

Agenda #1

Senator Bachmann introduced--

S.F. No. 1986: Referred to the Committee on State and Local Government Operations.

1 A bill for an act

2 relating to local government; requiring a super
3 majority vote by the county to transfer certain local
4 assessment responsibilities; amending Minnesota
5 Statutes 2004, section 273.055.

6 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

7 Section 1. Minnesota Statutes 2004, section 273.055, is
8 amended to read:

9 273.055 [RESOLUTION TO APPOINT ASSESSOR; TERMINATION OF
10 LOCAL ASSESSOR'S OFFICE.]

11 The election to provide for the assessment of property by
12 the county assessor as provided in section 273.052 shall be made
13 by the board of county commissioners by resolution with at least
14 a two-thirds majority vote. Such resolution shall be effective
15 at the second assessment date following the adoption of the
16 resolution. Notwithstanding any other provisions contained in
17 any other section of law or charter, the office of all township
18 and city assessors in such county shall be terminated 90 days
19 before the assessment date at which the election becomes
20 effective, except that if part of such taxing district is
21 located in a county not electing to have the county assessor
22 assess all property as provided in section 273.052, the office
23 will continue but shall apply only to such property in a
24 nonelecting county.

25 No township or city assessor in another county shall assess

1 any property in an electing county, but shall turn over all tax
2 records relating to property to the county assessor 90 days
3 before the assessment date at which the county's election
4 becomes effective.

5 [EFFECTIVE DATE.] This section is effective the day
6 following final enactment.

HARBOUT #1

City of Hugo

14669 Fitzgerald Avenue North

Hugo, MN 55038-9367

PHONE: (651) 762-6300 FAX: (651) 426-2859 EMAIL: info@ci.hugo.mn.us

*Fran Miron, Mayor
Becky Petryk, Council Member Ward 1
Frank Puleo, Council Member Ward 2
Chuck Haas, Council Member Ward 3
Mike Granger, Council Member at Large*

March 15, 2005

Representative Matt Dean
417 State Office Building
St. Paul, MN 55155

Senator Michele Bachmann
125 State Office Building
St. Paul, MN 55155

Representative Ray Vandever
529 State Office Building
St. Paul, MN 55155

Jim Schug, Administrator /
Washington County Government Center
14949 62nd Street North
P.O. Box 6
Stillwater, MN 55082-0006

Dear Honorable Senator Bachmann:

At its March 7, 2005 meeting, the Hugo City Council adopted Resolution 2005-8 supporting a change in State Statute to require a county board's super majority vote to remove a local assessor. Current statute reads "by resolution", which is interpreted as a simple majority. Council directed me to request your support and sponsorship of a Bill to change Minnesota Statute 273.055.

The Hugo City Council has a strong desire to leave control of our City's local assessor, Frank Langer, at the local level. Frank has been our City Assessor since 1979 and has provided an excellent level of professional assessing services for Hugo for the past 25 years.

I will contact you to arrange a meeting to discuss this proposed change in legislation. Thank you in advance for your support and consideration.

Sincerely,



Michael A. Ericson
City Administrator

c: Honorable Mayor and City Council

RESOLUTION 2005 – 8

**RESOLUTION SUPPORTING CHANGE IN STATE STATUTE
TO REQUIRE A SUPER MAJORITY COUNTY BOARD VOTE
TO REMOVE A LOCAL ASSESSOR**

WHEREAS, The City of Hugo has contracted with local Assessor Frank Langer since 1979,
and;

WHEREAS, Frank Langer has provided excellent professional assessing services for the
City over the past 25 years, and;

WHEREAS, The City of Hugo has been most pleased with the services of Frank Langer,
as evidenced by continued low turnout at the annual Board of Review, and;

WHEREAS, Minnesota State Statute provides for the removal of local assessors by a
simple majority vote of the respective County Board, and;

WHEREAS, The Hugo City Council voted unanimously at its February 7, 2005 meeting
to direct the City Administrator to prepare a resolution for special
legislation to change this;

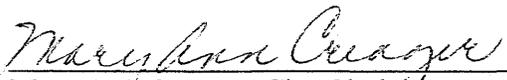
**NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE
CITY OF HUGO, WASHINGTON COUNTY, MINNESOTA,** That the Hugo City
Council requests special legislation from elected officials to change Minnesota State
Statute 273.055 to require super majority vote of the entire County Board for removal of
local assessors.

Whereupon said resolution was declared passed and adopted this 7th day of March 2005.



Fran Miron, Mayor

ATTEST:



Mary Ann Creager, City Clerk

Minnesota Statutes 2004, Table of Chapters

Table of contents for Chapter 273

273.055 Resolution to appoint assessor; termination of local assessor's office.

The election to provide for the assessment of property by the county assessor as provided in section 273.052 shall be made by the board of county commissioners by resolution. Such resolution shall be effective at the second assessment date following the adoption of the resolution. Notwithstanding any other provisions contained in any other section of law or charter, the office of all township and city assessors in such county shall be terminated 90 days before the assessment date at which the election becomes effective, except that if part of such taxing district is located in a county not electing to have the county assessor assess all property as provided in section 273.052, the office will continue but shall apply only to such property in a nonelecting county.

No township or city assessor in another county shall assess any property in an electing county, but shall turn over all tax records relating to property to the county assessor 90 days before the assessment date at which the county's election becomes effective.

HIST: 1969 c 989 s 4; 1973 c 123 art 5 s 7

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273.052 Appointment; application.

Any county in the state of Minnesota, notwithstanding any other provision of law to the contrary, is hereby authorized and empowered to provide for the assessment of all taxable property in the county by the county assessor.

This section shall not apply to Ramsey County, or property assessable in cities whose assessor has the powers of a county assessor pursuant to section 273.063, or property which is by law assessed by the commissioner of revenue.

HIST: 1969 c 989 s 1; 1973 c 123 art 5 s 7; 1973 c 582 s 3; 1974 c 435 art 5 s 1

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273.055 Resolution to appoint assessor; termination of local assessor's office.

PROPOSED
LANGUAGE

The election to provide for the assessment of property by the county assessor as provided in section 273.052 shall be made by the board of county commissioners by resolution. Such resolution shall be effective at the second assessment date following the adoption of the resolution. Notwithstanding any other provisions contained in any other section of law or charter, the office of all township and city assessors in such

super majority

12/13/2004

HUGO

Keeping assessing a local affair

City wants law change to keep county at bay

BY ALEX FRIEDRICH
Pioneer Press

Assessing the value of someone's house can be quite a personal thing, and Hugo city officials think there's no one better qualified to do that than a community's friendly neighborhood assessor.

