience in the teachers' core subject area in a public school

under a waiver, variance, limited license or other exception; nonpublic school; and postsecondary institution;

- (4) test results from the Praxis II content test;
- (5) evidence of advanced certification from the National Board for Professional Teaching Standards;
- (6) evidence of the successful completion of course work or pedagogy courses; and
- (7) evidence of the successful completion of high quality professional development activities.

Districts must assign a school administrator to serve as a HOUSSE reviewer to meet with teachers under this paragraph and, where appropriate, certify the teachers' applications. Teachers satisfy the definition of highly qualified when the teachers receive at least 100 of the total number of points used to measure the teachers' content expertise under clauses (1) to (7). Teachers may acquire up to 50 points only in any one clause (1) to (7). Teachers may use the HOUSSE process to satisfy the definition of highly qualified for more than one subject area.

(c) Achievement of the HOUSSE criteria is not equivalent to a license. A teacher must obtain permission from the Board of Teaching in order to teach in a public school.

Sec. 3. Minnesota Statutes 2010, section 122A.23, subdivision 1, is amended to read:

Subdivision 1. **Preparation equivalency.** When a license to teach is authorized to be issued to any holder of a diploma or a degree of a Minnesota state university, or of the University of Minnesota, or of a liberal arts university, or a technical training institution, such license may also, in the discretion of the Board of Teaching or the commissioner of education, whichever has jurisdiction, be issued to any holder of a diploma or a degree of a teacher training institution of equivalent rank and standing of any other state. The diploma or degree must be granted by virtue of ~~the completion of~~ completing a course in teacher preparation essentially equivalent in content to that required by such Minnesota state university or the University of Minnesota or a liberal arts university in Minnesota or a technical training institution as preliminary to the granting of a diploma or a degree of the same rank and class. For purposes of granting a Minnesota teaching license to a person who receives a diploma or degree from a state-accredited, out-of-state teacher training program leading to licensure, the Board of Teaching must establish criteria and streamlined procedures to recognize the experience and professional credentials of the person holding the out-of-state diploma or degree and allow that person to demonstrate to the board the person's qualifications for receiving a Minnesota teaching license based on performance measures the board adopts under this section.

Sec. 4. [122A.245] ALTERNATIVE TEACHER PREPARATION PROGRAM AND LIMITED-TERM TEACHER LICENSE.

Subdivision 1. **Requirements.** (a) To improve academic excellence, improve ethnic and cultural diversity in the classroom, and close the academic achievement gap, the Board of Teaching must approve qualified teacher preparation programs under this section that are a means to acquire a two-year limited-term license, which the board may renew one time for an additional one-year term, and to prepare for acquiring a standard license. The following entities are eligible to participate under this section:

(1) a school district or charter school that forms a partnership with a college or university that has a board-approved alternative teacher preparation program; or

(2) a school district or charter school, after consulting with a college or university with a board-approved teacher preparation program, forms a partnership with a nonprofit corporation organized under chapter 317A for an education-related purpose that has a board-approved teacher preparation program.

(b) Before participating in this program, a candidate must:

(1) have a bachelor's degree with a 3.0 or higher grade point average unless the board waives the grade point average requirement based on board-adopted criteria;

(2) pass the reading, writing, and mathematics skills examination under section 122A.09, subdivision 4, paragraph (b); and

(3) obtain qualifying scores on applicable board-approved rigorous content area and pedagogy examinations under section 122A.09, subdivision 4, paragraph (e).

(c) The Board of Teaching must issue a two-year limited-term license to a person who enrolls in an alternative teacher preparation program.

Subd. 2. **Characteristics.** An alternative teacher preparation program under this section must include:

(1) a minimum 200-hour instructional phase that provides intensive preparation and student teaching before the teacher candidate assumes classroom responsibilities;

(2) a research-based and results-oriented approach focused on best teaching practices to increase student proficiency and growth measured against state academic standards;

(3) strategies to combine pedagogy and best teaching practices to better inform teacher candidates' classroom instruction;

(4) assessment, supervision, and evaluation of teacher candidates to determine their specific needs throughout the program and to support their efforts to successfully complete the program;

(5) intensive, ongoing, and multiyear professional learning opportunities that accelerate teacher candidates' professional growth, support student learning, and provide a workplace orientation, professional staff development, and mentoring and peer review focused on standards of professional practice and continuous professional growth; and

(6) a requirement that teacher candidates demonstrate to the local site team under subdivision 5 satisfactory progress toward acquiring a standard license from the Board of Teaching.

Subd. 3. **Program approval; disapproval.** (a) The Board of Teaching must approve alternative teacher preparation programs under this section based on board-adopted criteria that reflect best practices for alternative teacher preparation programs, consistent with this section. The board must permit teacher candidates to demonstrate mastery of pedagogy and content standards in school-based settings and through other nontraditional means.

(b) If the Board of Teaching determines that a teacher preparation program under this section

does not meet the requirements of this section, it may revoke its approval of the program after it notifies the program provider of any deficiencies and gives the program provider an opportunity to remedy the deficiencies.

Subd. 4. **Employment conditions.** Where applicable, teacher candidates with a limited-term license under this section are members of the local employee organization representing teachers and subject to the terms of the local collective bargaining agreement between the exclusive representative of the teachers and the school board. A collective bargaining agreement between a school board and the exclusive representative of the teachers must not prevent or restrict or otherwise interfere with a school district's ability to employ a teacher prepared under this section.

Subd. 5. **Approval for standard license.** A school board or its designee must appoint members to a local site team that includes teachers, school administrators, and postsecondary faculty under subdivision 1, paragraph (a), clause (1), or staff of a participating nonprofit corporation under subdivision 1, paragraph (a), clause (2), to evaluate the performance of the teacher candidate. The evaluation must be consistent with board-adopted performance measures, use the Minnesota state standards of effective practice and subject matter content standards for teachers established in Minnesota Rules, and include a report to the board recommending whether or not to issue the teacher candidate a standard license.

Subd. 6. **Applicants trained in other states.** A person who successfully completes another state's alternative teacher preparation program, consistent with section 122A.23, subdivision 1, may apply to the Board of Teaching for a standard license under subdivision 7.

Subd. 7. **Standard license.** The Board of Teaching must issue a standard license to an otherwise qualified teacher candidate under this section who successfully performs throughout a program under this section, successfully completes all required skills, pedagogy, and content area examinations under section 122A.09, subdivision 4, paragraphs (a) and (e), and is recommended for licensure under subdivision 5 or successfully demonstrates to the board qualifications for licensure under subdivision 6.

Subd. 8. **Highly qualified teacher.** A person holding a valid limited-term license under this section is a highly qualified teacher and the teacher of record under section 122A.16.

Subd. 9. **Exchange of best practices.** By July 31 in an even-numbered year, a program participant and the Minnesota State Colleges and Universities, the University of Minnesota, the Minnesota Private College Council, and the Department of Education must exchange information about best practices and educational innovations.

Subd. 10. **Reports.** The Board of Teaching must submit an interim report on the efficacy of this program to the policy and finance committees of the legislature with jurisdiction over kindergarten through grade 12 education by February 15, 2013, and a final report by February 15, 2015.

EFFECTIVE DATE. This section is effective for the 2011-2012 school year and later.

Sec. 5. **REPEALER.**

Minnesota Statutes 2010, section 122A.24, is repealed.

EFFECTIVE DATE. This section is effective August 1, 2011."

Delete the title and insert:

"A bill for an act relating to education; amending teacher licensure provisions; establishing an alternative teacher preparation program and limited-term teacher license; requiring reports; amending Minnesota Statutes 2010, sections 122A.09, subdivision 4; 122A.16; 122A.23, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 122A; repealing Minnesota Statutes 2010, section 122A.24."

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

Senate Conferees: Gen Olson, Carla J. Nelson, Terri E. Bonoff

House Conferees: Pat Garofalo, Sondra Erickson, Carlos Mariani

Senator Olson moved that the foregoing recommendations and Conference Committee Report on S.F. No. 40 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.

S.F. No. 40 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 46 and nays 19, as follows:

Those who voted in the affirmative were:

Benson	Fischbach	Jungbauer	Newman	Senjem
Berglin	Gazelka	Koch	Nienow	Stumpf
Bonoff	Gerlach	Kruse	Olson	Thompson
Brown	Gimse	Latz	Ortman	Torres Ray
Carlson	Hann	Lillie	Parry	Vandever
Chamberlain	Harrington	Limmer	Pederson	Wolf
Dahms	Higgins	Metzen	Pogemiller	
Daley	Hoffman	Michel	Robling	
DeKruif	Howe	Miller	Rosen	
Dibble	Ingebrigtsen	Nelson	Scheid	

Those who voted in the negative were:

Anderson	Kelash	Marty	Saxhaug	Sparks
Bakk	Kubly	Pappas	Sheran	Tomassoni
Cohen	Langseth	Reinert	Sieben	Wiger
Goodwin	Lourey	Rest	Skoe	

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

MOTIONS AND RESOLUTIONS - CONTINUED

Pursuant to Rule 26, Senator Koch, Chair of the Committee on Rules and Administration, designated S.F. No. 47 a Special Order to be heard immediately.

SPECIAL ORDER

S.F. No. 47: A bill for an act relating to taxes; individual income; conforming to the federal

extension of the exclusion of dependent health care coverage to adult children through age 26 for tax year 2010; amending Minnesota Statutes 2010, section 290.01, subdivision 19.

Senator Ortman moved to amend S.F. No. 47 as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 2010, section 289A.02, subdivision 7, is amended to read:

Subd. 7. **Internal Revenue Code.** Unless specifically defined otherwise, for taxable years beginning before January 1, 2010, and after December 31, 2010, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through March 18, 2010; and for taxable years beginning after December 31, 2009, and before January 1, 2011, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2010.

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

Sec. 2. Minnesota Statutes 2010, section 290.01, subdivision 19, is amended to read:

Subd. 19. **Net income.** The term "net income" means the federal taxable income, as defined in section 63 of the Internal Revenue Code of 1986, as amended through the date named in this subdivision, incorporating the federal effective dates of changes to the Internal Revenue Code and any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income for federal income tax purposes, and with the modifications provided in subdivisions 19a to 19f.

In the case of a regulated investment company or a fund thereof, as defined in section 851(a) or 851(g) of the Internal Revenue Code, federal taxable income means investment company taxable income as defined in section 852(b)(2) of the Internal Revenue Code, except that:

(1) the exclusion of net capital gain provided in section 852(b)(2)(A) of the Internal Revenue Code does not apply;

(2) the deduction for dividends paid under section 852(b)(2)(D) of the Internal Revenue Code must be applied by allowing a deduction for capital gain dividends and exempt-interest dividends as defined in sections 852(b)(3)(C) and 852(b)(5) of the Internal Revenue Code; and

(3) the deduction for dividends paid must also be applied in the amount of any undistributed capital gains which the regulated investment company elects to have treated as provided in section 852(b)(3)(D) of the Internal Revenue Code.

The net income of a real estate investment trust as defined and limited by section 856(a), (b), and (c) of the Internal Revenue Code means the real estate investment trust taxable income as defined in section 857(b)(2) of the Internal Revenue Code.

The net income of a designated settlement fund as defined in section 468B(d) of the Internal Revenue Code means the gross income as defined in section 468B(b) of the Internal Revenue Code.

The Internal Revenue Code of 1986, as amended through March 18, 2010, shall be in effect for taxable years beginning after December 31, 1996, except that for taxable years beginning after December 31, 2009, and before January 1, 2011, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2010. The provisions of the act of

January 22, 2010, Public Law 111-126, to accelerate the benefits for charitable cash contributions for the relief of victims of the Haitian earthquake, are effective at the same time it became effective for federal purposes and apply to the subtraction under subdivision 19b, clause (6). The provisions of Title II, section 2112, of the act of September 27, 2010, Public Law 111-240, rollovers from elective deferral plans to designated Roth accounts, are effective at the same time they became effective for federal purposes and taxable rollovers are included in net income at the same time they are included in gross income for federal purposes.

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

EFFECTIVE DATE. This section is effective the day after final enactment except that the changes incorporated by federal changes are effective at the same time as the changes were effective for federal purposes.

Sec. 3. Minnesota Statutes 2010, 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) for taxable years beginning before January 1, 2010, and after December 31, 2010, 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) for taxable years beginning before January 1, 2010, and after December 31, 2010, 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 for taxable years beginning after December 31, 2009.

Sec. 4. Minnesota Statutes 2010, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. **Corporations; additions to federal taxable income.** For corporations, there shall be added to federal taxable income:

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

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

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

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

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 and 965 of the Internal Revenue Code;

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

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

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

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

(10) for certified pollution control facilities placed in service in a taxable year beginning before

December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

(11) the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend shall be reduced by the amount of the addition to income required by clauses (20), (21), (22), and (23);

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

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

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

(15) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

(16) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

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

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

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

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

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

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

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

- (iv) licensing fees; and
- (v) other similar expenses and costs.

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

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

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

- (i) income related to the direct or indirect acquisition, use, maintenance or management, ownership, sale, exchange, or any other disposition of intangible property;
- (ii) income from factoring transactions or discounting transactions;
- (iii) royalty, patent, technical, and copyright fees;
- (iv) licensing fees; and
- (v) other similar income.

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

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

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

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

(24) for taxable years beginning before January 1, 2010, and after December 31, 2010, the additional amount allowed as a deduction for donation of computer technology and equipment under section 170(e)(6) of the Internal Revenue Code, to the extent deducted from taxable income; and

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

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

Sec. 5. Minnesota Statutes 2010, section 290.01, subdivision 31, is amended to read:

Subd. 31. **Internal Revenue Code.** Unless specifically defined otherwise, for taxable years beginning before January 1, 2010, and after December 31, 2010, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through March 18, 2010; and for taxable years beginning after December 31, 2009, and before January 1, 2011, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2010. Internal Revenue Code also includes any uncodified provision in federal law that relates to provisions of the Internal Revenue Code that are incorporated into Minnesota law.

EFFECTIVE DATE. This section is effective the day after final enactment except the changes incorporated by federal changes are effective at the same time as the changes were effective for federal purposes.

Sec. 6. Minnesota Statutes 2010, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** For taxable years beginning before January 1, 2010, and after December 31, 2010, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through March 18, 2010; and for taxable years beginning after December 31, 2009, and before January 1, 2011, "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through December 31, 2010.

EFFECTIVE DATE. This section is effective for property tax refunds based on property taxes payable on or after December 31, 2010, and rent paid on or after December 31, 2009.

Sec. 7. **CORRECTED FORM W-2 NOT REQUIRED.**

Employers who have prepared and distributed form W-2, wage and tax statement, for tax year 2010, that reported to employees the amount of health coverage provided to adult children under age 27 includable in net income under prior law, are not required to prepare and distribute corrected tax year 2010 form W-2.

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

Amend the title accordingly

Senator Michel moved to amend the Ortman amendment to S.F. No. 47 as follows:

Page 1, after line 2, insert:

**"ARTICLE 1
FEDERAL CONFORMITY"**

Page 1, lines 5 and 6, delete the new language

Page 1, line 7, strike "March 18" and insert "December 17" and delete the semicolon

Page 1, lines 8 to 10, delete the new language

Page 2, line 4, strike "March 18" and insert "December 17"

Page 2, lines 5 to 7, delete the new language

Page 2, lines 11 to 15, delete the new language

Page 2, line 19, delete "except" and insert a period

Page 2, delete lines 20 to 21

Page 2, delete section 3 and insert:

"Sec. 3. Minnesota Statutes 2010, 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 (i) 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 minus (ii) any addition required under clause (18). 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) for taxable years beginning before January 1, 2013, the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

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

(12) for taxable years beginning before January 1, 2010, 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) for taxable years beginning before January 1, 2010, 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;

(18) for taxable years beginning after December 31, 2010, to the extent deducted in computing federal taxable income, the amount by which the standard deduction allowed under section 63(c) of the Internal Revenue Code exceeds the standard deduction allowable under section 63(c) of the Internal Revenue Code of 1986, as amended through September 27, 2010;

(19) for taxable years beginning after December 31, 2010, to the extent deducted in computing federal taxable income, the amount of the phaseout of deductions for personal exemptions under section 151(d)(3) of the Internal Revenue Code, disregarding the reduction and termination of the phaseout under sections 151(d)(3)(E) and 151(d)(3)(F); and

(20) for taxable years beginning after December 31, 2010, to the extent deducted in computing federal taxable income, the amount of the limitation on itemized deductions under section 68 of the Internal Revenue Code, disregarding the phaseout and termination of the limitation under sections 68(f) and 68(g).

EFFECTIVE DATE. This section is effective for taxable years beginning after December 31, 2010, except the changes to clauses (12) and (13) are effective for taxable years beginning after December 31, 2009."

Page 6, line 8, after "110-343" insert ", and without regard to the provisions of title VII, section 750 of Public Law 110-312"

Page 6, line 24, after "(18)" insert "for taxable years beginning before January 1, 2013,"

Page 8, delete sections 5 and 6 and insert:

"Sec. 5. Minnesota Statutes 2010, section 290.01, subdivision 19d, is amended to read:

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

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

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

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

(4) amounts disallowed for intangible drilling costs due to differences between this chapter and

the Internal Revenue Code in taxable years beginning before January 1, 1987, as follows:

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

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

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

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

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

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

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

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

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

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

(9) amounts included in federal taxable income that are due to refunds of income, excise, or franchise taxes based on net income or related minimum taxes paid by the corporation to Minnesota, another state, a political subdivision of another state, the District of Columbia, or a foreign country or possession of the United States to the extent that the taxes were added to federal taxable income under section 290.01, subdivision 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 a corporation whose foreign sales corporation, as defined in section 922 of the Internal Revenue Code, constituted a foreign operating corporation during any taxable year ending before January 1, 1995, and a return was filed by August 15, 1996, claiming the deduction under section 290.21, subdivision 4, for income received from the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of income excluded under section 114 of the Internal Revenue Code, provided the income is not income of a foreign operating company;

(16) 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, and without regard to the provisions of title VII, section 750 of Public Law 110-312;

(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;

(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

(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 for taxable years beginning after December 31, 2009.

Sec. 6. Minnesota Statutes 2010, 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 (9) or (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 (10) and (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, and before December 31, 2010, 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) For tax years beginning after December 31, 2010, and before December 31, 2012, 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 \$5,080 for married taxpayers filing joint returns. For tax years beginning after December 31, 2011, and before December 31, 2012, the commissioner shall adjust the \$5,080 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 "2010" shall be substituted for the word "1992." For 2012, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2010, to the 12 months ending on August 31, 2011, and in each subsequent year, from the 12 months ending on August 31, 2010, 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)~~ (i) 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 for taxable years beginning after December 31, 2010.

Sec. 7. Minnesota Statutes 2010, section 290.0675, subdivision 1, is amended to read:

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

(b) "Earned income" means the sum of the following, to the extent included in Minnesota taxable income:

- (1) earned income as defined in section 32(c)(2) of the Internal Revenue Code;
- (2) income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and
- (3) Social Security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

(c) "Taxable income" means net income as defined in section 290.01, subdivision 19.

(d) "Earned income of lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income as defined in paragraph (b) for the taxable year minus the sum of (i) the amount for one exemption under section 151(d) of the Internal Revenue Code and (ii) one-half the amount of the standard deduction under section 63(c)(2)(A) and (4) of the Internal Revenue Code minus one-half of any addition required under section 290.01, subdivision 19a, clause (18).

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

Sec. 8. Minnesota Statutes 2010, section 290A.03, subdivision 15, is amended to read:

Subd. 15. **Internal Revenue Code.** "Internal Revenue Code" means the Internal Revenue Code of 1986, as amended through ~~March 18, 2010~~ December 17, 2010.

EFFECTIVE DATE. This section is effective for property tax refunds based on property taxes payable on or after December 31, 2010, and rent paid on or after December 31, 2009."

Page 9, after line 3, insert:

"ARTICLE 2**INDIVIDUAL INCOME TAXES**

Section 1. Minnesota Statutes 2010, section 290.01, subdivision 7, is amended to read:

Subd. 7. **Resident.** (a) The term "resident" means any individual domiciled in Minnesota, except that an individual is not a "resident" for the period of time that the individual is a "qualified individual" as defined in section 911(d)(1) of the Internal Revenue Code, if the qualified individual notifies the county within three months of moving out of the country that homestead status be revoked for the Minnesota residence of the qualified individual, and the property is not classified as a homestead while the individual remains a qualified individual.

(b) "Resident" also means any individual domiciled outside the state who maintains a place of abode in the state and spends in the aggregate more than one-half of the tax year in Minnesota, unless:

- (1) the individual or the spouse of the individual is in the armed forces of the United States; or
- (2) the individual is covered under the reciprocity provisions in section 290.081.

For purposes of this subdivision, presence within the state for any part of a calendar day constitutes a day spent in the state. Individuals shall keep adequate records to substantiate the days spent outside the state.

The term "abode" means a dwelling maintained by an individual, whether or not owned by the individual and whether or not occupied by the individual, and includes a dwelling place owned or leased by the individual's spouse.

(c) "Part-year resident" means an individual domiciled outside the state who maintains a place of abode in the state and spends in the aggregate more than 60 days, but less than 183 days in Minnesota, unless:

- (1) the individual or the spouse of the individual is in the armed forces of the United States; or
- (2) the individual is covered under the reciprocity provisions in section 290.081.

For purposes of this subdivision, presence within the state for any part of a calendar day constitutes a day spent in the state, except for days an individual is receiving medical services or caring for a family member who is receiving medical services. Individuals shall keep adequate records to substantiate the days spent outside the state.

~~(e)~~ (d) Neither the commissioner nor any court shall consider charitable contributions made by an individual within or without the state in determining if the individual is domiciled in Minnesota.

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

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

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

the following schedule of rates:

- (1) On the first ~~\$25,680~~ \$33,770, 5.35 percent;
- (2) On all over ~~\$25,680~~ \$33,770, but not over ~~\$102,030~~ \$134,170, 7.05 percent;
- (3) On all over ~~\$102,030~~ \$134,170, but not over \$150,000, 7.85 percent;
- (4) On all over \$150,000, 10.95 percent.

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

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

- (1) On the first ~~\$17,570~~ \$23,100, 5.35 percent;
- (2) On all over ~~\$17,570~~ \$23,100, but not over ~~\$57,710~~ \$75,890, 7.05 percent;
- (3) On all over ~~\$57,710~~ \$75,890, but not over \$85,000, 7.85 percent;
- (4) On all over \$85,000, 10.95 percent.

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

- (1) On the first ~~\$21,630~~ \$28,440, 5.35 percent;
- (2) On all over ~~\$21,630~~ \$28,440, but not over ~~\$86,910~~ \$114,290, 7.05 percent;
- (3) On all over ~~\$86,910~~ \$114,290, but not over \$130,000, 7.85 percent;
- (4) On all over \$130,000, 10.95 percent.

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

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

(1) the numerator is the individual's Minnesota source federal adjusted gross income as defined in section 62 of the Internal Revenue Code and increased by the additions required under section 290.01, subdivision 19a, clauses (1), (5), (6), (7), (8), (9), (12), (13), (16), and (17), and reduced by the Minnesota assignable portion of the subtraction for United States government interest under

section 290.01, subdivision 19b, clause (1), and the subtractions under section 290.01, subdivision 19b, clauses (8), (9), (13), (14), (15), and (17), after applying the allocation and assignability provisions of section 290.081, clause (a), or 290.17; and

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

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

Sec. 3. Minnesota Statutes 2010, section 290.06, subdivision 2d, is amended to read:

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

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

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

The inflation adjustment in this subdivision does not apply to the income floor for the 10.95 percent rate in subdivision 2c, paragraph (a), clause (4); subdivision 2c, paragraph (b), clause (4); or subdivision 2c, paragraph (c), clause (4), or to the income ceiling for the 7.85 percent rate in subdivision 2c, paragraph (a), clause (3); subdivision 2c, paragraph (b), clause (3); and subdivision 2c, paragraph (c), clause (3).

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

Sec. 4. Minnesota Statutes 2010, section 290.06, subdivision 22, is amended to read:

Subd. 22. **Credit for taxes paid to another state.** (a) A taxpayer who is liable for taxes based on net income to another state, as provided in paragraphs (b) through (f), upon income allocated or apportioned to Minnesota, is entitled to a credit for the tax paid to another state if the tax is actually paid in the taxable year or a subsequent taxable year. A taxpayer who is a resident or part-year

resident of this state pursuant to section 290.01, subdivision 7, paragraph (b), and who is subject to income tax as a resident in the state of the individual's domicile is not allowed this credit unless the state of domicile does not allow a similar credit.

(b) For an individual, estate, or trust, the credit is determined by multiplying the tax payable under this chapter by the ratio derived by dividing the income subject to tax in the other state that is also subject to tax in Minnesota while a resident of Minnesota by the taxpayer's federal adjusted gross income, as defined in section 62 of the Internal Revenue Code, modified by the addition required by section 290.01, subdivision 19a, clause (1), and the subtraction allowed by section 290.01, subdivision 19b, clause (1), to the extent the income is allocated or assigned to Minnesota under sections 290.081 and 290.17.

(c) If the taxpayer is an athletic team that apportions all of its income under section 290.17, subdivision 5, the credit is determined by multiplying the tax payable under this chapter by the ratio derived from dividing the total net income subject to tax in the other state by the taxpayer's Minnesota taxable income.

(d) The credit determined under paragraph (b) or (c) shall not exceed the amount of tax so paid to the other state on the gross income earned within the other state subject to tax under this chapter, nor shall the allowance of the credit reduce the taxes paid under this chapter to an amount less than what would be assessed if such income amount was excluded from taxable net income.

(e) In the case of the tax assessed on a lump-sum distribution under section 290.032, the credit allowed under paragraph (a) is the tax assessed by the other state on the lump-sum distribution that is also subject to tax under section 290.032, and shall not exceed the tax assessed under section 290.032. To the extent the total lump-sum distribution defined in section 290.032, subdivision 1, includes lump-sum distributions received in prior years or is all or in part an annuity contract, the reduction to the tax on the lump-sum distribution allowed under section 290.032, subdivision 2, includes tax paid to another state that is properly apportioned to that distribution.

(f) If a Minnesota resident reported an item of income to Minnesota and is assessed tax in such other state on that same income after the Minnesota statute of limitations has expired, the taxpayer shall receive a credit for that year under paragraph (a), notwithstanding any statute of limitations to the contrary. The claim for the credit must be submitted within one year from the date the taxes were paid to the other state. The taxpayer must submit sufficient proof to show entitlement to a credit.

(g) For the purposes of this subdivision, a resident shareholder of a corporation treated as an "S" corporation under section 290.9725, must be considered to have paid a tax imposed on the shareholder in an amount equal to the shareholder's pro rata share of any net income tax paid by the S corporation to another state. For the purposes of the preceding sentence, the term "net income tax" means any tax imposed on or measured by a corporation's net income.

(h) For the purposes of this subdivision, a resident partner of an entity taxed as a partnership under the Internal Revenue Code must be considered to have paid a tax imposed on the partner in an amount equal to the partner's pro rata share of any net income tax paid by the partnership to another state. For purposes of the preceding sentence, the term "net income" tax means any tax imposed on or measured by a partnership's net income.

(i) For the purposes of this subdivision, "another state":

(1) includes:

(i) the District of Columbia; and

(ii) a province or territory of Canada; but

(2) excludes Puerto Rico and the several territories organized by Congress.

(j) The limitations on the credit in paragraphs (b), (c), and (d), are imposed on a state by state basis.

(k) For a tax imposed by a province or territory of Canada, the tax for purposes of this subdivision is the excess of the tax over the amount of the foreign tax credit allowed under section 27 of the Internal Revenue Code. In determining the amount of the foreign tax credit allowed, the net income taxes imposed by Canada on the income are deducted first. Any remaining amount of the allowable foreign tax credit reduces the provincial or territorial tax that qualifies for the credit under this subdivision.

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

Sec. 5. Minnesota Statutes 2010, section 290.17, subdivision 1, is amended to read:

Subdivision 1. **Scope of allocation rules.** (a) The income of resident individuals is not subject to allocation outside this state. The allocation rules apply to nonresident individuals, estates, trusts, nonresident partners of partnerships, nonresident shareholders of corporations treated as "S" corporations under section 290.9725, and all corporations not having such an election in effect. If a partnership or corporation would not otherwise be subject to the allocation rules, but conducts a trade or business that is part of a unitary business involving another legal entity that is subject to the allocation rules, the partnership or corporation is subject to the allocation rules.

(b) Expenses, losses, and other deductions (referred to collectively in this paragraph as "deductions") must be allocated along with the item or class of gross income to which they are definitely related for purposes of assignment under this section or apportionment under section 290.191, 290.20, or 290.36. Deductions definitely related to any item of gross income assigned under subdivision 2, paragraph (e), are assigned to the taxpayer's domicile.

(c) In the case of an individual who is a resident or part-year resident for only part of a taxable year, the individual's income, gains, losses, and deductions from the distributive share of a partnership, S corporation, trust, or estate are not subject to allocation outside this state to the extent of the distributive share multiplied by a ratio, the numerator of which is the number of days the individual was a resident or part-year resident of this state during the tax year of the partnership, S corporation, trust, or estate, and the denominator of which is the number of days in the taxable year of the partnership, S corporation, trust, or estate.

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

Sec. 6. Minnesota Statutes 2010, section 290.9201, subdivision 6, is amended to read:

Subd. 6. **Exemption from income tax.** (a) Compensation subject to the tax imposed under this section is not assignable to Minnesota under section 290.17.

(b) Entertainment entities are exempt from the tax under this section if the total compensation received by the entity during the taxable year is less than the filing requirements under section 6012 of the Internal Revenue Code for a single individual who is a full-year resident of Minnesota.

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

Sec. 7. Minnesota Statutes 2010, section 290.9201, subdivision 7, is amended to read:

Subd. 7. **Withholding on compensation of entertainers.** The tax on compensation of an entertainer must be withheld at a rate of two percent of ~~all~~ compensation paid to the entertainment entity by the person or corporation having legal control of the payment of the compensation ~~when the amount the person or corporation paid to the entertainment entity during the calendar year exceeds \$600.~~ The compensation subject to withholding under this section is not subject to the withholding provisions of section 290.92, subdivision 2a, 3, or 28, except the provisions of sections 270C.02, subdivision 2, paragraph (b), 270C.60, 289A.09, subdivisions 1, paragraph (f), and 2, 289A.60, and 289A.63 shall apply to withholding under this section as if the withholding were upon wages.

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

Sec. 8. **REPEALER.**

Minnesota Statutes 2010, sections 290.0678; and 290.9201, subdivision 3, are repealed.

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

ARTICLE 3

CORPORATE FRANCHISE TAXES

Section 1. Minnesota Statutes 2010, section 289A.08, subdivision 3, is amended to read:

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

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

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

(i) Such corporation consents by filing the return as a designated member under this clause to remit taxes, penalties, interest, or additions to tax due from the members of the unitary business subject to tax, and receive refunds or other payments on behalf of other members of the unitary

business. The member designated under this clause is a "taxpayer" for the purposes of this chapter and chapter 270C, and is liable for any liability imposed on the unitary business under this chapter and chapter 290.

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

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

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

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

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

Sec. 2. Minnesota Statutes 2010, section 290.01, subdivision 19c, is amended to read:

Subd. 19c. **Corporations; additions to federal taxable income.** For corporations, there shall be added to federal taxable income:

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

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

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

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

(5) the amount of any special deductions taken for federal income tax purposes under sections 241 to 247 and 965 of the Internal Revenue Code;

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

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

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

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

(10) for certified pollution control facilities placed in service in a taxable year beginning before December 31, 1986, and for which amortization deductions were elected under section 169 of the Internal Revenue Code of 1954, as amended through December 31, 1985, the amount of the amortization deduction allowed in computing federal taxable income for those facilities;

(11) for taxable years beginning before January 1, 2011, the amount of any deemed dividend from a foreign operating corporation determined pursuant to section 290.17, subdivision 4, paragraph (g). The deemed dividend shall be reduced by the amount of the addition to income required by clauses (20), (21), (22), and (23);

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

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

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

(15) 80 percent of the depreciation deduction allowed under section 168(k)(1)(A) and (k)(4)(A) of the Internal Revenue Code. For purposes of this clause, if the taxpayer has an activity that in the taxable year generates a deduction for depreciation under section 168(k)(1)(A) and (k)(4)(A) and the activity generates a loss for the taxable year that the taxpayer is not allowed to claim for the taxable year, "the depreciation allowed under section 168(k)(1)(A) and (k)(4)(A)" for the taxable year is limited to excess of the depreciation claimed by the activity under section 168(k)(1)(A) and (k)(4)(A) over the amount of the loss from the activity that is not allowed in the taxable year. In succeeding taxable years when the losses not allowed in the taxable year are allowed, the depreciation under section 168(k)(1)(A) and (k)(4)(A) is allowed;

(16) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

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

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

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

(20) for taxable years beginning before January 1, 2011, an amount equal to the interest and

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

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

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

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

(iv) licensing fees; and

(v) other similar expenses and costs.

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

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

(21) for taxable years beginning before January 1, 2011, except as already included in the taxpayer's taxable income pursuant to clause (20), any interest income and income generated from intangible property received or accrued by a foreign operating corporation that is a member of the taxpayer's unitary group. For purposes of this clause, income generated from intangible property includes:

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

(ii) income from factoring transactions or discounting transactions;

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

(iv) licensing fees; and

(v) other similar income.