They're so sure of it that the city administrator, Mike Ericson, is drafting a resolution he hopes will prompt state legislation to make it harder for counties to take over the process.

The resolution would call for the Legislature to require approval from four of five county board members — instead of the current three of five — before they could seize control of assessment from the cities. Boards with seven members would require the approval of five.

He sees it as a way to protect cities from moves such as the ones Washington County made last summer to take over all assessing. The attempt was shelved after some cities protested, and Ericson hopes his legal change would keep the county at bay.

"We're looking to protect our local assessor," Ericson said. Through him, "we think we deliver a better level of customer service."

In Washington County, about 1 in 4 municipalities has its own assessor. About half of the cities and townships across the state — 957 — assess locally, according to the state Department of Revenue.

So if the legislation passed, Ericson said, "it probably would have a dramatic impact across Minnesota."

The city-county debate began last summer when Washington County proposed taking over assessment for all its municipalities. Doing so would be more efficient, county leaders thought, and provide a more consistent standard of assessment throughout the county.

County officials say they've found large discrepancies in assessments of similar properties in various communities. That has allowed some people to pay less than their share of taxes, the officials say, and burdened others by making them pay too much.

"If you don't have an equitable appraisal system, then the integrity of the tax system is called into question," County Administrator James Schug said.

And ultimately, officials complain, it's the county that is responsible for the quality of the assessment, even though it now has no real control over

the local process.

Switching systems shouldn't cost taxpayers anything, county officials say. It would simply shift costs from the cities to the county. Those municipalities already contracting with the county for assessments would likewise not pay.

Over the long run, they say, costs could be lower because of increased efficiency in the process.

But a number of communities — such as Mahtomedi, Lake Elmo and New Scandia Township — protested. They wanted to keep control at the local level, where they thought personal service was better.

"We have someone who has been here 25 years," Ericson said. Homeowners can tell him, "You know my story, here's my house. How do you duplicate that? They're not being treated in an institutional, anti-septic way."

After getting letters and some vocal opposition, county leaders ended up shelving the plan.

Ericson expects to have the resolution drafted in a couple of weeks and hopes state Rep. Ray Vandever, R-Forest Lake, and state Sen. Michele Bachmann, R-Stillwater, can carry it through the Legislature.

"If we can get it this year, great," he said, "but something like this usually takes time."

BAYPORT

Andersen elected to Girl Scout post

Sarah J. Andersen, a member of the board of the Andersen Corp., recently was elected president-elect of the

tions and individuals.

Andersen was a Girl Scout leader for 14 years before beginning her service on the

Bjorkman, who was elected to her second term as vice president, and Bryce Doty, of Eagan, who was elected to his first

Pheasant Hills G.C. features 3
hole 2 ba 1700 sq ft finished

County assessments fought

by Molly Matthews

Correspondent

The Hugo City Council passed a resolution at its Feb. 7 meeting requesting a change in the state statutes regarding terminating local assessor positions.

The Washington County Board is considering a policy requiring its cities to use county assessors instead of allowing its municipalities to use their own assessors. Hugo officials say they want to keep the assessor they have.

The council will ask the city's legislators to sponsor a bill to change the statute to make it harder for the county board to approve the county assessor policy.

According to the current statute, a simple majority — a three out of five vote by the Washington County Board — could remove a local assessor and replace the position with a county assessor.

Hugo would like to see this language changed to a super majority, requiring a four out of five vote.

The Washington County Board proposed the new policy in 2004 to replace all local assessors with county assessors, but no formal vote was taken.

Hugo and other municipalities contacted the Washington County Board and recommended they take no action on this proposal, said Hugo City Administrator Mike Ericson.

Ericson said it was clear after last year's proposal that the Washington County

"It is a political issue with cities trying to tell counties what to do and counties trying to tell cities what to do."

Mike Ericson

Hugo city administrator

Board would continue to look at a county assessing policy.

The unofficial vote among the Washington County Board was tied at 2-2, with the swing vote belonging to Nile Kriesel, the District 3 County Commissioner.

for Washington County in 2004.

Kriesel's position on the board was replaced by his brother, Gary Kriesel, who won the election in November of 2004 and is the current District 3 Commissioner.

"It is going to be an uphill battle," Ericson said, adding that the city will need to use the services of their state representative Ray Vandever and other legislative representatives to ensure the continued use of their local assessor.

"It is a political issue with cities trying to tell counties what to do and counties trying to tell cities what to do," Ericson said.

Hugo's assessor, Frank Langer, has worked as a contract employee for the city for 25 years and has done a great job, Ericson said.

"There are cities in Washington County who use a county assessor, who also do a great job," Ericson said. "But we'd like the discretion

to provide services to our residents how we see fit."

The Hugo City Council strongly supports Langer and is preparing a resolution that would support changing the state statute to require a super majority vote to remove a local assessor.

Ericson said the city hopes the commissioners will carefully look at the decision and how it will effect individual cities. The four out of five vote required by the super majority would make the policy more difficult to pass.

"He helps us to make decisions," Councilwoman Becky Petryk said about Langer.

"There is never a hesitation to call Frank. He gives us the answers we have to have."

Councilman Chuck Haas also supported continuing the use of local assessors.

"The closer citizens can get to their local officials the better the representation," Haas said. "(Having a local assessor) provides an extra voice for the local land owner."

Molly Matthews can be reached at ppnews@shertel.net

RESOLUTION 2005-01

**RESOLUTION SUPPORTING CHANGE IN STATE STATUTE
TO REQUIRE A SUPER MAJORITY COUNTY BOARD VOTE
TO REMOVE A LOCAL ASSESSOR**

WHEREAS, The City of Marine on St. Croix has contracted with local Assessor Frank Langer, and;

WHEREAS, Frank Langer has provided excellent professional assessing services for the City for many years, and;

WHEREAS, The City of Marine on St. Croix has been most pleased with the services of Frank Langer, as evidenced by continued low turnout at the annual Board of Review, and;

WHEREAS, Minnesota State Statute provides for the removal of local assessors by a simple majority vote of the respective County Board, and;

WHEREAS, The Marine on St. Croix City Council voted unanimously at its March 10, 2005 meeting to direct the City Clerk to prepare a resolution for special legislation to change this;

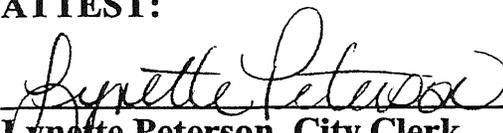
NOW, THEREFORE, BE IT RESOLVED BY THE CITY COUNCIL OF THE CITY OF MARINE ON ST. CROIX, WASHINGTON COUNTY, MINNESOTA, That the Marine on St. Croix City Council requests special legislation from elected officials to change Minnesota State Statute 273.055 to require super majority vote of the entire County Board for removal of local assessors.