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

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

(22) for taxable years beginning before January 1, 2011, the dividends attributable to the income of a foreign operating corporation that is a member of the taxpayer's unitary group in an amount that is equal to the dividends paid deduction of a real estate investment trust under section 561(a) of the Internal Revenue Code for amounts paid or accrued by the real estate investment trust to the foreign operating corporation;

(23) for taxable years beginning before January 1, 2011, the income of a foreign operating corporation that is a member of the taxpayer's unitary group in an amount that is equal to gains derived from the sale of real or personal property located in the United States;

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

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

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

Sec. 3. Minnesota Statutes 2010, section 290.01, subdivision 19d, is amended to read:

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

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

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

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

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

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

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

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

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

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

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

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

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

(7) in the case of mines, oil and gas wells, other natural deposits, and timber for which percentage depletion was disallowed pursuant to subdivision 19c, clause (9), a reasonable allowance for depletion based on actual cost. In the case of leases the deduction must be apportioned between the lessor and lessee in accordance with rules prescribed by the commissioner. In the case of property held in trust, the allowable deduction must be apportioned between the income beneficiaries and the trustee in accordance with the pertinent provisions of the trust, or if there is no provision in the instrument, on the basis of the trust's income allocable to each;

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

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

(10) for taxable years beginning before January 1, 2011, 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 a corporation whose foreign sales corporation, as defined in section 922 of the Internal Revenue Code, constituted a foreign operating corporation during any taxable year ending before January 1, 1995, and a return was filed by August 15, 1996, claiming the deduction under section 290.21, subdivision 4, for income received from the foreign operating corporation, an amount equal to 1.23 multiplied by the amount of income excluded under section 114 of the Internal Revenue Code, provided the income is not income of a foreign operating company;

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

(17) 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;

(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

(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 for taxable years beginning after December 31, 2010.

Sec. 4. Minnesota Statutes 2010, section 290.05, subdivision 1, is amended to read:

Subdivision 1. **Exempt entities.** The following corporations, individuals, estates, trusts, and organizations shall be exempted from taxation under this chapter, provided that every such person or corporation claiming exemption under this chapter, in whole or in part, must establish to the satisfaction of the commissioner the taxable status of any income or activity:

(a) corporations, individuals, estates, and trusts engaged in the business of mining or producing iron ore and other ores the mining or production of which is subject to the occupation tax imposed by section 298.01; but if any such corporation, individual, estate, or trust engages in any other business or activity or has income from any property not used in such business it shall be subject to this tax computed on the net income from such property or such other business or activity. Royalty shall not be considered as income from the business of mining or producing iron ore within the meaning of this section;

(b) the United States of America, the state of Minnesota or any political subdivision of either agencies or instrumentalities, whether engaged in the discharge of governmental or proprietary functions; and

(c) any insurance company that is domiciled in a state or country other than Minnesota that imposes retaliatory taxes, fines, deposits, penalties, licenses, or fees and that does not grant, on a reciprocal basis, exemption from such retaliatory taxes to insurance companies or their agents domiciled in Minnesota. "Retaliatory taxes" means taxes imposed on insurance companies organized in another state or country that result from the fact that an insurance company organized in the taxing jurisdiction and doing business in the other jurisdiction is subject to taxes, fines, deposits, penalties, licenses, or fees in an amount exceeding that imposed by the taxing jurisdiction upon an insurance company organized in the other state or country and doing business to the same extent in the taxing jurisdiction; and

(d) town and farmers' mutual insurance companies and mutual property and casualty insurance companies, other than those (1) writing life insurance or (2) whose total assets on December 31, 1989, exceeded \$1,600,000,000.

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

Sec. 5. Minnesota Statutes 2010, section 290.068, subdivision 1, is amended to read:

Subdivision 1. **Credit allowed.** A corporation, partners in a partnership, or shareholders in a corporation treated as an "S" corporation under section 290.9725 are allowed a credit against the tax computed under this chapter for the taxable year equal to:

- (a) ~~ten~~ 15 percent of the first \$2,000,000 of the excess (if any) of
 - (1) the qualified research expenses for the taxable year, over
 - (2) the base amount; and
- (b) 2.5 percent on all of such excess expenses over \$2,000,000.

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

Sec. 6. Minnesota Statutes 2010, section 290.068, subdivision 2, is amended to read:

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

(a) "Qualified research expenses" means (i) qualified research expenses and basic research payments as defined in section 41(b) and (e) of the Internal Revenue Code, except it does not include expenses incurred for qualified research or basic research conducted outside the state of Minnesota pursuant to section 41(d) and (e) of the Internal Revenue Code; and (ii) contributions to a nonprofit corporation established and operated pursuant to the provisions of chapter 317A for the purpose of promoting the establishment and expansion of business in this state, provided the contributions are invested by the nonprofit corporation for the purpose of providing funds for small, technologically innovative enterprises in Minnesota during the early stages of their development.

(b) "Qualified research" means qualified research as defined in section 41(d) of the Internal Revenue Code, except that the term does not include qualified research conducted outside the state of Minnesota.

(c) "Base amount" means base amount as defined in section 41(c) of the Internal Revenue Code,

except that the average annual gross receipts must be calculated using Minnesota sales or receipts under section 290.191 and the definitions contained in clauses (a) and (b) shall apply. For a case in which the taxpayer cannot document the amount of its fixed base percentage under section 41(c)(3) of the Internal Revenue Code, the taxpayer may elect to calculate its base amount using a fixed-base percentage of 16 percent.

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

Sec. 7. Minnesota Statutes 2010, section 290.0922, subdivision 1, is amended to read:

Subdivision 1. **Imposition.** (a) In addition to the tax imposed by this chapter without regard to this section, the franchise tax imposed on a corporation required to file under section 289A.08, subdivision 3, other than a corporation treated as an "S" corporation under section 290.9725 for the taxable year includes a tax equal to the following amounts:

If the sum of the corporation's Minnesota property, payrolls, and sales or receipts is:

the tax equals:

		500,000		
	less than	\$	<u>870,000</u>	\$ 0
			500,000	100
			999,999	300
\$	<u>870,000</u>	to	\$ <u>1,739,999</u>	\$ <u>170</u>
			1,000,000	300
			4,999,999	520
\$	<u>1,740,000</u>	to	\$ <u>8,689,999</u>	\$ <u>520</u>
			5,000,000	1,000
			9,999,999	1,740
\$	<u>8,690,000</u>	to	\$ <u>17,369,999</u>	\$ <u>1,740</u>
			10,000,000	2,000
			19,999,999	3,470
\$	<u>17,370,000</u>	to	\$ <u>34,749,999</u>	\$ <u>3,470</u>
			20,000,000	5,000
\$	<u>34,750,000</u>	or more		\$ <u>8,690</u>

(b) A tax is imposed for each taxable year on a corporation required to file a return under section 289A.12, subdivision 3, that is treated as an "S" corporation under section 290.9725 and on a partnership required to file a return under section 289A.12, subdivision 3, other than a partnership that derives over 80 percent of its income from farming. The tax imposed under this paragraph is due on or before the due date of the return for the taxpayer due under section 289A.18, subdivision 1. The commissioner shall prescribe the return to be used for payment of this tax. The tax under this paragraph is equal to the following amounts:

If the sum of the S corporation's or partnership's Minnesota property, payrolls, and sales or receipts is:

the tax equals:

		500,000		
	less than	\$	<u>870,000</u>	\$ 0

	<u>500,000</u>		<u>999,999</u>		<u>100</u>
\$	<u>870,000</u>	to	\$ <u>1,739,999</u>	\$	<u>170</u>
	<u>1,000,000</u>		<u>4,999,999</u>		<u>300</u>
\$	<u>1,740,000</u>	to	\$ <u>8,689,999</u>	\$	<u>520</u>
	<u>5,000,000</u>		<u>9,999,999</u>		<u>1,000</u>
\$	<u>8,690,000</u>	to	\$ <u>17,369,999</u>	\$	<u>1,740</u>
	<u>10,000,000</u>		<u>19,999,999</u>		<u>2,000</u>
\$	<u>17,370,000</u>	to	\$ <u>34,749,999</u>	\$	<u>3,470</u>
	<u>20,000,000</u>				<u>5,000</u>
\$	<u>34,750,000</u>	or more		\$	<u>8,690</u>

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

Sec. 8. Minnesota Statutes 2010, section 290.0922, is amended by adding a subdivision to read:

Subd. 5. **Inflation adjustment.** The commissioner shall adjust the dollar amounts of both the fee and the property, payrolls, and sales or receipts thresholds in subdivision 1 by the percentage determined under the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B) the word "2010" must be substituted for the word "1992." For 2012, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2010, to the 12 months ending on August 31, 2011, and in each subsequent year, from the 12 months ending on August 31, 2010, to the 12 months ending on August 31 of the year preceding the taxable year. The determination of the commissioner pursuant to this subdivision is not a "rule" subject to the Administrative Procedure Act in chapter 14. The fee amounts as adjusted must be rounded to the nearest \$10 amounts and the threshold amounts must be adjusted to the nearest \$10,000 amounts. For fee amounts that end in \$5, the amount is rounded up to the nearest \$10 amount and for threshold amounts that end in \$5,000, the amount is rounded up to the nearest \$10,000.

Sec. 9. Minnesota Statutes 2010, section 290.17, subdivision 4, is amended to read:

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

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

(c) Unity is presumed whenever there is unity of ownership, operation, and use, evidenced by centralized management or executive force, centralized purchasing, advertising, accounting, or other

controlled interaction, but the absence of these centralized activities will not necessarily evidence a nonunitary business. Unity is also presumed when business activities or operations are of mutual benefit, dependent upon or contributory to one another, either individually or as a group.

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

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

(f) The net income and apportionment factors under section 290.191 or 290.20 of foreign corporations and other foreign entities which are part of a unitary business shall not be included in the net income or the apportionment factors of the unitary business. A foreign corporation or other foreign entity which is required to file a return under this chapter shall file on a separate return basis. ~~The net income and apportionment factors under section 290.191 or 290.20 of foreign operating corporations shall not be included in the net income or the apportionment factors of the unitary business except as provided in paragraph (g).~~

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

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

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

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

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

~~(h) For purposes of determining the net income of a unitary business and the factors to be used in the apportionment of net income pursuant to section 290.191 or 290.20, there must be included only the income and apportionment factors of domestic corporations or other domestic entities other than foreign operating corporations that are determined to be part of the unitary business pursuant to this subdivision, notwithstanding that foreign corporations or other foreign entities might be included in~~

the unitary business.

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

~~(j)~~ (i) Each corporation or other entity, except a sole proprietorship, that is part of a unitary business must file combined reports as the commissioner determines. On the reports, all intercompany transactions between entities included pursuant to paragraph ~~(h)~~ (g) must be eliminated and the entire net income of the unitary business determined in accordance with this subdivision is apportioned among the entities by using each entity's Minnesota factors for apportionment purposes in the numerators of the apportionment formula and the total factors for apportionment purposes of all entities included pursuant to paragraph ~~(h)~~ (g) in the denominators of the apportionment formula. The Minnesota sales, as defined in section 290.191, of a corporation that is part of a unitary business and that is not subject to the jurisdiction to tax under section 290.015 must be assigned, as prescribed by the commissioner, to the numerator of another entity that is part of the unitary business and that is subject to tax under this chapter.

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

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

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

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

Sec. 10. Minnesota Statutes 2010, section 290.21, subdivision 4, is amended to read:

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

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

(ii) the remaining 20 percent of dividends if the dividends are received from a corporation which is subject to tax under section 290.36 and which is a member of an affiliated group of corporations as defined by the Internal Revenue Code and the dividend is eliminated in consolidation under Treasury

Department Regulation 1.1502-14(a), as amended through December 31, 1989, or is deducted under an election under section 243(b) of the Internal Revenue Code; or

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

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

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

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

The dividend deduction provided in this subdivision 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 sections 243(d)(3) and 857(c) of the Internal Revenue Code.

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

Sec. 11. **[290.351] INSURANCE COMPANIES.**

Subdivision 1. Computation of net income. (a) The net income of insurance companies taxable under this chapter must be computed as provided in this subdivision.

(b) Each life insurance company must report to the commissioner the life insurance company taxable net income as defined in section 801(b) of the Internal Revenue Code, incorporating any elections made by the taxpayer in determining life insurance company taxable income for federal income tax purposes.

(c) Each insurance company other than a life insurance company must report to the commissioner its federal taxable income as defined in section 832 of the Internal Revenue Code, or its taxable investment income as defined in section 832 of the Internal Revenue Code, incorporating any elections made by the taxpayer in accordance with the Internal Revenue Code in determining federal taxable income or taxable investment income for federal income tax purposes.

(d) The life insurance company taxable net income, federal taxable income, or taxable investment income so reported is subject to the modifications provided in section 290.01, subdivisions 19c to 19f.

Subd. 2. Apportionment of taxable net income. (a) The commissioner shall compute therefrom the taxable net income of insurance companies by assigning to this state that proportion thereof which the gross premiums collected by them during the taxable year from old and new business within this state bears to the total gross premiums collected by them during that year from their entire old and new business, including reinsurance premiums; provided, the commissioner shall add to the taxable net income so apportioned to this state the amount of any taxes on premiums paid by the company by virtue of any law of this state (other than the surcharge on premiums imposed by section 297I.10 and the surcharge imposed by section 168A.40, subdivision 3) which were deducted from gross income by the company in arriving at its total net income.

(b) For purposes of determining the Minnesota apportionment percentage, premiums from reinsurance contracts in connection with property in or liability arising out of activity in, or in connection with the lives or health of Minnesota residents are assigned to Minnesota and premiums from reinsurance contracts in connection with property in or liability arising out of activity in, or in connection with the lives or health of non-Minnesota residents are assigned outside of Minnesota. Reinsurance premiums are presumed to be received for a Minnesota risk and are assigned to Minnesota, if:

(1) the reinsurance contract is assumed for a company domiciled in Minnesota; and

(2) the taxpayer, upon request of the commissioner, fails to provide reliable records indicating the reinsured contract covered non-Minnesota risks. For purposes of this paragraph, "Minnesota

risk" means coverage in connection with property in or liability arising out of activity in Minnesota, or in connection with the lives or health of Minnesota residents.

(c) The apportionment method prescribed by paragraph (b) is presumed to fairly and correctly determine the taxpayer's taxable net income. If the method prescribed in paragraph (b) does not fairly reflect all or any part of taxable net income, the taxpayer may petition for or the commissioner may require the determination of taxable net income by use of another method if that method fairly reflects taxable net income. A petition within the meaning of this section must be filed by the taxpayer on such form as the commissioner requires.

Subd. 3. **Credit.** An insurance company is allowed a credit against the tax computed under sections 290.06, subdivision 1, and 290.0921, equal to any taxes based on premiums paid by it that are attributable to the period for which the tax under this chapter is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by section 297I.10.

Subd. 4. **Nonprofit health service plan corporation.** For purposes of this section, the taxable income of a nonprofit health service plan corporation must be determined as provided under section 833 of the Internal Revenue Code and section 290.01, subdivisions 19c to 19f.

Subd. 5. **Definition of insurance company.** For purposes of this section, the terms "insurance company," "life insurance company," and "insurance company other than life" have the meanings given in the Internal Revenue Code.

Subd. 6. **Guaranty association assessment offset.** (a) An insurance company may offset against its corporate franchise tax liability under this chapter any amount paid under assessments made for insolvencies under sections 60C.01 to 60C.22, and any amount paid under assessments made under sections 61B.18 to 61B.32, as follows:

(1) Each assessment gives rise to an amount of offset equal to 20 percent of the amount of the assessment for each of the five calendar years following the year in which the assessment was paid.

(2) The amount of offset initially determined for each taxable year is the sum of the amounts determined under clause (1) for that taxable year.

(b)(1) Each year the commissioner shall compare total guaranty association assessments levied over the preceding five calendar years to the sum of all premium tax and corporate franchise tax revenues collected from insurance companies without reduction for any guaranty association assessment offset, in the preceding calendar year, referred to in this subdivision as "preceding year insurance tax revenues."

(2) If total guaranty association assessments levied over the preceding five years exceed the preceding year insurance tax revenues, insurance companies are allowed only a proportionate part of the corporate franchise tax offset calculated under paragraph (a) for the current calendar year.

(3) The proportionate part of the corporate franchise tax offset allowed in the current calendar year is determined by multiplying the amount calculated under paragraph (a) by a fraction, the numerator of which equals the preceding year insurance tax revenues and the denominator of which equals total guaranty association assessments levied over the preceding five-year period.

(4) The proportionate part of the premium tax offset that is not allowed must be carried forward to subsequent tax years and added to the amount of corporate franchise tax offset calculated under

paragraph (a) before application of the limitation imposed by this paragraph.

(5) Any amount carried forward from prior years must be allowed before allowance of the offset for the current year calculated under paragraph (a).

(6) The corporate franchise tax offset limitation must be calculated separately for (1) insurance companies subject to assessment under sections 60C.01 to 60C.22, and (2) insurance companies subject to assessment under sections 61B.18 to 61B.32.

(7) When the corporate franchise tax offset is limited by this provision, the commissioner of revenue will notify affected insurance companies on a timely basis for purposes of completing premium and corporate franchise tax returns.

(8) The guaranty associations created under sections 60C.01 to 60C.22 and sections 61B.18 to 61B.32, shall provide the commissioner of revenue with the necessary information on guaranty association assessments.

(c)(1) If the offset determined by the application of paragraphs (a) and (b) exceeds the greater of the insurance company's corporate franchise tax liability under this chapter prior to allowance of the credit provided by subdivision 3 or its premium tax liability under chapter 297I, then the insurance company may carry forward the excess, referred to in this subdivision as the "carryforward credit," to subsequent taxable years.

(2) The carryforward credit must be allowed as an offset against corporate franchise tax liability for the first succeeding year to the extent that the corporate franchise tax liability for that year exceeds the amount of the allowable offset for the year determined under paragraphs (a) and (b).

(3) The carryforward credit must be reduced, but not below zero, by the greater of the amount of the carryforward credit allowed as an offset against the corporate franchise tax under this paragraph or the amount of the carryforward credit allowed as an offset against the insurance company's premium tax liability under chapter 297I under section 297I.20, paragraph (c). The remainder, if any, of the carryforward credit must be carried forward to succeeding taxable years until the entire carryforward credit has been credited against the insurance company's liability for corporate franchise tax under this chapter and premium tax under chapter 297I.

(d) When an insurer has offset against taxes its payment of an assessment of the Minnesota Life and Health Guaranty Association, and the association pays the insurer a refund with respect to the assessment under section 61B.24, subdivision 6, then the refund reduces the insurer's carryforward credit under paragraph (c). If the refund exceeds the amount of the carryforward credit, the excess amount must be repaid to the state by the insurers to the extent of the offset in the manner the commissioner requires.

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

Sec. 12. **REPEALER.**

Minnesota Statutes 2010, sections 290.01, subdivision 6b; and 290.0921, subdivision 7, are repealed.

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

2010.

ARTICLE 4
SALES TAXES

Section 1. **[116J.618] TOURISM PROMOTION ACCOUNT.**

The tourism promotion account is established in the general fund. Revenue generated by one percent of the tax under section 297A.64, subdivision 1, shall be deposited in this fund and is annually appropriated to the Explore Minnesota Tourism Council for use in state tourism development and promotion.

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

Sec. 2. Minnesota Statutes 2010, section 297A.61, subdivision 3, is amended to read:

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

(b) Sale and purchase include:

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

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

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

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

(1) prepared food sold by the retailer;

(2) soft drinks;

(3) candy;

(4) dietary supplements; and

(5) all food sold through vending machines.

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

(f) A sale and a purchase includes the transfer, or license to use, for a consideration of prewritten computer software whether delivered electronically, by load and leave, or otherwise, or when the customer accesses the software and any ancillary computer hardware by means of remote facilities.

(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, or product exhibition and selling events, the rental of box seats and suites in stadiums and arenas, 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 and including accommodations intermediary services provided in connection with other services provided under this clause;

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

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

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

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

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

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

(6) services as provided in this clause:

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

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

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

(iv) detective, security, burglar, fire alarm, and armored car services; but not including services performed within the jurisdiction they serve by off-duty licensed peace officers as defined in section 626.84, subdivision 1, or services provided by a nonprofit organization for monitoring and electronic

surveillance of persons placed on in-home detention pursuant to court order or under the direction of the Minnesota Department of Corrections;

(v) pet grooming services;

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

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

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

In applying the provisions of this chapter, the terms "tangible personal property" and "retail sale" include taxable services listed in clause (6), items (i) to (vi) and (viii), and the provision of these taxable services, unless specifically provided otherwise. Services performed by an employee for an employer are not taxable. Services performed by a partnership or association for another partnership or association are not taxable if one of the entities owns or controls more than 80 percent of the voting power of the equity interest in the other entity. Services performed between members of an affiliated group of corporations are not taxable. For purposes of the preceding sentence, "affiliated group of corporations" means those entities that would be classified as members of an affiliated group as defined under United States Code, title 26, section 1504, disregarding the exclusions in section 1504(b).

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

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

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

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

(k) A sale and a purchase includes the rental of a vehicle by a motor vehicle dealer to a customer

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

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

Sec. 3. Minnesota Statutes 2010, section 297A.61, subdivision 7, is amended to read:

Subd. 7. **Sales price.** (a) "Sales price" means the measure subject to sales tax, and means the total amount of consideration, including cash, credit, personal property, and services, for which personal property or services are sold, leased, or rented, valued in money, whether received in money or otherwise, without any deduction for the following:

- (1) the seller's cost of the property sold;
- (2) the cost of materials used, labor or service cost, interest, losses, all costs of transportation to the seller, all taxes imposed on the seller, and any other expenses of the seller;
- (3) charges by the seller for any services necessary to complete the sale, other than delivery and installation charges;
- (4) delivery charges, except the percentage of the delivery charge allocated to delivery of tax exempt property, when the delivery charge is allocated by using either (i) a percentage based on the total sales price of the taxable property compared to the total sales price of all property in the shipment, or (ii) a percentage based on the total weight of the taxable property compared to the total weight of all property in the shipment; and

(5) installation charges.

(b) Sales price does not include:

- (1) discounts, including cash, terms, or coupons, that are not reimbursed by a third party and that are allowed by the seller and taken by a purchaser on a sale;
- (2) interest, financing, and carrying charges from credit extended on the sale of personal property or services, if the amount is separately stated on the invoice, bill of sale, or similar document given to the purchaser; and
- (3) any taxes legally imposed directly on the consumer that are separately stated on the invoice, bill of sale, or similar document given to the purchaser.

(c) Sales price includes consideration received by the seller from third parties if:

- (1) the seller actually receives consideration from a party other than the purchaser and the consideration is directly related to a price reduction or discount on the sale;
- (2) the seller has an obligation to pass the price reduction or discount through to the purchaser;
- (3) the amount of the consideration attributable to the sale is fixed and determinable by the seller at the time of the sale of the item to the purchaser; and
- (4) one of the following criteria is met:

(i) the purchaser presents a coupon, certificate, or other documentation to the seller to claim a price reduction or discount when the coupon, certificate, or documentation is authorized, distributed,

or granted by a third party with the understanding that the third party will reimburse any seller to whom the coupon, certificate, or documentation is presented;

(ii) the purchaser identifies himself or herself to the seller as a member of a group or organization entitled to a price reduction or discount. A "preferred customer" card that is available to any customer does not constitute membership in such a group; or

(iii) the price reduction or discount is identified as a third-party price reduction or discount on the invoice received by the purchaser or on a coupon, certificate, or other documentation presented by the purchaser.

(d) For services as defined in subdivision 3, paragraph (g), clause (2), sales price includes amounts charged for services provided by an accommodations intermediary delivered or provided in connection with services defined in subdivision 3, paragraph (g), clause (2).

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

Sec. 4. Minnesota Statutes 2010, section 297A.61, subdivision 25, is amended to read:

Subd. 25. **Cable television service.** "Cable television service" means the transmission of video, audio, or other programming service, including digital video recording services, to purchasers, and the subscriber interaction, if any, required for the selection or use of the programming service, regardless of whether the programming is transmitted over facilities owned or operated by the cable service provider or over facilities owned or operated by one or more dealers of communications services. The term includes point-to-multipoint distribution services by which programming is transmitted or broadcast by microwave or other equipment directly to the subscriber's premises. The term includes basic, extended, premium, pay-per-view, digital, and music services.

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

Sec. 5. Minnesota Statutes 2010, section 297A.61, subdivision 27, is amended to read:

Subd. 27. **Direct satellite service.** "Direct satellite service" means programming and programming services, including digital video recording services, and the subscriber interaction, if any, required for the selection or use of the programming service transmitted or broadcast by satellite directly to the subscriber's premises without the use of ground receiving or distribution equipment, except at the subscriber's premises or in the uplink process to the satellite.

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

Sec. 6. Minnesota Statutes 2010, section 297A.61, is amended by adding a subdivision to read:

Subd. 47. **Accommodations intermediary.** "Accommodations intermediary" means any person or entity, other than an accommodations provider, that facilitates the sale of lodging as defined in section 297A.61, subdivision 3, paragraph (g), clause (2), and that charges a room charge to the customer. The term "facilitates the sale" includes brokering, coordinating, or in any way arranging for the purchase of or the right to use accommodations by a customer.

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

Sec. 7. Minnesota Statutes 2010, section 297A.61, is amended by adding a subdivision to read:

Subd. 48. **Accommodations provider.** "Accommodations provider" means any person or entity that furnishes lodging as defined in section 297A.61, subdivision 3, paragraph (g), clause (2), to the general public for compensation. The term "furnishes" includes the sale of use or possession, or the sale of the right to use or possess.

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

Sec. 8. Minnesota Statutes 2010, section 297A.64, subdivision 1, is amended to read:

Subdivision 1. **Tax imposed.** A tax is imposed on the lease or rental in this state for not more than 28 days of a passenger automobile as defined in section 168.002, subdivision 24, a van as defined in section 168.002, subdivision 40, or a pickup truck as defined in section 168.002, subdivision 26. The rate of tax is ~~6.2~~ 7.2 percent of the sales price. The tax applies whether or not the vehicle is licensed in the state.

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

Sec. 9. Minnesota Statutes 2010, section 297A.66, is amended by adding a subdivision to read:

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

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

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

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

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

Sec. 10. Minnesota Statutes 2010, section 297A.66, is amended by adding a subdivision to read:

Subd. 6. **Lodging services.** An accommodations intermediary shall collect sales and use tax and remit them to the commissioner under section 297A.77 for services provided in connection with or for lodging located in this state. The accommodation provider is deemed to be the agent of the accommodations intermediary for purposes of establishing the intermediary's obligation to collect.

EFFECTIVE DATE. This section is effective for lodging and related services provided after June 30, 2011.

Sec. 11. Minnesota Statutes 2010, section 297A.668, is amended by adding a subdivision to read:

Subd. 9. **Florist sales.** Notwithstanding other subdivisions of this section, if a florist or nursery in Minnesota takes an order for flowers, wreaths, or other tangible property and transmits the order to another florist or nursery for delivery, the sale shall be sourced to the location of the florist or nursery which initially takes the order; regardless of whether the florist or nursery to whom the order is transmitted is located within or outside of Minnesota.

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

Sec. 12. Minnesota Statutes 2010, section 297A.68, is amended by adding a subdivision to read:

Subd. 42. **Lodging services purchased for resale.** Services purchased from an accommodations provider for resale by an accommodations intermediary are exempt. The exemption under this subdivision and under the exclusion of sales for resale from the definition of a retail sale in section 297A.61, subdivision 4, only applies to an accommodations intermediary that registers to pay and to collect and remit tax under section 297A.83 for the applicable period. Registration confirms the intermediary's agreement to its legal obligation to collect.

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

Sec. 13. Minnesota Statutes 2010, section 297A.70, subdivision 6, is amended to read:

Subd. 6. **Ambulances.** The lease of a motor vehicle for use as an ambulance, or specifically intended to be equipped and used as an emergency response vehicle, by an ambulance service licensed under section 144E.10 is exempt.

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

Sec. 14. Minnesota Statutes 2010, section 297A.94, is amended to read:

297A.94 DEPOSIT OF REVENUES.

(a) Except as provided in this section, the commissioner shall deposit the revenues, including interest and penalties, derived from the taxes imposed by this chapter in the state treasury and credit them to the general fund.

(b) The commissioner shall deposit taxes in the Minnesota agricultural and economic account in the special revenue fund if:

(1) the taxes are derived from sales and use of property and services purchased for the construction and operation of an agricultural resource project; and

(2) the purchase was made on or after the date on which a conditional commitment was made for a loan guaranty for the project under section 41A.04, subdivision 3.

The commissioner of management and budget shall certify to the commissioner the date on which the project received the conditional commitment. The amount deposited in the loan guaranty account must be reduced by any refunds and by the costs incurred by the Department of Revenue to administer and enforce the assessment and collection of the taxes.

(c) The commissioner shall deposit the revenues, including interest and penalties, derived from

the taxes imposed on sales and purchases included in section 297A.61, subdivision 3, paragraph (g), clauses (1) and (4), in the state treasury, and credit them as follows:

(1) first to the general obligation special tax bond debt service account in each fiscal year the amount required by section 16A.661, subdivision 3, paragraph (b); and

(2) after the requirements of clause (1) have been met, the balance to the general fund.

(d) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 5, in the state treasury and credit them to the general fund. By July 15 of each year the commissioner shall transfer to the highway user tax distribution fund an amount equal to the excess fees collected under section 297A.64, subdivision 5, for the previous calendar year.

(e) For fiscal year 2001, 97 percent; for fiscal years 2002 and 2003, 87 percent; and for fiscal year 2004 and thereafter, 72.43 percent of the revenues, including interest and penalties, transmitted to the commissioner under section 297A.65, must be deposited by the commissioner in the state treasury as follows:

(1) 50 percent of the receipts must be deposited in the heritage enhancement account in the game and fish fund, and may be spent only on activities that improve, enhance, or protect fish and wildlife resources, including conservation, restoration, and enhancement of land, water, and other natural resources of the state;

(2) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only for state parks and trails;

(3) 22.5 percent of the receipts must be deposited in the natural resources fund, and may be spent only on metropolitan park and trail grants;

(4) three percent of the receipts must be deposited in the natural resources fund, and may be spent only on local trail grants; and

(5) two percent of the receipts must be deposited in the natural resources fund, and may be spent only for the Minnesota Zoological Garden, the Como Park Zoo and Conservatory, and the Duluth Zoo.

(f) The revenue dedicated under paragraph (e) may not be used as a substitute for traditional sources of funding for the purposes specified, but the dedicated revenue shall supplement traditional sources of funding for those purposes. Land acquired with money deposited in the game and fish fund under paragraph (e) must be open to public hunting and fishing during the open season, except that in aquatic management areas or on lands where angling easements have been acquired, fishing may be prohibited during certain times of the year and hunting may be prohibited. At least 87 percent of the money deposited in the game and fish fund for improvement, enhancement, or protection of fish and wildlife resources under paragraph (e) must be allocated for field operations.

(g) The commissioner shall deposit the revenues, including interest and penalties, collected under section 297A.64, subdivision 1, in the state treasury and credit them as follows:

(1) the amount, including penalties and interest, resulting in a tax of one percent on leases subject to the tax in section 297A.64 into the tourism promotion account; and

(2) the remainder in the general fund.

(g) The revenues deposited under paragraphs (a) to (f) do not include the revenues, including interest and penalties, generated by the sales tax imposed under section 297A.62, subdivision 1a, which must be deposited as provided under the Minnesota Constitution, article XI, section 15.

EFFECTIVE DATE. This section is effective for revenue from leases entered into after June 30, 2011.

Sec. 15. Minnesota Statutes 2010, section 297B.03, is amended to read:

297B.03 EXEMPTIONS.

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by the United States and its agencies and instrumentalities and by any person described in and subject to the conditions provided in section 297A.67, subdivision 11;

(2) purchase or use of any motor vehicle by any person who was a resident of another state or country at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person began residing in the state of Minnesota and the motor vehicle was registered in the person's name in the other state or country;

(3) purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.90;

(4) purchase or use of any motor vehicle previously registered in the state of Minnesota when such transfer constitutes a transfer within the meaning of section 118, 331, 332, 336, 337, 338, 351, 355, 368, 721, 731, 1031, 1033, or 1563(a) of the Internal Revenue Code;

(5) purchase or use of any vehicle owned by a resident of another state and leased to a Minnesota-based private or for-hire carrier for regular use in the transportation of persons or property in interstate commerce provided the vehicle is titled in the state of the owner or secured party, and that state does not impose a sales tax or sales tax on motor vehicles used in interstate commerce;

(6) purchase or use of a motor vehicle by a private nonprofit or public educational institution for use as an instructional aid in automotive training programs operated by the institution. "Automotive training programs" includes motor vehicle body and mechanical repair courses but does not include driver education programs;

(7) purchase of a motor vehicle for use as an ambulance, or specifically intended to be equipped and used as an emergency response vehicle, by an ambulance service licensed under section 144E.10;

(8) purchase of a motor vehicle by or for a public library, as defined in section 134.001, subdivision 2, as a bookmobile or library delivery vehicle;

(9) purchase of a ready-mixed concrete truck;

(10) purchase or use of a motor vehicle by a town for use exclusively for road maintenance, including snowplows and dump trucks, but not including automobiles, vans, or pickup trucks;

(11) purchase or use of a motor vehicle by a corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, except a public school, university, or library, but only if the vehicle is:

(i) a truck, as defined in section 168.002, a bus, as defined in section 168.002, or a passenger automobile, as defined in section 168.002, if the automobile is designed and used for carrying more than nine persons including the driver; and

(ii) intended to be used primarily to transport tangible personal property or individuals, other than employees, to whom the organization provides service in performing its charitable, religious, or educational purpose;

(12) purchase of a motor vehicle for use by a transit provider exclusively to provide transit service is exempt if the transit provider is either (i) receiving financial assistance or reimbursement under section 174.24 or 473.384, or (ii) operating under section 174.29, 473.388, or 473.405;

(13) purchase or use of a motor vehicle by a qualified business, as defined in section 469.310, located in a job opportunity building zone, if the motor vehicle is principally garaged in the job opportunity building zone and is primarily used as part of or in direct support of the person's operations carried on in the job opportunity building zone. The exemption under this clause applies to sales, if the purchase was made and delivery received during the duration of the job opportunity building zone. The exemption under this clause also applies to any local sales and use tax; and

(14) purchase of a leased vehicle by the lessee who was a participant in a lease-to-own program from a charitable organization that is:

(i) described in section 501(c)(3) of the Internal Revenue Code; and

(ii) licensed as a motor vehicle lessor under section 168.27, subdivision 4.