Whereupon said resolution was declared passed and adopted this
10th day of March, 2005.



Glen T. Mills, Mayor

ATTEST:



Lynette Peterson, City Clerk

Glen



TOWN OF NEW SCANDIA

14727 209th St. North, P.O. Box 128
Scandia, Minnesota 55073
(651) 433-2274

March 16, 2005

Representative Matt Dean
417 State Office Building
St. Paul, MN 55155

Senator Michele Bachmann
125 State Office Building
St. Paul, MN 55155

Representative Ray Vandever
529 State Office Building
St. Paul, MN 55155

Jim Schug, Administrator
Washington County Government Center
14949 62nd Street North
P.O. Box 6
Stillwater, MN 55082-0006

Dear Honorable Senator Bachmann:

At its March 15, 2005 meeting, the New Scandia Town Board adopted Resolution 03-15-05 supporting a change in State Statute to require a county board's super majority vote to remove a local assessor. Current statute reads "by resolution" which is interpreted as a simple majority. New Scandia Town Board directed me to request your support and sponsorship of a Bill to change Minnesota Statute 273.055.

The New Scandia Town Board prefers to leave control of our Township's local assessor, Frank Langer, at the local level. Mr. Langer has been New Scandia Township's Assessor for the past 29 years and has provided excellent professional assessing services to our community.

If you have any questions regarding this proposed legislation please contact Dennis Seefeldt at 651-433-5999 or Dolores Peterson at 651-433-2274. Thank you for your support and consideration on this matter.

Sincerely,

Dolores Peterson
New Scandia Township Clerk

c: New Scandia Township Chairmen and Supervisors

New Scandia Town Board
March 15, 2005
Page 4

WEED INSPECTOR FOR THE YEAR OF 2005

Nancy Madden made a motion to appoint John Morrison as the Weed Inspector for New Scandia Township for the year of 2005. Michael Hinz seconded the motion and motion adopted unanimously.

DEPOSITARY FOR THE YEAR OF 2005

Michael Hinz made a motion to designate Security State Bank, Mainstreet Bank and the 3M Fund through the League of Minnesota Cities. Nancy Madden seconded the motion and motion adopted unanimously.

BUILDING INSPECTOR SALARY

Mr. Seefeldt made reference to the questions regarding the Building Inspector's salary at the Annual Town Meeting on March 8, 2005. He informed the Board Members that the Building Inspector's contract is in effect until December 31, 2005 and Mr. Joselyn and Mr. Seefeldt will review possible other alternatives or contracts.

RESOLUTION 03-15-05/SUPER MAJORITY COUNTY BOARD VOTE TO REMOVE LOCAL ASSESSOR

Nancy Madden made a motion to adopt Resolution Number 03-15-05 Supporting Change in State Statue to Require a Super Majority County Board Vote to Remove Local Assessor with changes in the Resolution. The Resolution shall also be sent to Representative Ray Vandever and Senator Michele Bachmann. Michael Hinz seconded the motion and motion adopted unanimously.

SPRINGSTED INCORPORATED/FISCAL ANALYSIS

Mr. Harnetty on behalf of the Incorporation Committee submitted a draft for a Fiscal Impact Analysis of the impacts incorporation of the Town into a City.

Nancy Madden made a motion to enter into a contract with Springsted Incorporated for a Fiscal Impact Analysis for Phase 1 in the amount of \$3,000.00. Michael Harnetty seconded the motion and motion adopted unanimously.

SPEED LIMIT ON HIGHWAY 97 NOVAK AVENUE TO PARRISH ROAD NORTH

Mr. Seefeldt stated that many residents have expressed concerns regarding the excessive speed on Highway 97 especially by the Scandia School.

Agenda #2

Senators Pogemiller and Belanger introduced—
S.F. No 2206: Referred to the Committee on Taxes.

1 A bill for an act
2 relating to taxation; defining the term tax for
3 purposes of Minnesota Statutes; amending Minnesota
4 Statutes 2004, section 645.44, by adding a subdivision.

5 BE IT ENACTED BY THE LEGISLATURE OF THE STATE OF MINNESOTA:

6 Section 1. Minnesota Statutes 2004, section 645.44, is
7 amended by adding a subdivision to read:

8 Subd. 19. [FEE AND TAX.] (a) "Tax" means any fee, charge,
9 exaction, or assessment imposed by a governmental entity on an
10 individual, person, entity, transaction, good, service, or other
11 thing. It excludes a price that an individual or entity chooses
12 voluntarily to pay in return for receipt of goods or services
13 provided by the governmental entity. A government good or
14 service does not include access to or the authority to engage in
15 private market transactions with a nongovernmental party, such
16 as licenses to engage in a trade, profession, or business or to
17 improve private property.

18 (b) For purposes of applying the laws of this state, a
19 "fee," "charge," or other similar term that satisfies the
20 functional requirements of paragraph (a) must be treated as a
21 tax for all purposes, regardless of whether the statute or law
22 names or describes it as a tax. The provisions of this
23 subdivision do not preempt or supersede limitations under law
24 that apply to fees, charges, or assessments.

25 [EFFECTIVE DATE.] This section is effective the day

Surcharge
a fine or penalty imposed for violation of a State law or local
(c) This subdivision is not intended to extend the application of Art 4, Sec 18 of the const. of Minn

1 following final enactment.

MINNESOTA • REVENUE

VARIOUS TAXES

Definition of Tax

April 13, 2005

| | Yes | No |
|---|-----|----|
| Separate Official Fiscal Note Requested | | X |
| Fiscal Impact | | |
| DOR Administrative Costs/Savings | | X |

Department of Revenue
 Analysis of H.F. 2178 (Krinkie) / S.F. 2206 (Pogemiller)

| | Fund Impact | | | |
|--------------|--------------------|------------------|------------------|------------------|
| | <u>F.Y. 2006</u> | <u>F.Y. 2007</u> | <u>F.Y. 2008</u> | <u>F.Y. 2009</u> |
| | | (000's) | | |
| General Fund | \$0 | \$0 | \$0 | \$0 |

Effective the day following final enactment.

EXPLANATION OF THE BILL

The bill creates a definition for the term "tax" in Chapter 645, Interpretation of Statutes and Rules. Tax means any fee, charge, exaction, or assessment imposed by a governmental entity on an individual, person, entity, transaction, good, service, or other thing. It excludes the price an individual or entity chooses to voluntarily pay for receipt of goods or services provided by a governmental entity. A fee or charge that meets the functional requirements of a tax must be treated as a tax for all purposes, regardless of whether the statute or law refers to it as a tax.

REVENUE ANALYSIS DETAIL

- The bill would have no impact on any state funds.

Number of Taxpayers: None.

Source: Minnesota Department of Revenue
 Tax Research Division
http://www.taxes.state.mn.us/taxes/legal_policy

hf2178(sf2206)_1/nrg

General Fund Taxes, Fees and Surcharges in SF 2273 -- Allocated in Bill

| Tax, Fee or Surcharge | <u>2006</u> | <u>2007</u> | <u>2006-07</u> |
|--|-------------|-------------|----------------|
| 1 Alcohol excise tax 1-cent per drink equivalent | 23,597 | 26,052 | 49,649 |
| 2 Sales tax on excise tax Increase | 1,009 | 921 | 1,930 |
| 3 \$10 of \$11 increase in criminal/traffic fine surcharge | 4,900 | 6,500 | 11,400 |
| 4 \$4 of \$6.50 increase in recorder fee surcharge | 5,877 | 5,923 | 11,800 |
| 5 Civil court filing fee | 594 | 594 | 1,188 |
| 6 | | | |
| 7 Total allocated in bill | 35,977 | 39,990 | 75,967 |

General Fund Fees and Surcharges in SF 2273 -- Allocated Elsewhere

| Fee or Surcharge | | | |
|--|-------|-------|--------|
| 13 | | | |
| 14 | | | |
| 15 \$1 of \$11 increase in criminal/traffic fine surcharge | 490 | 650 | 1,140 |
| 16 \$2.50 of \$6.50 increase in recorder fee surcharge | 3,673 | 3,707 | 7,380 |
| 17 Liquor wholesale/manufacture license fee increases | 757 | 757 | 1,514 |
| 18 | | | |
| 19 Total allocated elsewhere | 4,920 | 5,114 | 10,034 |

Grand Total General Fund Taxes, Fees and Surcharges in SF 2273

| | | | |
|--|--------|--------|--------|
| 24 | | | |
| 25 Fees allocated in bill | 35,977 | 39,990 | 75,967 |
| 26 Fees allocated elsewhere | 4,920 | 5,114 | 10,034 |
| 27 | | | |
| 28 Grand Total Taxes and Fees in SF 2273 | 40,897 | 45,104 | 86,001 |

Dedicated Statutory Fees and Surcharges in SF 2273

| | | | |
|---|--------|--------|--------|
| 33 | | | |
| 34 Driver's License Renewal Surcharge (\$1) | 1,400 | 1,400 | 2,800 |
| 35 Non-DWI Driver's License Reinstatement Fee | 763 | 832 | 1,595 |
| 36 9-1-1 fee increase (25-cents both years) | 16,368 | 16,688 | 33,056 |
| 37 | | | |
| 38 Total Dedicated Statutory Fees and Surcharges in SF 2273 | 18,531 | 18,920 | 37,451 |

The Governor's Public Safety Budget Recommendation includes the \$10 criminal/traffic surcharge increase which is deposited in the general fund (line 3, above), the non-DWI driver's license reinstatement fee, which is deposited in the special revenue fund and is dedicated to peace officer continuing education and training (line 35, above) and the 9-1-1 fee increase at 25-cents the first year and 10-cents thereafter (line 36, above). The 9-1-1 fee is deposited in the state government special revenue fund and is used for funding 9-1-1 services and infrastructure.

Handout #1

Sec. 7. **Rules of government.** Each house may determine the rules of its proceedings, sit upon its own adjournment, punish its members for disorderly behavior, and with the concurrence of two-thirds expel a member; but no member shall be expelled a second time for the same offense.

Sec. 8. **Oath of office.** Each member and officer of the legislature before entering upon his duties shall take an oath or affirmation to support the Constitution of the United States, the constitution of this state, and to discharge faithfully the duties of his office to the best of his judgment and ability.

Sec. 9. **Compensation.** The compensation of senators and representatives shall be prescribed by law. No increase of compensation shall take effect during the period for which the members of the existing house of representatives may have been elected.

Sec. 10. **Privilege from arrest.** The members of each house in all cases except treason, felony and breach of the peace, shall be privileged from arrest during the session of their respective houses and in going to or returning from the same. For any speech or debate in either house they shall not be questioned in any other place.

Sec. 11. **Protest and dissent of members.** Two or more members of either house may dissent and protest against any act or resolution which they think injurious to the public or to any individual and have the reason of their dissent entered in the journal.

Sec. 12. **Biennial meetings; length of session; special sessions; length of adjournments.** The legislature shall meet at the seat of government in regular session in each biennium at the times prescribed by law for not exceeding a total of 120 legislative days. The legislature shall not meet in regular session, nor in any adjournment thereof, after the first Monday following the third Saturday in May of any year. After meeting at a time prescribed by law, the legislature may adjourn to another time. "Legislative day" shall be defined by law. A special session of the legislature may be called by the governor on extraordinary occasions.

Neither house during a session of the legislature shall adjourn for more than three days (Sundays excepted) nor to any other place than that in which the two houses shall be assembled without the consent of the other house.

Sec. 13. **Quorum.** A majority of each house constitutes a quorum to transact business, but a smaller number may adjourn from day to day and compel the attendance of absent members in the manner and under the penalties it may provide.

Sec. 14. **Open sessions.** Each house shall be open to the public during its sessions except in cases which in its opinion require secrecy.

Sec. 15. **Officers; journals.** Each house shall elect its presiding officer and other officers as may be provided by law. Both houses shall keep journals of their proceedings, and from time to time publish the same, and the yeas and nays, when taken on any question, shall be entered in the journals.

Sec. 16. **Elections viva voce.** In all elections by the legislature members shall vote viva voce and their votes shall be entered in the journal.

Sec. 17. **Laws to embrace only one subject.** No law shall embrace more than one subject, which shall be expressed in its title.

Sec. 18. **Revenue bills to originate in house.** All bills for raising revenue shall originate in the house of representatives, but the senate may propose and concur with the amendments as on other bills.

Sec. 19. **Reporting of bills.** Every bill shall be reported on three different days in each house, unless, in case of urgency, two-thirds of the house where the bill is pending deem it expedient to dispense with this rule.

Sec. 20. **Enrollment of bills.** Every bill passed by both houses shall be enrolled and signed by the presiding officer of each house. Any presiding officer refusing to sign a bill passed by both houses shall thereafter be disqualified from any office of honor or profit in the state. Each house by rule shall provide the manner in which a bill shall be certified for presentation to the governor in case of such refusal.