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

Sec. 16. **TRANSITION PROVISION.**

(a) This section applies to sales and use tax imposed on accommodations intermediaries for sales made before July 1, 2011, if the lodging was purchased by the accommodations intermediary for resale and the accommodations provider imposed tax under Minnesota Statutes, chapter 297A, on the sale. In computing the sales price for the tax to be collected from the accommodations intermediary, the amount paid by the accommodations intermediary to the accommodations provider is excluded.

(b) The provisions of this section apply to local taxes imposed under Minnesota Statutes, section 469.190, or any special law.

(c) For purposes of this section, the terms defined under Minnesota Statutes, chapter 297A, apply.

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

Sec. 17. **RULE CHANGE.**

The commissioner shall amend Minnesota Rules, part 8130.9700, subpart 3, paragraph (b), by deleting the sentence that states that "Use of equipment on a time-sharing basis, where access to the equipment is only by means of remote access facilities, is not a taxable leasing of such equipment." The commissioner must comply with Minnesota Statutes, section 14.389 in adopting the amendment.

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

Sec. 18. **REPEALER.**

Minnesota Rules, part 8130.0500, subpart 2, is repealed.

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

ARTICLE 5

MISCELLANEOUS

Section 1. Minnesota Statutes 2010, section 275.025, subdivision 1, is amended to read:

Subdivision 1. **Levy amount.** The state general levy is levied against commercial-industrial property ~~and~~, seasonal residential recreational property, and high-valued homes, as defined in this section. The state general levy base amount for commercial-industrial property is ~~\$592,000,000~~ \$764,210,000 for taxes payable in ~~2002~~ 2012. The state general levy base amount for seasonal residential recreational property is \$40,222,000 for taxes payable in 2012. The state general levy base amount for high-valued homes is \$57,000,000 for taxes payable in 2012. For taxes payable in subsequent years, ~~the~~ each levy base amount is increased each year by multiplying the levy base amount for the prior year by the sum of one plus the rate of increase, if any, in the implicit price deflator for government consumption expenditures and gross investment for state and local governments prepared by the Bureau of Economic Analysts of the United States Department of Commerce for the 12-month period ending March 31 of the year prior to the year the taxes are payable. The tax under this section is not treated as a local tax rate under section 469.177 and is not the levy of a governmental unit under chapters 276A and 473F.

The commissioner shall increase or decrease the preliminary or final ~~rate~~ rates for a year as necessary to account for errors and tax base changes that affected a preliminary or final rate for either of the two preceding years. Adjustments are allowed to the extent that the necessary information is available to the commissioner at the time the rates for a year must be certified, and for the following reasons:

- (1) an erroneous report of taxable value by a local official;
- (2) an erroneous calculation by the commissioner; and

(3) an increase or decrease in taxable value for commercial-industrial ~~or~~, seasonal residential recreational property, or high-valued homes, reported on the abstracts of tax lists submitted under section 275.29 that was not reported on the abstracts of assessment submitted under section 270C.89 for the same year.

The commissioner may, but need not, make adjustments if the total difference in the tax levied for the year would be less than \$100,000.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 2. Minnesota Statutes 2010, section 275.025, is amended by adding a subdivision to read:

Subd. 3a. **High-valued home tax capacity.** For the purposes of this section, "high-valued home tax capacity" means the tax capacity resulting from any market value in excess of \$1,000,000 per parcel, for property classified as residential homestead, agricultural homestead, single-unit residential nonhomestead, or noncommercial class 4c(1), under section 273.13. In the case of property classified as agricultural homestead, only the portion of the property consisting of the house, garage, and surrounding one acre of land is eligible to be included in high-valued home tax capacity.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 3. Minnesota Statutes 2010, section 275.025, subdivision 4, is amended to read:

Subd. 4. **Apportionment and levy of state general tax.** ~~Ninety-five percent of~~ The state general tax on commercial-industrial property must be levied by applying a uniform rate to all commercial-industrial tax capacity in the state. ~~and five percent of~~ The state general tax rate on seasonal residential recreational property must be levied by applying determined based on a uniform rate applied to all seasonal residential recreational tax capacity in the state, provided, however, that the tax will be levied on all seasonal residential recreational tax capacity except for any tax capacity attributable to market value in excess of \$1,000,000 for any parcel of noncommercial seasonal recreational property. The state general tax on high-valued homes must be levied by applying a uniform rate to all high-valued home tax capacity. On or before October 1 each year, the commissioner of revenue shall certify the preliminary state general levy rates to each county auditor that must be used to prepare the notices of proposed property taxes for taxes payable in the following year. By January 1 of each year, the commissioner shall certify the final state general levy ~~rate~~ rates to each county auditor that shall be used in spreading taxes.

EFFECTIVE DATE. This section is effective for taxes payable in 2012 and thereafter.

Sec. 4. Minnesota Statutes 2010, 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 under the Internal Revenue Code.

(3) "Internal Revenue Code" means the United States Internal Revenue Code of 1986, as amended through March 18, 2010, 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. This section is effective for estates of decedents dying after December 31, 2010.

Sec. 5. Minnesota Statutes 2010, section 297F.03, subdivision 5, is amended to read:

Subd. 5. **License fees; cigarettes.** Each application for a cigarette distributor's license must be accompanied by a fee of \$300. Each application for a cigarette subjobber's license must be accompanied by a fee of ~~\$24~~ \$150. A distributor or subjobber applying for a license during the second year of a two-year licensing period is required to pay only one-half of the license fee.

EFFECTIVE DATE. This section is effective for license applications and renewals made after June 30, 2011.

Sec. 6. Minnesota Statutes 2010, section 297F.03, subdivision 6, is amended to read:

Subd. 6. **License fees; tobacco products.** Each application for a tobacco products distributor's license must be accompanied by a fee of ~~\$75~~ \$300. Each application for a tobacco products subjobber's license must be accompanied by a fee of ~~\$20~~ \$150. A distributor or subjobber applying for a license during the second year of a two-year licensing period is required to pay only one-half of the license fee.

EFFECTIVE DATE. This section is effective for license applications and renewals made after June 30, 2011.

Sec. 7. Minnesota Statutes 2010, section 297G.03, subdivision 1, is amended to read:

Subdivision 1. **General rate; distilled spirits and wine.** The following excise tax is imposed on all distilled spirits and wine manufactured, imported, sold, or possessed in this state:

	Standard	Metric
(a) Distilled spirits, liqueurs, cordials, and specialties regardless of alcohol content (excluding ethyl alcohol)	\$ 5.03 <u>5.07</u> per gallon	\$ 1.33 <u>1.34</u> per liter
(b) Wine containing 14 percent or less alcohol by volume (except cider as defined in section 297G.01, subdivision 3a)	\$.30 <u>.34</u> per gallon	\$.08 <u>.09</u> per liter
(c) Wine containing more than 14 percent but not more than 21 percent alcohol by volume	\$.95 <u>.98</u> per gallon	\$.25 <u>.26</u> per liter
(d) Wine containing more than 21 percent but not more than 24 percent alcohol by volume	\$ 1.82 <u>1.85</u> per gallon	\$.48 <u>.49</u> per liter
(e) Wine containing more than 24 percent alcohol by volume	\$ 3.52 <u>3.56</u> per gallon	\$.93 <u>.94</u> per liter
(f) Natural and artificial sparkling wines containing alcohol	\$ 1.82 <u>1.85</u> per gallon	\$.48 <u>.49</u> per liter
(g) Cider as defined in section 297G.01, subdivision 3a	\$.15 per gallon	\$.04 per liter
(h) Low-alcohol dairy cocktails	\$.08 per gallon	\$.02 per liter

In computing the tax on a package of distilled spirits or wine, a proportional tax at a like rate on all fractional parts of a gallon or liter must be paid, except that the tax on a fractional part of a gallon less than 1/16 of a gallon is the same as for 1/16 of a gallon.

EFFECTIVE DATE. This section is effective June 30, 2011.

Sec. 8. Minnesota Statutes 2010, section 297I.05, subdivision 9, is amended to read:

Subd. 9. **Tax on persons, firms, or corporations licensed to procure insurance from unlicensed foreign companies.** (a) A tax is imposed on any person, firm, or corporation licensed

under section 60A.19, subdivision 8. The rate of tax is equal to ~~two~~ three percent of gross premiums paid in the year less return premiums received in the year.

(b)(1) Money collected under this subdivision must be paid to a municipality or a fire department relief association if:

(i) the money is attributable to fire, lightning, or sprinkler insurance premiums paid by an owner to insure property; and

(ii) the property is in a municipality that has an organized fire department, a partly paid fire department, or a volunteer fire department.

The money must be paid to the municipality where the insured property is located, or to the municipality's fire department relief association. The money to be paid includes penalties and interest collected because a property owner failed to pay on time the taxes due under this subdivision.

(2) This paragraph does not apply to taxes paid under this subdivision that are attributable to premiums paid on property if:

(i) the property is owned and occupied exclusively as a homestead, and the owner carries insurance on the property; or

(ii) the property is exempt under section 550.37 and the owner carries insurance on the property.

EFFECTIVE DATE. This section is effective for premiums paid after June 30, 2011.

Sec. 9. Minnesota Statutes 2010, section 297I.05, subdivision 10, is amended to read:

Subd. 10. Tax on persons, firms, or corporations procuring insurance from an ineligible company. (a) A tax is imposed on each insured in this state who procures, causes to be procured, or continues or renews insurance with an ineligible surplus lines insurer or any self-insurer in this state who procures or continues excess of loss, catastrophe, or other insurance upon a subject of insurance resident, located, or to be performed within this state, other than insurance procured pursuant to section 60A.201 or 60A.209, subdivision 1, equal to ~~two~~ three percent of gross premiums less return premiums paid for such insurance.

(b) If the insurance described in paragraph (a) also covers a subject of insurance residing, located, or to be performed outside this state, for the purposes of this subdivision, 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.

(c) For the purposes of this subdivision, insurance placed with an ineligible surplus lines insurer is considered to be procured, continued, or renewed in this state if:

(1) it was procured through negotiations occurring in whole or in part within or from outside this state;

(2) it was procured by an application made in whole or in part within or from outside this state; or

(3) premiums for it are paid from within this state directly or indirectly, in whole or in part.

EFFECTIVE DATE. This section is effective for premiums paid after June 30, 2011.

Sec. 10. **REPEALER.**

Minnesota Statutes 2010, sections 297F.14, subdivision 4; and 297G.03, subdivision 4, are repealed.

EFFECTIVE DATE. This section is effective for reporting periods beginning after June 30, 2011, and to bottles removed from inventory after June 30, 2011."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Senator Gerlach imposed a call of the Senate for the balance of the proceedings on S.F. No. 47. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Michel amendment to the Ortman amendment.

The roll was called, and there were yeas 1 and nays 63, as follows:

Those who voted in the affirmative were:

Tomassoni

Those who voted in the negative were:

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

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

Senator Ortman withdrew her amendment.

Senator Ortman moved that S.F. No. 47 be laid on the table.

The question was taken on the adoption of the motion.

The roll was called, and there were yeas 35 and nays 29, as follows:

Those who voted in the affirmative were:

Benson	Dahms	Gazelka	Hoffman	Koch
Brown	Daley	Gerlach	Howe	Kruse
Carlson	DeKruif	Gimse	Ingebrigtsen	Lillie
Chamberlain	Fischbach	Hann	Jungbauer	Limmer

Michel
Miller
Nelson

Newman
Nienow
Olson

Ortman
Parry
Pederson

Robling
Rosen
Senjem

Thompson
Vandever
Wolf

Those who voted in the negative were:

Anderson
Bakk
Berglin
Bonoff
Cohen
Dibble

Goodwin
Harrington
Higgins
Kelash
Kubly
Latz

Lourey
Marty
Metzen
Pappas
Pogemiller
Reinert

Rest
Saxhaug
Scheid
Sheran
Sieben
Skoe

Sparks
Stumpf
Tomassoni
Torres Ray
Wiger

The motion prevailed.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Koch moved that Senate Resolution No. 47 be taken from the table. The motion prevailed.

Senate Resolution No. 47: A Senate resolution adopting Permanent Rules of the Senate.

BE IT RESOLVED, by the Senate of the State of Minnesota:

The Permanent Rules of the Senate for the 87th Legislature shall read as follows:

PERMANENT RULES OF THE SENATE

87TH LEGISLATURE (2011 - 2012)

1. PARLIAMENTARY REFERENCE

The rules of parliamentary practice contained in Mason's Manual of Legislative Procedure (1989 edition) govern the Senate in all cases in which they are applicable, and in which they are not inconsistent with these rules and orders of the Senate and the joint rules and orders of the Senate and House of Representatives.

2. REPORTING OF BILLS

Every bill, memorial, order, resolution or vote requiring the approval of the Governor must be reported to the Senate on three different days before its passage.

(a) The first report, called the first reading, is made when it has been received for introduction.

(b) The second report, called the second reading, is made when it has been considered by all the necessary standing committees and is ready for debate.

(c) The third report, called the third reading, is made when it is ready for final passage.

3. BILL INTRODUCTION

3.1 Bills, memorials, and concurrent or joint resolutions may be introduced by a member or by a standing committee.

3.2 The name of the author, authors, or committee must be written on the bill, memorial or resolution. The number of authors may not exceed five.

3.3 An original and two copies are required for introduction.

3.4 A member or a committee desiring to introduce a bill, memorial or concurrent or joint resolution shall deliver it to the office of the Secretary, and the Secretary shall promptly deliver all the bills, memorials or concurrent or joint resolutions to the President who shall present them to the Senate.

3.5 During the period between the last day of the session in any odd-numbered year and the first day of the session in the following year, a bill filed with the Secretary for introduction must be given a file number and may be unofficially referred by the President, with the approval of the Chair of the Committee on Rules and Administration, to an appropriate standing committee of the Senate. All bills filed for introduction during this period must be presented to the Senate when it reconvenes and must be referred to the standing committees previously indicated by the President, subject to objection to the referral under Rule 4.10.

4. BILL REFERRAL

4.1 The President shall refer each bill without motion to the proper standing committee unless otherwise referred by the Senate.

4.2 A bill or resolution may not be referred to committee or amended until it has been given its first reading.

4.3 A member may not object to a bill or resolution on its introduction.

4.4 All bills appropriating money, or obligating the state to pay or expend money, or establishing a policy which to be effective will require expenditure of money, when referred to and reported by any other than the Committee on Finance, must be referred before passage to the Committee on Finance.

4.5 All bills delegating rulemaking to a department or agency of state government and all bills exempting a department or agency of state government from rulemaking, when referred to and reported by any other than the Committee on State and Local Government Operations and Oversight Innovation and Veterans, must be referred before passage to the Committee on State and Local Government Operations and Oversight Innovation and Veterans.

4.6 All bills creating a new commission, council, task force, board, or other body to which a member of the legislature will be appointed must be referred before passage both to the Committee on State and Local Government Operations and Oversight Innovation and Veterans and to the Committee on Rules and Administration.

4.7 All bills authorizing or increasing a sentence of imprisonment to a state correctional institution must be referred before passage to the Committee on Judiciary.

4.8 All resolutions required to follow the same procedure as bills must be referred before passage to the Committee on Rules and Administration.

4.9 A bill introduced by a committee need not be referred to a standing committee unless a

question arises. It must lie over one day before being given its second reading.

4.10 A member may question the reference of a bill during the order of business of first reading on the day of introduction. When a member questions the reference of a bill, the bill must be referred without debate to the Committee on Rules and Administration to report the proper reference. Upon adoption of the report of the Committee on Rules and Administration, the bill must be referred accordingly.