Sec. 21. **Passage of bills on last day of session prohibited.** No bill shall be passed by either house upon the day prescribed for adjournment. This section shall not preclude the

A

1 Senator moves to amend S.F. No. 2206 as follows:

2 Page 1, after line 5, insert:

3 "Section 1. Minnesota Statutes 2004, section 270.0682,
4 subdivision 1, is amended to read:

5 Subdivision 1. [BIENNIAL REPORT.] The commissioner of
6 revenue shall report to the legislature by March 1 of each
7 odd-numbered year on the overall incidence of ~~the-income-tax,~~
8 ~~sales-and-excise-taxes,-and-property-tax~~ taxes as defined in
9 section 645.44, subdivision 19. The report shall present
10 information on the distribution of the tax burden (1) for the
11 overall income distribution, using a systemwide incidence
12 measure such as the Suits index or other appropriate measures of
13 equality and inequality, (2) by income classes, including at a
14 minimum deciles of the income distribution, and (3) by other
15 appropriate taxpayer characteristics."

16 Renumber the sections in sequence and correct the internal
17 references

18 Amend the title as follows:

19 Page 1, line 3, after the semicolon, insert "providing that
20 the tax incidence study includes all taxes;"

21 Page 1, line 4, delete "section" and insert "sections
22 270.0682, subdivision 1;"

1 Senator moves to amend S.F. No. (TaxIII) as
2 follows:

3 Page 53, after line 19, insert:

4 "Sec. 2. Minnesota Statutes 2004, section 297H.01,
5 subdivision 6, is amended to read:

6 Subd. 6. [NONMIXED MUNICIPAL SOLID WASTE.] "Nonmixed
7 municipal solid waste" means:

8 (1) infectious waste as defined in section 116.76,
9 subdivision 12;

10 (2) pathological waste as defined in section 116.76,
11 subdivision 14;

12 (3) industrial waste as defined in section 115A.03,
13 subdivision 13a, except that, for purposes of this chapter,
14 industrial waste does not include packaging waste, unless the
15 packaging is contaminated with material that renders the
16 packaging in need of special management or is incidental
17 packaging included with industrial waste for disposal or is
18 packaging utilized for transporting industrial solid waste.
19 Industrial solid waste does not include office materials,
20 restaurant and food preparation waste, discarded machinery,
21 demolition debris, municipal solid waste combustor ash, or
22 household refuse; and

23 (4) construction debris as defined in section 115A.03,
24 subdivision 7.

25 [EFFECTIVE DATE.] This section is effective July 1, 2005."

26 Renumber the sections in sequence and correct the internal
27 references

28 Amend the title accordingly

1 Senator moves to amend S.F. No. as follows:

2 Page ..., after line ..., insert:

3 "Sec. [477A.0133] [COUNTY CRIMINAL JUSTICE AID.]

4 Subdivision 1. [PURPOSE.] County criminal justice aid is
 5 intended to reduce the reliance of county criminal justice and
 6 corrections programs and associated costs on local property
 7 taxes.

8 County criminal justice aids must be used to pay expenses
 9 associated with criminal justice activities, specifically (KEEP)
 10 probation and supervised release caseload reductions, chemical
 11 dependency treatment, and assistance to crime victims. and mental health programs.

12 Subd. 2. [DEFINITIONS.] For the purposes of this section,
 13 the following definitions apply:

14 (1) "population" means the population according to the most
 15 recent federal census, or according to the state demographer's
 16 most recent estimate if it has been issued subsequent to the
 17 most recent federal census; and

18 (2) "Part I crimes" means the three-year average annual
 19 number of Part I crimes reported for each county by the
 20 Department of Public Safety for the most recent years
 21 available. By July 1 of each year, the commissioner of public
 22 safety shall certify to the commissioner of revenue the number
 23 of Part I crimes reported for each county for the three most
 24 recent calendar years available.

25 Subd. 3. [FORMULA.] Each calendar year, the commissioner
 26 of revenue shall distribute county criminal justice aid to each
 27 county in an amount determined according to the following
 28 formula:

29 (1) one-half shall be distributed to each county in the
 30 same proportion that the county's population is to the
 31 population of all counties in the state; and

32 (2) one-half shall be distributed to each county in the
 33 same proportion that the county's Part I crimes are to the total
 34 Part I crimes for all counties in the state.

35 Subd. 4. [PAYMENT DATES.] The aid amounts for each
 36 calendar year shall be paid as provided in section 477A.015.

1 Subd. 5. [REPORT.] By March 15 of each year following the
2 year in which criminal justice aids are received, each county
3 must file a report with the commissioner of revenue describing
4 how criminal justice aids were spent, and demonstrating that
5 they were used for criminal justice purposes.

6 Subd. 6. [ANNUAL APPROPRIATION.] Aid payments to counties
7 under this section are limited to \$..... in 2006 and
8 subsequent years."

9 Renumber the sections in sequence and correct the internal
10 references

11 Amend the title accordingly

SET ASIDE
573

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ARTICLE ..

PROPERTY TAX FREEZE

Section 1. [CITATION.]

This article may be cited as the "Truth and Fairness in Taxation Act" (TAFTA) or the "State/Local Fiscal Relations: Truth in Taxation Act."

Sec. 2. [STATEMENT OF PURPOSE.]

The legislature finds that the state of Minnesota is continuing to experience a persistent budget deficit and that reductions in state spending have resulted in increased burdens on school districts, counties, cities, and other units of local government. In order to maintain stability in state and local fiscal relations, the purpose of this act is to prevent property tax rate increases and to illuminate the impact of reductions in revenue to school districts, counties, cities, and other units of local government.

Sec. 3. [BENEFIT RATIO FOR RURAL SERVICE DISTRICTS.]

Notwithstanding Minnesota Statutes, section 272.67, subdivision 6, the benefit ratio used for apportioning levies to a rural service district for taxes payable in 2006 and any subsequent year prior to the freeze termination year must not be greater than that in effect for taxes payable in 2005.

Sec. 4. [PROHIBITION AGAINST INCURRING NEW DEBT.]

Subdivision 1. [ACTIONS PROHIBITED.] After May 31, 2006,

1 no municipality as defined in Minnesota Statutes, section
2 475.51, or any special taxing district as defined in Minnesota
3 Statutes, section 275.066, may sell obligations, certificates of
4 indebtedness, or capital notes under Minnesota Statutes, section
5 412.301, chapter 475, or any other law authorizing obligations,
6 certificates of indebtedness, capital notes, or other debt
7 instruments, or enter into installment purchase contracts or
8 lease purchase agreements under Minnesota Statutes, section
9 465.71, or any other law authorizing installment purchase
10 contracts or lease purchase agreements, if issuing those debt
11 instruments or entering into those contracts would require a
12 levy first becoming payable in 2007 or any subsequent year prior
13 to the freeze termination year.

14 Subd. 2. [EXCEPTIONS.] This prohibition does not apply to:

15 (1) refunding bonds sold to refund bonds originally sold
16 before June 1, 2006;

17 (2) obligations for which the amount of the levy first
18 becoming due in 2007 would not exceed the amount by which the
19 municipality's total debt service levy for taxes payable in 2007
20 prior to issuance of those obligations is less than the
21 municipality's total debt service levy for taxes payable in
22 2006; or

23 (3) obligations with respect to which the municipality
24 makes a finding at the time of the issuance of the obligations
25 that no levy will be required for taxes payable in 2007 or any
26 subsequent year prior to the freeze termination year or to pay
27 the debt service on the obligations because sufficient funds are
28 available from nonproperty tax sources to pay the debt service.

29 As used in clauses (2) and (3), "obligations" includes
30 certificates of indebtedness, capital notes, or other debt
31 instruments or installment purchase contracts or lease purchase
32 agreements.

33 Subd. 3. [DATE WHEN BONDS ARE DEEMED SOLD.] For purposes
34 of this section, bonds will be deemed to have been sold before
35 June 1, 2006, if:

36 (1) an agreement has been entered into between the

1 municipality and a purchaser or underwriter for the sale of the
2 bonds by that date;

3 (2) the issuing municipality is a party to a contract or
4 letter of understanding entered into before June 1, 2006, with
5 the federal government or the state government that requires the
6 municipality to pay for a project, and the project will be
7 funded with the proceeds of the bonds; or

8 (3) the proceeds of the bonds will be used to fund a
9 project or acquisition with respect to which the municipality
10 has entered into a contract with a builder or supplier before
11 June 1, 2006.

12 Sec. 5. [LEVY LIMITATION FOR TAXES PAYABLE IN 2007 AND
13 SUBSEQUENT YEARS.]

14 Subdivision 1. [PROPOSED LEVY.] Notwithstanding any other
15 law to the contrary, for purposes of the certification required
16 by Minnesota Statutes, section 275.065, subdivision 1, in 2006
17 and any subsequent year prior to the freeze termination year, no
18 taxing authority, other than a school district, shall certify to
19 the county auditor a proposed property tax levy or, in the case
20 of a township, a final property tax levy, greater than the levy
21 certified to the county auditor pursuant to Minnesota Statutes,
22 section 275.07, subdivision 1, in the prior year, except as
23 provided in this section.

24 Subd. 2. [FINAL LEVY.] Notwithstanding any other law to
25 the contrary, for purposes of the certification required by
26 Minnesota Statutes, section 275.07, subdivision 1, in 2006 and
27 any subsequent year prior to the freeze termination year, no
28 taxing authority, other than a school district, shall certify to
29 the county auditor a property tax levy greater than the amount
30 certified to the county auditor pursuant to Minnesota Statutes,
31 section 275.07, subdivision 1, in the prior year, except as
32 provided in this section.

33 Subd. 3. [DEBT SERVICE EXCEPTION.] If a levy for taxes
34 payable in 2007 or any subsequent year prior to the freeze
35 termination year, for debt service on obligations, certificates
36 of indebtedness, capital notes, or other debt instruments sold

1 prior to June 1, 2006, or to make payments on installment
2 purchase contracts or lease purchase agreements entered into
3 prior to June 1, 2006, exceeds the levy a taxing authority
4 certified pursuant to Minnesota Statutes, section 275.07,
5 subdivision 1, for taxes payable in 2006 for the same purpose,
6 the excess may be levied notwithstanding the limitations of
7 subdivisions 1 and 2.

8 Subd. 4. [ANNEXATION EXCEPTION.] The city tax rate for
9 taxes payable in 2007 or any subsequent year prior to the freeze
10 termination year on any property annexed under Minnesota
11 Statutes, chapter 414, may not be increased over the city or
12 township tax rate in effect on the property for taxes payable in
13 2006, notwithstanding any law, municipal board order, or
14 ordinance to the contrary. The limit on the annexing city's
15 levy under subdivisions 1 and 2 may be increased in excess of
16 that limit by an amount equal to the net tax capacity of the
17 property annexed times the city or township tax rate in effect
18 on that property for taxes payable in 2006. The levy limit of
19 the city or township from which the property was annexed shall
20 be reduced by the same amount.

21 Subd. 5. [SCHOOL DISTRICT EXCEPTIONS.] (a) For taxes
22 payable in 2007 and subsequent years prior to the freeze
23 termination year, no school district shall certify to the county
24 auditor a property tax levy that exceeds the maximum levy that
25 may be imposed by that district under 2005 S.F. No. 2267, except
26 as provided in paragraph (b).

27 (b) A school district that is in statutory operating debt
28 under Minnesota Statutes, section 123B.81, and has an approved
29 plan under Minnesota Statutes, section 123B.83 that includes an
30 increase to its referendum allowance under Minnesota Statutes,
31 section 126C.17, is exempt from the levy freeze on referenda
32 according to this section.

33 Sec. 6. [FREEZE ON LOCAL MATCH REQUIREMENTS.]

34 Notwithstanding any other law to the contrary, the local
35 funding or local match required from any city, town, or county
36 for any state grant or program shall not be increased for

1 calendar year 2007 or any subsequent year prior to the freeze
2 termination year above the dollar amount of the local funding or
3 local match required for the same grant or program in 2006,
4 regardless of the level of state funding provided. Any local
5 match or local funding requirement that first becomes effective
6 after December 31, 2006, for new or changed state grants or
7 programs shall not be effective until the freeze has been
8 terminated for that taxing jurisdiction under section 16.
9 Nothing in this section shall affect the eligibility of a city,
10 town, or county for the receipt of state grants or program funds
11 in 2007 or any subsequent year prior to the freeze termination
12 year, or reduce the amount of state funding a city, town, or
13 county would otherwise receive in 2007 or any subsequent year
14 prior to the freeze termination year if the local match
15 requirements of the state grant or program were met in 2006.

16 Sec. 7. [SUSPENSION OF SALARY AND BUDGET APPEAL
17 AUTHORIZATION.]

18 After March 1, 2006, no county sheriff may exercise the
19 authority granted under Minnesota Statutes, section 387.20,
20 subdivision 7, and no county attorney may exercise the authority
21 granted under Minnesota Statutes, section 388.18, subdivision 6,
22 to the extent that the salary or budget increase sought in the
23 appeal would result in an increase in county expenditures in
24 calendar year 2007 or any subsequent year prior to the freeze
25 termination year.