5. RECALL FROM COMMITTEE

5.1 With the concurrence of the chief author of the bill, before the deadline for committee action on a bill, a majority of the whole Senate may recall the bill from a committee and re-refer it to any other committee or place it on General Orders. After the committee deadline for action on a bill, 41 affirmative votes of the whole Senate may recall the bill from any committee and re-refer it to any other committee or place it on General Orders.

5.2 By a report of the Committee on Rules and Administration adopted by the Senate, the Committee on Rules and Administration, on request of the chief author, may remove a bill from committee and re-refer it to any other committee or place it on General Orders.

6. RESOLUTIONS

6.1 Memorial resolutions addressed to the President or the Congress of the United States, or a house or member of Congress, or a department or officer of the United States, or a state or foreign government, joint resolutions, and resolutions requiring the signature of the Governor must follow the same procedure as bills before being adopted.

6.2 A resolution may not be changed to a bill, and a bill may not be changed to a resolution.

6.3 When a member gives notice of intent to debate a resolution not required to follow the same procedure as bills and not offered by the Committee on Rules and Administration, the resolution must lie over one calendar day without debate or other action.

6.4 Upon the request of a member, the resolution must be referred to the proper committee. If a question arises concerning the proper reference the procedure provided by Rule 4.10 applies.

7. BUDGET TARGETS

7.1 The Committees on Taxes and on Finance must hold hearings as necessary to determine state revenues and appropriations for the fiscal biennium.

7.2 At least 15 days before the deadline for ~~divisions of~~ committees other than the Committee on Finance to act favorably on omnibus appropriations bills, targets for the general fund budget must be publicly announced by the Chair of the Committee on Finance or the Chair of the Committee on Rules and Administration. Subsequent adjustments to the targets required under this rule shall be made by public announcement of the chair of the Committee on Rules and Administration.

7.3 The omnibus tax and appropriation bills are:

(1) the omnibus tax bill;

- (2) the education appropriations bill;
- (3) the higher education appropriations bill;
- (4) the health and human services appropriations bill;
- (5) the environment and natural resources appropriations bill;
- (6) the agriculture and rural economies appropriations bill;
- (7) the jobs and economic growth appropriations bill;
- (8) the commerce and consumer protection appropriations bill;
- (9) the energy, utilities and telecommunications appropriations bill;
- (10) the judiciary and public safety appropriations bill;
- (11) the state government innovation and veterans appropriations bill;
- (12) the transportation appropriations bill; and
- (13) the omnibus capital investment bill.

An omnibus appropriation or tax bill may not be divided.

7.4 An amendment to an omnibus appropriation or tax bill that is a Senate file or an unofficial engrossment of a House file is out of order if it will increase net appropriations from a fund for a fiscal biennium, compared to the bill as it was reported to the floor of the Senate, without a corresponding increase in net revenue.

7.5 An amendment to an omnibus appropriation or tax bill that is a Senate file or an unofficial engrossment of a House file is out of order if it will reduce net revenue to a fund for a fiscal biennium, compared to the bill as it was reported to the floor of the Senate, without a corresponding reduction in net appropriations.

7.6 An amendment to an omnibus appropriation or tax bill that is a Senate file or an unofficial engrossment of a House file is out of order if it will change appropriations, transfers, or revenues to an agency that was not in the bill as it was reported to the floor of the Senate, or will create or increase the amount of a tax expenditure by reducing appropriations, transfers, or revenues to an agency that was not in the bill as it was reported to the floor of the Senate.

7.7 An amendment to an omnibus appropriation or omnibus tax bill during committee consideration is out of order if it will increase net appropriations from or reduce net revenue in excess of the current budget target announced for that bill under Rule 7.2.

8. CONFIRMATIONS

8.1 Every gubernatorial appointment requiring the advice and consent of the Senate must be referred by the President to the appropriate committee. If a question arises as to the proper committee, the appointment must be referred without debate to the Committee on Rules and Administration for a report making the proper reference.

8.2 An appointment referred to committee and not reported to the Senate within 60 legislative days after it was referred is withdrawn from committee and placed on the confirmation calendar for consideration by the Senate before adjournment of the regular session, unless the appointee's term has expired or the appointee is no longer serving.

8.3 The final question on the appointment is, "Will the Senate, having given its advice, now consent to this appointment?" The question must not be put the same day the appointment is received or on the day it is reported by committee except by unanimous consent. Confirmation of the appointment requires the affirmative vote of a majority of the whole Senate.

9. STANDING COMMITTEES

The standing committees of the Senate are as follows:

Agriculture and Rural Economies

Capital Investment

Commerce and Consumer Protection

Education

Energy, Utilities and Telecommunications

Environment and Natural Resources

Finance

Health and Human Services

Higher Education

Jobs and Economic Growth

Judiciary and Public Safety

Local Government and Elections

Rules and Administration

State Government Innovation and Veterans

Taxes

Transportation

10. APPOINTMENTS TO STANDING COMMITTEES

10.1 The majority and minority groups must each be represented on all standing committees of the Senate substantially in proportion to their numbers in the Senate. The majority group shall assign the number of positions the minority group will hold on each committee. The minority group must be given adequate notice of its positions before the session begins.

10.2 Both the majority and minority groups shall appoint their own members to fill the number of positions each group will hold on each committee ~~and budget division~~. The minority group shall

transmit notice of its assignments to the majority group within 14 calendar days after receipt of the notice of positions available. The minority group may designate a ranking member for each committee. Nothing prohibits a member of the minority group from serving as chair or vice chair of a committee, subcommittee, ~~division~~, or commission. If the minority group for any reason fails to make its appointments pursuant to this rule, the majority group may make all the committee ~~and budget division~~ assignments.

~~10.3 The majority and minority committee assignments are subject to the uniform criteria governing committee assignments applicable to both the majority and minority groups. The uniform criteria must be promulgated by the majority group and transmitted to the minority group together with notification of committee and budget division positions available to the minority.~~

~~10.4~~ 10.3 The Senate resolution establishing representation on all Senate standing committees must set forth committee assignments as made by the majority and minority groups.

~~10.5~~ 10.4 A member may not serve as the chair of the same standing committee ~~or the same division of a standing committee~~, or a committee ~~or division~~ with substantially the same jurisdiction, for more than three consecutive Senate terms, ~~provided that a chair whose third term ends in a year ending in one may serve a fourth consecutive term of no more than two years.~~ This limit does not apply to the Committee on Rules and Administration. ~~This limit applies to time served as a chair in the seventy eighth legislature and thereafter.~~

~~10.6~~ 10.5 After the organization of the Senate and after consultation with and the approval of the minority leader, the Chair of the Committee on Rules and Administration may add members to or delete members from a standing committee ~~or division~~.

11. APPOINTMENTS BY SUBCOMMITTEE ON COMMITTEES

11.1 The Committee on Rules and Administration may constitute a standing Subcommittee on Committees, the report of which within its jurisdiction has the effect of a report of the Committee on Rules and Administration. The subcommittee consists of at least five members, including members of the minority group substantially in proportion to their number in the Senate.

11.2 Unless otherwise provided, the Subcommittee on Committees shall appoint all members of commissions or other bodies authorized to be appointed by the Senate and report the appointments to the Senate.

12. COMMITTEE MEETINGS

12.1 All meetings of the Senate, its committees, ~~committee divisions~~, and subcommittees are open to the public. A meeting of a caucus of the members of any of those bodies from the same political party need not be open to the public. ~~A caucus of the Hennepin county, Ramsey county, or St. Louis county delegation is open to the public.~~ For purposes of this rule, a meeting occurs when a quorum is present and action is taken regarding a matter within the jurisdiction of the body.

12.2 Any person may submit to the Chair of the Committee on Rules and Administration a complaint that members have violated the open meeting requirements of Minnesota Statutes, section 3.055. ~~A member of the Senate may submit~~ The complaint either orally or in writing; ~~others must submit the complaint must be in writing. Whether the complaint was written or oral,~~ The Chair of the Committee on Rules and Administration shall immediately forward ~~it~~ the complaint in writing to the

Subcommittee on Ethical Conduct without disclosing the identity of the complainant. The complaint must not be further disclosed without the consent of the complainant, except to the members against whom the complaint was made, unless the complaint was made by a member of the Senate in writing under oath, in which case the investigatory procedures of Rule 55 apply.

12.3 To the extent practical, a committee, or subcommittee, ~~or division~~ shall announce each meeting to the public at least three calendar days before convening. The notice must state the name of the committee, or subcommittee, ~~or division~~, the bill or bills to be considered, and the place and time of meeting. A bill may not be considered on the day it was introduced, ~~except by a vote of two-thirds of the members of the committee, subcommittee, or division.~~ The notice must be posted on the Senate's Web site and on all Senate bulletin boards in the Capitol and the State Office Building. A notice must be sent to the House of Representatives for posting as it deems necessary. If the three-day notice requirement cannot be met, the committee, or subcommittee, ~~or division~~ shall give simultaneous notice to all of the known proponents and opponents of the bill as soon as practicable.

12.4 A Senate committee, or subcommittee, ~~or division~~ shall adjourn no later than ~~10:00 p.m.~~ midnight each day, unless two-thirds of the members present vote to suspend this requirement.

12.5 Committees, ~~and subcommittees, and divisions~~ may not meet while the Senate is in session without permission of the Senate. The names of the members excused shall be printed in the Journal.

12.6 A majority of its members constitutes a quorum of a committee, or subcommittee, ~~or division.~~

12.7 Each standing committee of the Senate, including a subcommittee ~~or division~~ of the committee, may at any time sit and act, investigate and take testimony on any matter within its jurisdiction, report hearings held by it, and make expenditures as authorized by the Committee on Rules and Administration.

12.8 A standing committee, but not a subcommittee ~~or division~~, may require by subpoena or otherwise the attendance and testimony of witnesses and the production of correspondence, books, papers, and documents, in the manner provided by Minnesota Statutes, section 3.153.

12.9 Upon the request of a member of a committee, or subcommittee, ~~or division~~ to which a bill has been referred, or upon the request of the chief author of the bill, a record must be made of the vote on the bill or any amendment in the committee, or subcommittee, ~~or division.~~

12.10 Upon request of three members of the committee before the vote is taken, the record of a roll call vote in a standing committee must accompany the committee report and be printed in the Journal.

12.11 A committee report may only be based on action taken at a regular or special meeting of the committee. A report in violation of this rule is out of order.

12.12 No Senate committee, ~~division,~~ or subcommittee shall permit any appointed officer or employee of the executive branch, registered lobbyist, or lobbyist principal to be seated at the committee table with members of the Senate during an official meeting of a committee of the Senate.

13. HOUR OF CONVENING

If the Senate adjourns without setting a time to reconvene, the Senate shall convene on the next legislative day at ~~10:00~~ 11:00 a.m.

14. PRESIDENT

14.1 The President shall take the chair at the time to which the Senate adjourned. The President shall immediately call the members to order and, on the appearance of a quorum, shall proceed with the regular order of business.

14.2 The President may call a member to preside. In the absence of the President, the President Pro Tem, the Chair of the Committee on Rules and Administration, or the Chair's designee, shall preside over the Senate. In the absence of the President and the Chair, the Senate may select a member to perform the duties of the President. Substitutions do not extend beyond adjournment.

14.3 The President shall preserve order and decorum, may speak on points of order in preference to members, and shall also decide all questions of order, subject to an appeal to the Senate by a member.

14.4 An appeal is decided by a majority vote of those present and voting. Upon an appeal from the decision of the President, the question is, "Shall the decision of the President be the judgment of the Senate?"

14.5 The President shall sign all acts, memorials, addresses and resolutions. All writs, warrants, and subpoenas issued by the Senate must be signed by the President and attested by the Secretary.

14.6 Upon a finding by the Committee on Rules and Administration that the President refuses or is unable to sign any of the documents described in this rule, the Chair of the Committee on Rules and Administration, or some other member selected by the committee, shall assume the duties of the President under this rule until the President is able to sign the documents described or until the Senate elects a new President, whichever occurs first.

15. ADMISSION TO SENATE CHAMBER

15.1 The Senate Chamber is reserved for Senate use.

15.2 A person may not be admitted to the Senate Chamber except as provided in these rules. A member, an officer, the constitutional officers, ex-Governors of the State of Minnesota, members of the House, judges of the trial and appellate courts and members of Congress may be admitted.

15.3 Past members of Congress or of the state legislature who are not interested in any claim or directly in a bill pending before the legislature may be personally admitted by a member of the Senate.

15.4 An employee of either house may be admitted at the request of a member or an officer of the Senate.

~~15.5 The head of a department of state government may be admitted by the President.~~

~~15.6~~ 15.5 A member of another state, provincial, or national legislative body may be admitted to the floor by any member of the Senate. A member of another legislative body who is admitted to

the floor may be introduced to the Senate by the President.

15.6 The President may designate and personally admit the person who will provide the prayer and the person who will lead the Pledge of Allegiance.

15.7 When the Senate is not meeting, a person who is not a member may be admitted to the floor at the request of a member or an officer.

15.8 Public hearings may not be held in the Senate Chamber. The Senate Chamber may not be used for any commercial purpose.

15.9 The Retiring Room of the Senate is reserved for the exclusive use of the members of the Senate at all times. The Sergeant at Arms shall strictly enforce this rule.

15.10 When a member-elect is sworn in, the member-elect may request that one guest be admitted until the member-elect has been sworn in.

16. PRIVILEGE OF REPORTERS CREDENTIALS FOR NEWS COVERAGE

16.1 The Secretary shall provide space for news reporters on the Senate floor in limited numbers, and in the Senate gallery. Because of limited space on the floor, permanent space is limited to those news agencies that regularly cover the legislature, namely: The Associated Press, St. Paul Pioneer Press, St. Paul Legal Ledger, Star Tribune, Duluth News Tribune, The Forum, Rochester Post-Bulletin, St. Cloud Times, WCCO radio, KSTP radio, Minnesota Public Radio, and Minnesota News Network. The Secretary shall provide an additional two spaces to other reporters if space is available. One person from each named agency and one person from the Senate Publications Office may be present at the press table on the Senate floor at any time. Other news media personnel may occupy seats provided in the Senate gallery. The credentialing process for individuals and organizations who provide news coverage of the legislature will be administered and the provisions of this rule enforced exclusively by the Sergeant at Arms, with the exception of an appeal under Rule 16.4.

16.2 The Sergeant at Arms may not issue credentials or day passes under Rule 16.3 to political organizations. For the purposes of this rule, "political organization" means an organization owned or controlled by a registered lobbyist, a political party, or any party organization. "Political organization" also includes an organization registered with the Campaign Finance Board, the Federal Election Commission, or an organization subject to Minnesota Statutes, chapter 10A or 211A.

16.3 Due to the limited space available for organizations or individuals providing news coverage of the Senate, the Senate finds that there is a compelling public interest in limiting credentials to organizations or individuals who demonstrate that they provide frequent news coverage of the legislature. For that reason, the following rules apply:

(a) Organizations or individuals requesting credentials must furnish, upon the request of the Sergeant at Arms, three examples of news coverage of legislative matters produced by the organization or individual. The examples must include written, video, or audio coverage written or recorded in the past year, and a description of how they were publicly distributed. Any opinion expressed in the examples is not subject to review under this rule at any time. An organization requesting credentials may include only one individual.

(b) For session credentials, an organization or individual must submit an application to the Sergeant at Arms. The Sergeant at Arms must review the application and approve or reject it within 14 days after receipt.

(c) If an application is rejected, the Sergeant at Arms must state the reason for the rejection in writing and notify the applicant, the Secretary of the Senate, the Majority Leader, and the Minority Leader in writing.

(d) The Sergeant at Arms may grant day passes upon the request of a member or upon the request of an individual or organization who has not applied for credentials and who is not prohibited from receiving credentials under Rule 16.2.

16.4 An appeal of a denial of credentials must be made in writing to the Secretary of the Senate, the Senate Majority Leader, and the Senate Minority Leader. The Committee on Rules and Administration shall review and decide the appeal within 14 days after receiving a letter of appeal.

16.5 For individuals and organizations with credentials and passes issued under this rule, the Secretary of the Senate shall provide at least six spaces on the Senate floor and at least ten spaces in the Senate gallery. Because of limited space on the floor, at least four spaces must be reserved for credentialed individuals from news organizations with leases in the Capitol press area. At least four seats in the gallery must be reserved for credentialed individuals from television news stations with leases in the Capitol press area. All other gallery access will be provided on a first-come, first-served basis to individuals and organizations with credentials and passes issued under this rule. The Sergeant at Arms shall ensure that an opportunity to register for access under this rule is publicly available outside the main doors of the Senate Chamber at all times. This procedure will be used to determine floor access priority for individuals with credentials whose organizations do not lease space in the Capitol press area. If the designated floor and gallery space is full, the Sergeant at Arms may limit access for an organization to one individual in order to provide space for individuals from other organizations. Individuals with session credentials have priority for admission over individuals with day passes. All credentialed individuals shall be admitted to the floor when the Senate is not meeting in the same manner provided for credentialed individuals who have been admitted to the floor when the Senate is meeting. The documents provided to credentialed individuals present on the floor when the Senate is meeting shall be made available in the Senate Information Office to other credentialed individuals.