26 Sec. 8. [SUSPENSION OF PUBLICATION AND HEARING
27 REQUIREMENTS.]

28 A local taxing authority is not required to comply with the
29 public advertisement notice of Minnesota Statutes, section
30 275.065, subdivision 5a, or the public hearing requirement of
31 Minnesota Statutes, section 275.065, subdivision 6, with respect
32 to taxes payable in 2007 and any subsequent year prior to the
33 freeze termination year.

34 Sec. 9. [TAX RATE FREEZE; REDUCTION OF LEVY.]

35 If in the course of determining local tax rates for taxes
36 payable in 2007 or any subsequent year prior to the freeze

1 termination year after reductions for disparity reduction aid
2 under Minnesota Statutes, section 275.08, subdivisions 1c and
3 1d, the county auditor finds the local tax rate exceeds that in
4 effect for taxes payable in 2006, the county auditor shall
5 reduce the local government's levy so that the local tax rate
6 does not exceed that in effect for taxes payable in 2006,
7 adjusted as provided in section 5.

8 Sec. 10. [PENSION LIABILITIES.]

9 Notwithstanding any other law or charter provision to the
10 contrary, no levy for taxes payable in 2007 or any subsequent
11 year prior to the freeze termination year for a local police and
12 fire relief association for the purpose of amortizing an
13 unfunded pension liability may exceed the levy for that purpose
14 for taxes payable in 2006.

15 Sec. 11. [DUTIES OF TOWNSHIP BOARD OF SUPERVISORS.]

16 Notwithstanding Minnesota Statutes, section 365.10, in 2006
17 the township board of supervisors shall adjust the levy and in
18 any subsequent year prior to the freeze termination year, the
19 township board of supervisors may adjust the expenditures of a
20 township below the level authorized by the electors to adjust
21 for any reduction in the previously authorized levy of the
22 township pursuant to section 5.

23 Sec. 12. [PROHIBITION ON NEW OR INCREASED FEES.]

24 After March 1, 2006, no municipality as defined in
25 Minnesota Statutes, section 475.51, or special taxing district
26 as defined in Minnesota Statutes, section 275.066, and no
27 executive branch state agency may impose a new fee or increase
28 the rate or amount of an existing fee. As used in this section,
29 a fee is any charge for goods, services, regulations, or
30 licensure, and includes charges for admission to or for use of
31 public facilities.

32 Sec. 13. [SAVINGS CLAUSE.]

33 Notwithstanding any provision in this article, nothing in
34 this article constitutes an impairment of any obligations,
35 certificates of indebtedness, capital notes, or other debt
36 instruments, including installment purchase contracts or lease

1 purchase agreements, issued before the date of final enactment
2 of this act, by a municipality as defined in Minnesota Statutes,
3 section 469.174, subdivision 6; a school district; or a special
4 taxing district as defined in Minnesota Statutes, section
5 275.066.

6 Sec. 14. [EFFECTIVE DATE; TERMINATION.]

7 (a) This article is effective the day following final
8 enactment and applies to taxes payable in 2007 and subsequent
9 years prior to the termination date provided in paragraph (b),
10 (c), (d), or (e) for the taxing jurisdiction described in each
11 of those paragraphs.

12 (b) For cities and towns, the termination date is the taxes
13 payable year that is the calendar year when local government
14 aids payable to cities under Minnesota Statutes, section
15 477A.013, are sufficient to fully fund the formula without any
16 reduction due to the limitation in Minnesota Statutes, section
17 477A.03.

18 (c) For counties, the termination date is the taxes payable
19 year when the total amount to be paid to all counties under
20 Minnesota Statutes, section 477A.0124, exceeds the amount paid
21 to all counties under Minnesota Statutes 2002, sections 273.138;
22 273.1398, subdivision 2, minus the amount certified under
23 Minnesota Statutes, section 273.1398, subdivision 4a, paragraph
24 (b), for counties in Judicial Districts One, Three, Six, and
25 Ten, and by 25 percent of the amount certified under Minnesota
26 Statutes, section 273.1398, subdivision 4a, paragraph (b), for
27 counties located in Judicial Districts Two and Four; 273.166;
28 477A.0121; and 477A.0122, increased by the rate of increase in
29 the annual implicit price deflator for government consumption
30 expenditures from 2003 to the current year.

31 (d) For school districts, the termination date is the taxes
32 payable year that is the year in which the state provides a real
33 state aid inflationary increase to the basic formula allowance
34 under Minnesota Statutes, section 126C.10, subdivision 2, over
35 the amount paid in the prior year.

36 (e) For special taxing districts, the termination date is

1 the 2009 taxes payable year.

Solon Baker A

1 Senator moves to amend S.F. No. (Tax111) as
2 follows:

3 Page 54, after line 11, insert:

4 "Sec. 4. [APPROPRIATION.]

5 \$320,000 is appropriated from the general fund to the
6 commissioner of employment and economic development to be
7 distributed to the city of Duluth to be used by the city for
8 grants to enterprises related to environmental cleanup of Lake
9 Superior and long-term community health care."

10 Renumber the sections in sequence and correct the internal
11 references

12 Amend the title accordingly

1 Senator moves to amend S.F. No. (TaxIII) as
2 follows:

3 Page 52, after line 20, insert:

4 "Section 1. Minnesota Statutes 2004, section 270.0603,
5 subdivision 3, is amended to read:

6 Subd. 3. [DISTRIBUTION.] The appropriate statement
7 prepared in accordance with subdivisions 1 and 2 must be
8 distributed by the commissioner to all taxpayers contacted with
9 respect to the determination or collection of a tax, other than
10 the providing of tax forms. Failure to receive the statement
11 does not invalidate the determination or collection action, nor
12 does it affect, modify, or alter any statutory time limits
13 applicable to the determination or collection action, including
14 the time limit for filing a claim for refund.

15 [EFFECTIVE DATE.] This section is effective the day
16 following final enactment, except that for claims for refund, it
17 is effective for claims filed after August 31, 2005."