~~16.2~~ 16.6 The Secretary shall compile and distribute to the public a directory of ~~reporters~~ ~~accredited~~ individuals and organizations who have been issued credentials under Rule 16.3 to ~~report~~ provide news coverage from the Senate floor. The directory must include each ~~reporter's~~ individual's picture and ~~news~~ organization and a brief biography.

~~16.3~~ 16.7 The Secretary must issue each ~~accredited-reporter~~ individual or organization with credentials an identification badge showing the ~~reporter's~~ individual's name and ~~news~~ organization. The ~~reporter~~ individual must wear the badge when in the Senate Chamber.

17. DECORUM

17.1 In case of a disturbance or disorderly conduct in the lobbies or galleries, the President may order them cleared.

17.2 A member may not introduce a visitor or visitors in the galleries from the floor or rostrum of the Senate.

17.3 Smoking is not permitted in the Senate Chamber or galleries, the Retiring Room, hearing rooms, offices, or other spaces under the control of the Senate.

17.4 During floor proceedings, picture taking by persons other than accredited news or legislative photographers, picture taking with floodlights or flash units, and visual or audible disruptions are prohibited. At all times, demonstrations and food or beverages are prohibited in the Senate Chamber and in the galleries.

17.5 Television recording or broadcasting on the Senate floor is under the direction of the Secretary.

17.6 Legislators, legislative employees, and individuals with credentials issued under Rule 16 who are present on the Senate floor during floor proceedings shall wear appropriate business attire. For men, appropriate attire is a suit or sport coat, dress slacks, a dress shirt, and a tie. For women, appropriate attire includes a dress or skirt, dress slacks, and a blouse or sweater.

18. ORDER OF BUSINESS

18.1 The order of business is as follows:

1. Petitions, letters, remonstrances.
2. Executive and official communications.
3. Messages from the House of Representatives.
4. First reading of House bills.
5. Reports of committees.
 - (a) From standing committees.
 - (b) From select committees.
6. Second reading of Senate bills.
7. Second reading of House bills.
8. Introduction and first reading of Senate bills.
9. Motions and Resolutions.
10. Calendar.
11. Consent Calendar.
12. General Orders.
13. Announcements of Senate interest.

18.2 Under the order of business of Motions and Resolutions, the Senate may by a majority vote of the whole Senate temporarily revert or proceed to any other order of business.

19. PETITIONS AND OTHER COMMUNICATIONS

19.1 In presenting a petition, memorial, remonstrance or other communication addressed to the Senate, a member shall only state the general purpose of it.

19.2 Every petition, memorial, remonstrance, resolution, bill and report of committee, must have an appropriate title, and the name of the member presenting it written on it.

19.3 Every written communication distributed to members in the Senate Chamber must have the name of the member or officer distributing it displayed on it.

20. MESSAGES FROM THE HOUSE

A message from the House of Representatives that a Senate bill has been amended, and the amendment, must be printed and placed on the members' desks before a member may move to concur in the House amendment. If the amendment has been printed in the House Journal for a preceding day and is available to the members, the Journal copy may serve as the printed copy.

21. OBJECTIONS TO COMMITTEE REFERRALS

A member may question the proper reference of a bill at the time the bill is reported by a standing committee to which it was previously referred. When a member questions the reference of a bill, the bill must be referred without debate to the Committee on Rules and Administration to report the proper reference. Upon adoption of the report of the Committee on Rules and Administration, the bill must be referred accordingly.

22. GENERAL ORDERS

22.1 The Secretary shall make a list of all bills, resolutions, reports of committees, and other proceedings of the Senate that are referred to the Committee of the Whole and number them. The lists are called the "General Orders".

22.2 Items on General Orders may be taken up in the order in which they are numbered, as ordered by the Chair of the Committee on Rules and Administration, or as otherwise ordered by a majority of the committee.

22.3 General Orders, together with all bills required to be included on it, must be electronically available or printed at least one calendar day before being considered in Committee of the Whole.

22.4 With the concurrence of the chief author of the bill, a majority of the whole Senate may at any time take a bill from the table and place it on General Orders.

23. COMMITTEE OF THE WHOLE

23.1 All bills, memorials, orders, resolutions and votes requiring the approval of the Governor must, after a second reading, be considered in Committee of the Whole before they are finally acted upon by the Senate, unless considered on the Consent Calendar or as a Special Order.

23.2 The President may call a member to the Chair when the Senate resolves itself into the Committee of the Whole.

23.3 The rules observed in the Senate govern, as far as practicable, the proceedings of the Committee of the Whole, and the Chair of the Committee of the Whole has the powers of the President, as appropriate. However, a member may speak more than twice on the same subject and a call for the previous question may not be made.

23.4 A member may request a roll call vote. The vote must be recorded in the Journal along with the amendment.

23.5 The recommendations of the Committee of the Whole must be reported to the Senate. The question is on the adoption or rejection of the report, and no other question may be admitted. The question may be divided to permit separate Senate action on the report as to any bill.

23.6 On adoption of the report of the Committee of the Whole, all bills recommended to pass must be placed on the Calendar.

24. CALENDAR

24.1 The Secretary shall make a Calendar of all bills, resolutions and other matters approved by the Committee of the Whole for final action. The Secretary shall place them on the Calendar in the order in which they have been acted upon in Committee of the Whole.

24.2 The Calendar must be electronically available or printed at least one calendar day before the matters on it are considered.

25. CONSENT CALENDAR

25.1 If a committee determines that a bill it recommends to pass is not likely to be opposed, the committee may recommend that the bill be placed on the Consent Calendar. If the committee report is adopted, the bill must be electronically available or printed and placed on the Consent Calendar after its second reading. On the question of adoption of the report, the question of accepting the recommendation that the bill be placed on the Consent Calendar may be divided from the question of adopting the report in other respects.

25.2 A majority of the whole Senate, or the Chair of the Committee on Rules and Administration, may order a bill on General Orders placed on the Consent Calendar.

25.3 The Consent Calendar must be electronically available or printed at least one calendar day before the matters on it are considered.

25.4 If a member objects to consideration of a bill on the Consent Calendar at any time during its consideration in the Senate before the question on final passage is put, and that objection is supported by at least two other members, the bill is referred to the Committee of the Whole, and the Secretary shall place it at the bottom of General Orders subject to Rule 22.2, except that it need not lie over one calendar day before consideration in the Committee of the Whole.

26. SPECIAL ORDERS

26.1 The Chair of the Committee on Rules and Administration, or the Chair's designee, may designate a special order for a bill that has been given its second reading.

26.2 A special order may provide that the bill be considered immediately, at a time certain, or after specific other business is completed.

26.3 During consideration of a special order, Rule 36.5 is suspended.

26.4 As nearly as applicable, debate on the bill and all proceedings including amendments and substitutions must be conducted as in the Committee of the Whole.

26.5 On any question, a member may request a roll call vote, which must be entered in the Journal.

26.6 Unless it is otherwise disposed of, after consideration a bill on Special Orders must immediately proceed to its third reading and final passage.

~~26.7 A bill may not be made a special order if the chief author has declined on three previous occasions to take the bill up after it was designated a special order.~~

27. MOTIONS

27.1 A motion or amendment must be written if a member requests. It must identify the member or committee offering it.

27.2 When a motion is made, it must be stated by the President. If it is in writing, it must be handed to the Secretary and read to the members.

27.3 After a motion is stated by the President, or read by the Secretary, it is in possession of the Senate, but may be withdrawn by the author at any time before decision or amendment.

28. PRECEDENCE OF MOTIONS

28.1 When a question is under debate no motion may be made, except:

1. To adjourn.
2. To recess.
3. To reconsider.
4. To lay on the table.
5. For the previous question.
6. To refer.
7. To postpone to a day certain.
8. To amend.
9. To postpone indefinitely.

28.2 Motions numbered 1, 2, 4 and 5 above are not debatable.

28.3 These motions have precedence in the foregoing order; but when a motion for the previous question has been made, or the main question ordered, a motion to lay on the table is not in order.

28.4 A motion to postpone to a day certain, to refer, to postpone indefinitely, or to amend, having been decided, may not again be put on the same day, nor at the same stage of the bill or proposition.

29. MOTION TO ADJOURN

A motion to adjourn or a motion to adjourn to a time certain is always in order. The latter motion is debatable solely as to the time. When either motion is rejected, it may not be renewed until further business has been transacted.

30. MOTION TO RECONSIDER

30.1 When a motion or question has been decided, a member who voted with the prevailing side may move for reconsideration:

- (1) on the same day on which the vote was taken or;

(2) within the next two calendar days; ~~or,~~

(3) ~~if later,~~ after the time provided under clause (1) or (2), on the first day the Senate meets after the vote was taken. The motion takes precedence over all other questions except a motion to adjourn or recess.

30.2 When a motion to adjourn is adopted before the disposition of ~~the~~ a motion for reconsideration, ~~a~~ the motion for reconsideration must lie over until the next succeeding day the Senate meets except as provided in this rule.

~~30.2~~ 30.3 When notice of intent to move reconsideration of the final action of the Senate on a question is given by a member, the Secretary shall retain the subject of the notice until after the expiration of the time during which the motion can be made.

~~30.3~~ 30.4 A notice of intent to move for reconsideration is not in order after the Tuesday before the third Saturday in May, but a motion to reconsider may be made.

~~30.4~~ 30.5 A motion for reconsideration having been once voted on may not be made again nor reconsidered.

31. MOTION FOR THE PREVIOUS QUESTION

31.1 Unless a motion for the previous question is made specifically applicable to a subsidiary motion, it must be in this form: "Shall the main question now be put?" If the motion for the previous question is supported by a majority of the members present, its effect is to put an end to all debate and bring the Senate to a direct vote upon all pending amendments in their order and then upon the main question.

31.2 On a motion for the previous question, a call of the Senate is in order before the President submits the question to the Senate.

31.3 On a motion for the previous question there is no debate. All incidental questions of order, arising after a motion is made for the previous question, and pending the motion, must be decided, whether on appeal or otherwise, without debate.

32. MOTION TO REFER

A bill or resolution may be referred to committee at any time before its passage. If an amendment is reported on the referral to any committee other than the Committee of the Whole, it must again be read the second time, considered in Committee of the Whole, read the third time and placed on final passage. If the referral is to the Committee of the Whole it must be placed at the head of General Orders, except when the referral is from the Consent Calendar under Rule 25.4.

33. MOTION TO AMEND BILL OR RESOLUTION

33.1 A motion to amend must be written if a member requests. It must identify the member offering it.

33.2 In drawing an amendment to a bill or resolution, reference must be made, first to the number of the bill, then to the page, and then to the line or lines where language is to be stricken or inserted.

33.3 In filling blanks, the largest sum, the longest time and the greatest distance must be first taken.

33.4 The title to a bill may be amended by the Secretary at any time the bill is amended by the Senate.

33.5 An amendment is not in order to a bill on the Calendar or after third reading without the unanimous consent of the Senate unless it:

(1) fills a blank;

(2) amends the title;

(3) is proposed to the chief author of the bill by the Revisor of Statutes to correct technical defects found by the Revisor while engrossing earlier amendments to the bill; or

(4) is proposed to a bill on the Consent Calendar before the bill is given its third reading.

34. MOTION TO SUSPEND RULES

34.1 A rule may be suspended by a vote of at least two-thirds of the whole Senate.

34.2 A motion to suspend the rules for the purpose of advancing a bill may be made only under the order of business, "Motions and Resolutions".

35. GERMANENESS

35.1 An amendment proposed to the Senate or to the Committee of the Whole that is not germane is out of order.

35.2 A non-germane amendment includes one that:

(1) relates to a substantially different subject; or

(2) is intended to accomplish a substantially different purpose, than that of the original bill to which it is proposed.

35.3 An amendment to insert a constitutional amendment is not germane to a bill that does not already include a constitutional amendment.

35.4 Whether an amendment is germane is to be decided by the President, who may put the question to the body if the President chooses.

35.5 A motion to remove an amendment placed on a House bill under Rule 45.1 is out of order if removal of the amendment would make a portion of the House bill not germane to the Senate companion for which it was substituted.

35.6 If a House amendment to a Senate bill is not germane to the Senate bill, a motion to concur in the House amendment is out of order.

36. DEBATE

36.1 When a member is about to speak to the Senate, the member shall rise and respectfully

address "Madam (or Mr.) President." The member may not proceed to speak further until recognized by the President.

36.2 The member shall speak only to the question under debate and avoid personality.

36.3 The member may inform the Senate of the Governor's position on a bill and on its status in the House of Representatives.

36.4 In discussing a resolution, each member is limited to ten minutes.

36.5 A member may not speak more than twice on the same question on the same day without permission of the Senate.

36.6 When a member is speaking, no one may stand between the member speaking and the President.

36.7 A member may not speak without using a microphone.

36.8 All remarks during debate shall be addressed to the President.

36.9 When the President puts a question, or addresses the Senate, no one may walk out of or cross the Chamber.

36.10 When a member is called to order, the member shall be silent until it is determined whether or not the member is in order. If a member is called to order for words spoken in debate, the words excepted to must be taken down in writing by the Secretary immediately.

36.11 Debate on the report of a conference committee is in order at any time after the report has been made available electronically or printed and placed on the desk of each member, or at an earlier time agreed to by a majority of the whole Senate.

37. ABSENCE OF MEMBERS

A member or officer of the Senate may not be absent from a session of the Senate unless excused by the Senate. The name of a member excused must be printed in the Journal.

38. CALL OF THE SENATE

38.1 A member may impose a call of the Senate requiring the attendance of all members before any further proceedings occur except a motion to adjourn.

38.2 Upon the imposition of a call, a member may request a record of those present and the Sergeant at Arms shall bring in the absent members.

38.3 When the Senate has been placed under call, a member may demand that the doors be closed and that no member be permitted to leave the Chamber until the matter or question, if any, under consideration at the time of the call is disposed of, or until the call is lifted by a majority of the whole Senate, or until the Senate adjourns.

38.4 A majority of the whole Senate may excuse members not answering the call.

38.5 A call may not be imposed after voting has commenced.

39. DIVISION OF QUESTION

39.1 A member may call for a division of the question when the division is possible. A motion to strike and insert is indivisible.

39.2 The defeat of a motion to strike does not preclude an amendment nor a motion to strike and insert.

40. VOTING

40.1 The President shall distinctly state the question before taking the vote. The President shall declare the result of the vote. If a member questions the result of a vote, the President shall order a division.

40.2 A member may vote on a question or be counted on a division only at the member's own seat in the Senate Chamber.

40.3 At any time before the start of voting on a question, a member may request a roll call vote, which must be entered in the Journal, unless at the time the request is made, the Senate is taking a roll call vote using the electrical voting system.

40.4 Unless otherwise ordered, a roll call vote, except upon elections, may be taken by means of the electrical voting system under the control of the President.

40.5 A roll call vote may not be interrupted except to close the roll as provided in Rule 41.3.

40.6 A member or other person may not proceed to or remain by the Secretary's desk while a roll call or division is being taken.

41. MEMBERS TO VOTE UNLESS EXCUSED

41.1 Every member who is in the Senate Chamber during a roll call, including in the Committee of the Whole, shall vote upon the request of another member unless excused by the Senate.

41.2 A motion by a member to be excused from voting must be made before the question is put. A member wishing to be excused from voting may make a brief statement of the reason for making the request. The question on the motion to excuse must be taken without further debate.

41.3 When members have had an opportunity to vote and fail to do so, a majority of the whole Senate may, by motion, direct the President to close the roll.

41.4 The vote on a motion to close the roll must be taken without debate. No member is required to vote on the motion.

42. FINAL PASSAGE

The final question on a bill or other matter requiring action by both Houses after its first and second reading, and after the consideration in Committee of the Whole, is on its final passage.

43. TRANSMITTING BILLS TO THE HOUSE

43.1 Except when a motion to reconsider has been made as provided in Rule 30, immediately

after the passage of a bill or other matter in which the concurrence of the House of Representatives is requested, the Secretary shall transmit it to the House.

43.2 On the concurrence of a bill or other matter of the House by the Senate, or on the concurrence or disagreement in a vote of the House, the Secretary shall notify the House.

44. ENGROSSING AND ENROLLING OF BILLS

44.1 The Secretary and the Engrossing Secretary shall ensure that every bill, memorial, or resolution originating in the Senate is carefully engrossed before it is transmitted to the House of Representatives for concurrence.

All engrossing and enrolling of bills shall be done at the direction and under authority of the Senate.

44.2 The Secretary shall ensure that every bill, memorial, or resolution originating in the Senate is carefully enrolled by the Revisor of Statutes before it is presented to the Governor or filed with the Secretary of State.

45. COMPARISON AND SUBSTITUTION OF BILLS

45.1 A House bill, after its first reading, must be referred as follows, unless there is a motion by the Chair of the Committee on Rules and Administration or a designee of the Chair:

(a) If there is no Senate companion bill, the House bill must be referred to the appropriate standing committee, unless there is objection under Rule 4.10.

(b) If there is a Senate companion bill, the House bill must be referred to the standing committee possessing the Senate companion.

(c) If the Senate companion bill has been reported to the Senate, the House bill must be referred to the Committee on Rules and Administration, which shall report whether the House bill is identical to the Senate companion bill. If the bills are identical, the report must recommend that the House bill be given its second reading and substituted for the Senate companion bill and the Senate companion bill be indefinitely postponed. If the House bill is not identical to the Senate companion bill, the report of the committee must recommend an amendment to the House bill that when adopted will render the House bill identical to the Senate bill. Upon adoption of a committee report containing the proposed amendment, the House bill as amended must be given its second reading and substituted for the Senate companion bill and the Senate companion bill must be indefinitely postponed.

45.2 The Secretary shall prepare and submit reports under this rule on behalf of the Committee on Rules and Administration.

45.3 A House bill placed on the Calendar by substitution must not be given its third reading on the same day as the substitution.

46. CONFERENCE COMMITTEES

46.1 The Committee on Rules and Administration may constitute a standing Subcommittee on

Conference Committees, the report of which within its jurisdiction has the effect of a report of the Committee on Rules and Administration. The subcommittee consists of three members, one of whom must be a member of the minority group.

46.2 The Subcommittee on Conference Committees shall appoint all conference committees of the Senate and report the appointments to the Senate. In the appointment of members of conference committees between the two houses, the Subcommittee on Conference Committees shall appoint those who are in accord with the position of the Senate. Whenever practical, the subcommittee shall give preference to authors of bills in dispute and to members of standing committees in which the bills were considered.

47. DISPOSITION OF BILLS ON ADJOURNMENT

Adjournment of the regular session in an odd-numbered year to a date certain in the following year is equivalent to daily adjournment, except that a bill on the Calendar, Consent Calendar, General Orders, or table, other than a bill laid on the table after being vetoed by the governor or after its conference committee has been discharged under Joint Rule 3.02, must be returned to the standing committee other than the Committee on Rules and Administration from which it was last reported to the Senate, unless otherwise provided for by motion before adjournment. ~~Bills returned to committee under this rule must, upon request of the chief author, be given priority for consideration by the committee in the even-numbered year ahead of all other bills in the order in which they appeared on the Calendar, Consent Calendar, or General Orders.~~

48. PRINTING AND DISTRIBUTION OF BILLS

48.1 Unless otherwise ordered by the Senate, all Senate bills that have been reported upon favorably or without recommendation by a committee must be electronically available or printed before consideration by the Senate or the Committee of the Whole.

48.2 A House bill amended by the Senate must be unofficially engrossed and electronically available or printed when placed on General Orders.

48.3 A bill may be electronically available or printed by order of the Secretary when amended after second reading.

48.4 A bill must be electronically available or printed when ordered by the Senate.

48.5 Action by the Senate on a bill that has not been printed is a waiver of the printing requirement.

48.6 To the extent practical, the Secretary shall provide a copy of any bill to the public and may charge a reasonable fee.

49. JOURNAL AND INDEX

49.1 The Secretary shall keep a correct Journal of the proceedings of the Senate and shall perform other duties assigned to the Secretary.

49.2 The Secretary shall not permit Journal records, accounts or papers to be taken out of the Secretary's custody, other than in the regular mode of business. If a document in the Secretary's

charge is missing, the Secretary shall report the fact to the President, so that inquiry may be made.

49.3 The Secretary shall supervise the recording of proceedings in the Journal, the engrossing, transcribing and copying of bills and resolutions, and generally perform the duties of Secretary, under direction of the Committee on Rules and Administration.

49.4 The Journal of each day's proceedings is open for correction at any time during the session of the next day the Senate meets. Unless corrected on that day, the Journal stands approved.

49.5 The Secretary shall keep a record of all Senate and House bills showing the status of each bill pending, until its final passage.

50. ELECTRONIC RECORDINGS

50.1 The Secretary shall cause to be recorded on electronic media the proceedings of the Senate, the Committee of the Whole, and each standing committee, and subcommittee, ~~and~~ ~~division~~. Each electronic record must be clearly labeled to show the name of the body whose proceedings are recorded and the dates the proceedings occurred. Each electronic record of the proceedings of the Senate and the Committee of the Whole must be accompanied by a log showing the number of each bill considered and the places on the record where consideration of the bill occurred.

50.2 Within two working days after each Senate session, the Secretary shall make a copy of the electronic record and corresponding log of proceedings of the Senate and the Committee of the Whole available to the Legislative Reference Library.

50.3 Within one week after each meeting of a standing committee, or subcommittee, ~~or~~ ~~division~~, the Secretary shall make the electronic record of the meeting available to the Legislative Reference Library, together with an agenda showing bills considered and any action taken on them.

50.4 Upon completion and approval of the minutes of the meeting, the Secretary shall promptly deliver a copy of the minutes to the Legislative Reference Library.

50.5 The Secretary shall keep a record of each session of the Senate and the Committee of the Whole, each meeting of a Senate standing committee, or subcommittee, ~~or~~ ~~division~~ and the date on which the electronic record of the session or meeting was made available to the Legislative Reference Library. The Library shall keep a similar record of all electronic records to which it has been given access.

50.6 The Library shall provide committee staff with reasonable access to Senate electronic records and shall provide the public with convenient facilities to listen to them.

50.7 The Secretary shall make copies of Senate electronic records available to the public for a fee determined by the Secretary to be adequate to cover the cost of preparing the copies. A copy must be provided free to a member of the Senate upon request for use in legislative business.

50.8 The Secretary shall keep the original electronic record and log of each session of the Senate and the Committee of the Whole until the end of the period for which the members of the existing House of Representatives have been elected, at which time the electronic record may be preserved or disposed of as the Secretary sees fit. The Legislative Reference Library shall keep electronic records, logs, and minutes forwarded to it until two years after the end of the period for which the

members of the existing Senate have been elected, at which time they may be preserved or disposed of as the Library sees fit.

50.9 The Senate intends that testimony and discussion preserved under this rule not be admissible in any court or administrative proceeding on an issue of legislative intent.

51. OTHER DUTIES OF SECRETARY

51.1 The Secretary shall not issue a certificate authorizing the payment of money by virtue of a motion or resolution, unless the motion or resolution is voted for by a majority of the whole Senate on a roll call vote.

51.2 The Secretary and the Engrossing Secretary shall correct all mistakes in numbering the sections and reference to them, whether the errors occur in the original bill or are caused by amendments to it.

51.3 The Secretary is the agent of the Senate for the purchase of supplies and services. The Secretary's records on purchase of supplies and services are open for inspection.

51.4 The Secretary shall adopt administrative controls to ensure that each member is accountable for the member's own long distance telephone calls and that Senate telephones are used only for Senate business.

51.5 By the 15th day of April, July, October, and January of each year, the Secretary shall submit a detailed report of Senate expenditures during the previous quarter to the Committee on Rules and Administration.

51.6 The Secretary's public records may be inspected during normal business hours.

52. SERGEANT AT ARMS

The Sergeant at Arms shall:

- (1) execute all orders of the President ~~and~~;
- (2) perform all assigned duties connected with the police and good order of the Senate Chamber;
- (3) exercise supervision over the entry and exit of all persons to and from the Chamber;
- (4) see that messages are promptly delivered;
- (5) see that the hall is properly ventilated and the temperature is properly regulated, ~~and~~;
- (6) see that the Chamber is open for the use of members of the Senate at least one-half hour before the start of a session; and
- (7) perform all other services pertaining to the office of Sergeant.

53. BUDGET AND EXPENDITURES

53.1 The Committee on Rules and Administration shall adopt an operating budget for the Senate

and post it on the Senate Web site.

53.2 All propositions for the appointment and payment of employees of the Senate or for expenditures of the legislature, other than those provided by law, must be referred without debate to the Committee on Rules and Administration.

54. EMPLOYEES

54.1 The Committee on Rules and Administration shall establish positions, set compensation, appoint employees, and authorize expense reimbursement for employees as it deems necessary to carry out the work of the Senate. At the request of any committee member, an action of the committee must be submitted as a Senate resolution for adoption by the Senate.

54.2 The Secretary shall keep a roster of all employees of the Senate, including positions and compensation, which must be open for inspection by the public.

54.3 The Secretary shall post, in a public place in the Capitol, a notice of every vacant position on the permanent staff of the Senate. The notice must remain posted for at least two weeks, and no vacancy may be filled until the period of posting has elapsed.

54.4 Except as otherwise provided in these rules, the Committee on Rules and Administration has full and exclusive authority over, and charge of all employees of the Senate both elected and appointed. The committee has the sole and exclusive power and authority to assign them to duties other than for which they were elected or appointed as the committee may provide.

54.5 The committee may make employment rules and regulations. In case of violation of an order of the committee by an employee, or in case of a violation of a rule or regulation made by the committee, or in case of misconduct or omission by an employee, the Committee on Rules and Administration may hear complaints and discharge the employee or impose discipline, a fine, or other punishment upon the employee. The committee may, by a vote of a majority of the members of the committee, discuss an employee disciplinary proceeding under this rule in an executive session to which the open meeting requirements of Rules 12.1 to 12.3 do not apply.

54.6 The Secretary shall supervise the employees under the direction of the Committee on Rules and Administration.

55. SUBCOMMITTEE ON ETHICAL CONDUCT

55.1 The ~~Subcommittee on Committees~~ Committee on Rules and Administration shall appoint a Subcommittee on Ethical Conduct of the Committee on Rules and Administration consisting of four members, two from the majority group and two from the minority group.

55.2 The subcommittee shall serve in an advisory capacity to a member or employee upon written request and shall issue recommendations to the member or employee. A member may request the subcommittee to provide its advice on a potential conflict of interest to the member in private. If so requested, the subcommittee shall conduct its proceedings on the advisory opinion in private. The request, proceedings on the request, and any advice given by the subcommittee in response to the request must remain private. The member may not use an advisory opinion from the subcommittee as a defense to a complaint under this rule unless the opinion has been adopted by the subcommittee at a public meeting.

55.3 The subcommittee shall investigate a complaint made in writing by a member of the Senate ~~in writing~~ under oath. The complaint must be received before adjournment sine die in the last year of a senate term or during a special session held after that time regarding improper conduct by a member or employee of the Senate. The subcommittee has the powers of a standing committee to issue subpoenas under Minnesota Statutes, section 3.153.

55.4 Within 30 calendar days after receiving a complaint, the subcommittee must meet and either make a finding of no probable cause, vote to defer action until a certain time, or proceed with its investigation.

55.5 In order to determine whether there is probable cause to believe that improper conduct has occurred, the subcommittee may, by a vote of three of its members, conduct a preliminary inquiry in executive session to which the open meeting requirements of Rules 12.1 to 12.3 do not apply. The executive session may be ordered by a vote of three of its members whenever the subcommittee determines that matters relating to probable cause are likely to be discussed. The executive session must be limited to matters relating to probable cause. Upon a finding of probable cause, further proceedings on the complaint are open to the public.

55.6 The subcommittee may appoint special counsel to provide expert advice on how to conduct its proceedings. The subcommittee may appoint a suitable person to conduct the investigation and report findings of fact and recommendations for action to the subcommittee.

55.7 If, after investigation, the subcommittee finds the complaint substantiated by the evidence, it shall recommend to the Committee on Rules and Administration appropriate disciplinary action.

55.8 To minimize disruption of its public proceedings, the subcommittee may require that television coverage be pooled or be provided by Senate media services.

55.9 If criminal proceedings relating to the same conduct have begun, the subcommittee may defer its proceedings until the criminal proceedings have been completed.

55.10 The Senate intends that proceedings of the Subcommittee on Ethical Conduct not be admissible in any criminal proceeding.

56. STANDARDS OF ETHICAL CONDUCT

56.1 Members shall adhere to the highest standard of ethical conduct as embodied in the Minnesota Constitution, state law, and these rules.

56.2 A member shall not publish or distribute written material if the member knows or has reason to know that the material includes any statement that is false or clearly misleading, concerning a public policy issue or concerning the member's or another member's voting record or position on a public policy issue.

56.3 Improper conduct includes conduct that violates a rule or administrative policy of the Senate, that violates accepted norms of Senate behavior, that betrays the public trust, or that tends to bring the Senate into dishonor or disrepute.

56.4 Members of the Senate shall disclose potential conflicts of interest in the discharge of senatorial duties as provided in Minnesota Statutes, section 10A.07.

~~57.~~ CONFLICTS OF INTEREST

~~A member who in the discharge of senatorial duties would be required to take an action or make a decision that would substantially affect the member's financial interests or those of an associated business, unless the effect on the member is no greater than on others in the member's business classification, profession, or occupation, shall disclose the potential conflict of interest by following the procedure set forth in Minnesota Statutes, section 10A.07.~~

~~58.~~ 57. LOBBYISTS

~~58.1~~ 57.1 A lobbyist shall not appear before a Senate committee pursuant to the lobbyist's employment unless the lobbyist is in compliance with the law requiring lobbyist registration, Minnesota Statutes, sections 10A.03 to 10A.06. A lobbyist, when appearing before a committee, shall disclose to the committee on whose behalf the lobbyist speaks and the purpose of the lobbyist's appearance.

~~58.2~~ 57.2 A lobbyist shall not knowingly, either directly or through a third party, furnish false or misleading information or make a false or misleading statement that is relevant and material to a matter before the Senate or any of its committees when the lobbyist knows or should know it will influence the judgment or action of the Senate or any of its committees, or subcommittees, or divisions.

~~58.3~~ 57.3 The Subcommittee on Ethical Conduct shall investigate a complaint by a member of the Senate in writing under oath received before adjournment sine die in the last year of a Senate term or during a special session held after that time that a lobbyist has violated Rule ~~58.1~~ 57.1 or ~~58.2~~ 57.2. The investigatory procedures of Rule 55 apply, except as provided in this rule. The complaint and proceedings on the complaint are private until the subcommittee has found probable cause to believe that a violation of Rule ~~58.1~~ 57.1 or ~~58.2~~ 57.2 has occurred, unless they are made public by the lobbyist whose conduct is the subject of the complaint or by the vote of at least three members of the subcommittee.

~~59.~~ 58. AMENDMENTS TO RULES

Every proposition to amend a rule of the Senate must be referred to the Committee on Rules and Administration. The proposition may not be acted upon until the report of the committee is received by the Senate.

Senator Fischbach moved to amend Senate Resolution No. 47 as follows:

Page 5, delete lines 1 to 3

The motion prevailed. So the amendment was adopted.

Senator Rest moved to amend Senate Resolution No. 47 as follows:

Page 12, delete lines 23 to 26

The motion prevailed. So the amendment was adopted.

Senator Wiger moved to amend Senate Resolution No. 47 as follows:

Page 7, lines 7 and 8, reinstate the stricken language

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 51 and nays 10, as follows:

Those who voted in the affirmative were:

Anderson	Dibble	Kruse	Nienow	Sheran
Bakk	Gazelka	Kubly	Olson	Sieben
Benson	Gerlach	Latz	Ortman	Stumpf
Bonoff	Gimse	Lillie	Parry	Torres Ray
Brown	Harrington	Limmer	Pederson	Vandever
Carlson	Higgins	Marty	Pogemiller	Wiger
Chamberlain	Hoffman	Metzen	Reinert	Wolf
Cohen	Howe	Michel	Rest	
Dahms	Ingebrigtsen	Miller	Robling	
Daley	Kelash	Nelson	Rosen	
DeKruif	Koch	Newman	Senjem	

Those who voted in the negative were:

Fischbach	Jungbauer	Pappas	Scheid	Sparks
Hann	Lourey	Saxhaug	Skoe	Tomassoni

The motion prevailed. So the amendment was adopted.

Senator Marty moved to amend Senate Resolution No. 47 as follows:

Page 7, line 31, delete the new language and reinstate the stricken language

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 29 and nays 33, as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

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

Senator Koch moved the adoption of the foregoing resolution, as amended.

The question was taken on the adoption of the resolution, as amended.

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

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Marty	Reinert	Skoe	Tomassoni	Torres Ray
-------	---------	------	-----------	------------

The motion prevailed. So the resolution, as amended, was adopted.

MEMBERS EXCUSED

Senators Hall and Magnus were excused from the Session of today. Senator Langseth was excused from the Session of today at 11:45 a.m. Senator Berglin was excused from the Session of today at 1:00 p.m. Senator Senjem was excused from the Session of today at 1:15 p.m.

ADJOURNMENT

Senator Koch moved that the Senate do now adjourn until 11:00 a.m., Monday, March 7, 2011. The motion prevailed.

Cal R. Ludeman, Secretary of the Senate