18 Renumber the sections in sequence and correct the internal
19 references

20 Amend the title accordingly

1 Senator moves to amend S.F. No. (TaxIII) as
2 follows:

3 Page 23, after line 9, insert:

4 "Section 1. Minnesota Statutes 2004, section 254B.02,
5 subdivision 3, is amended to read:

6 Subd. 3. [RESERVE ACCOUNT.] The commissioner shall
7 allocate money from the reserve account to counties that, during
8 the current fiscal year, have met or exceeded the base level of
9 expenditures for eligible chemical dependency services from
10 local money. The commissioner shall establish the base level
11 for fiscal year 1988 as the amount of local money used for
12 eligible services in calendar year 1986. In later years, the
13 base level must be increased in the same proportion as state
14 appropriations to implement Laws 1986, chapter 394, sections 8
15 to 20, are increased, except the county expenditure under
16 subdivision 2 shall not exceed 55 percent of the total
17 allocation for fiscal year 2005; 50 percent in fiscal year 2006;
18 45 percent in fiscal year 2007; and 40 percent in fiscal year
19 2008. Thereafter the expenditure shall decrease by five percent
20 each fiscal year until the maximum county match is 15 percent.
21 The base level must be decreased if the fund balance from which
22 allocations are made under section 254B.02, subdivision 1, is
23 decreased in later years. The local match rate for the reserve
24 account is the same rate as applied to the initial allocation.
25 Reserve account payments must not be included when calculating
26 the county adjustments made according to subdivision 2. For
27 counties providing medical assistance or general assistance
28 medical care through managed care plans on January 1, 1996, the
29 base year is fiscal year 1995. For counties beginning provision
30 of managed care after January 1, 1996, the base year is the most
31 recent fiscal year before enrollment in managed care begins.
32 For counties providing managed care, the base level will be
33 increased or decreased in proportion to changes in the fund
34 balance from which allocations are made under subdivision 2, but
35 will be additionally increased or decreased in proportion to the
36 change in county adjusted population made in subdivision 1,

1 paragraphs (b) and (c). Effective July 1, 2001, at the end of
2 each biennium, any funds deposited in the reserve account funds
3 in excess of those needed to meet obligations incurred under
4 this section and sections 254B.06 and 254B.09 shall cancel to
5 the general fund."

6 Renumber the sections in sequence and correct the internal
7 references

8 Amend the title accordingly

SKOE (A)

1 Senator moves to amend S.F. No. (Tax III) as
2 follows:

3 Page 6, after line 11, insert:

4 "Sec. 3. Minnesota Statutes 2004, section 290.06, is
5 amended by adding a subdivision to read:

6 Subd. 33. [HIGHER EDUCATION TUITION TAX CREDIT.] (a) In
7 this subdivision, the following terms have the meanings given in
8 this paragraph.

9 (1) "Eligible student" includes the taxpayer, spouse, or
10 person claimed as a dependent of the taxpayer under section 151
11 of the Internal Revenue Code. An eligible student must be:

12 (i) a resident of Minnesota;

13 (ii) a graduate of a Minnesota high school or recipient of
14 a Minnesota general education development diploma in 2005 or
15 later; and

16 (iii) an enrolled full-time student at an eligible
17 Minnesota postsecondary institution.

18 (2) An "eligible institution" has the meaning given in
19 section 136A.101, subdivision 4, provided that the institution
20 has a physical presence in Minnesota.

21 (3) "Qualifying higher education expenses" means tuition
22 and fees actually paid during the taxable year to an eligible
23 institution by a taxpayer on behalf of an eligible student for
24 the student's first two years of postsecondary education,
25 reduced by:

26 (i) refunds of tuition and fees received from the
27 institution;

28 (ii) the amount of any Hope Scholarship Credit or Lifetime
29 Learning Credit received with respect to the student under
30 section 25A of the Internal Revenue Code for the same taxable
31 year; and

32 (iii) the amount of any tuition paid for remedial courses.

33 (b) An individual is allowed a credit against the tax
34 imposed by this chapter equal to the amount of qualified higher
35 education expenses for an eligible student. The maximum credit
36 allowed for each eligible student is \$500 in each of the first

1 two years of postsecondary education.

2 (c) The amount of the credit otherwise payable under this
3 subdivision must be reduced as follows:

4 (1) for single taxpayers, by ten percent for every \$500 by
5 which the taxpayer's federal adjusted gross income exceeds
6 \$25,000; and

7 (2) for married taxpayers, by ten percent for every \$1,000
8 by which the taxpayer's federal adjusted gross income exceeds
9 \$50,000.

10 (d) If the amount of the credit exceeds the taxpayer's
11 liability under this chapter, the excess is refundable. The
12 amount necessary to pay the refunds is appropriated annually
13 from the general fund to the commissioner.

14 **[EFFECTIVE DATE.]** This section is effective for taxable
15 years beginning after December 31, 2004."

16 Renumber the sections in sequence and correct the internal
17 references

18 Amend the title accordingly

1 Sec. 15. Minnesota Statutes 2004, section 290.01,
2 subdivision 7b, is amended to read:

3 Subd. 7b. [RESIDENT TRUST.] (a) Resident trust means a
4 trust, except a grantor type trust, which either (1) was created
5 by a will of a decedent who at death was domiciled in this state
6 or (2) is an irrevocable trust, the grantor of which was
7 domiciled in this state at the time the trust became
8 irrevocable. For the purpose of this subdivision, a trust is
9 considered irrevocable to the extent the grantor is not treated
10 as the owner thereof under sections 671 to 678 of the Internal
11 Revenue Code. The term "grantor type trust" means a trust where
12 the income or gains of the trust are taxable to the grantor or
13 others treated as substantial owners under sections 671 to 678
14 of the Internal Revenue Code.

15 (b)(1) A trust, other than a grantor type trust, that
16 became irrevocable before January 1, 1996, or that was
17 administered in Minnesota before January 1, 1996, is a resident
18 trust only if two or more of the following conditions are
19 satisfied:

20 (i) a majority of the discretionary decisions of the
21 trustees relative to the investment of trust assets are made in
22 Minnesota;

23 (ii) a majority of the discretionary decisions of the
24 trustees relative to the distributions of trust income and
25 principal are made in Minnesota;

26 (iii) the official books and records of the trust,
27 consisting of the original minutes of trustee meetings and the
28 original trust instruments, are located in Minnesota.

29 (2) For purposes of this paragraph, if the trustees
30 delegate decisions and actions to an agent or custodian, the
31 actions and decisions of the agent or custodian must not be
32 taken into account in determining whether the trust is
33 administered in Minnesota, if:

34 (i) the delegation was permitted under the trust agreement;

35 (ii) the trustees retain the power to revoke the delegation
36 on reasonable notice; and

1 (iii) the trustees monitor and evaluate the performance of
2 the agent or custodian on a regular basis as is reasonably
3 determined by the trustees.

4 [EFFECTIVE DATE.] This section is effective the day
5 following final enactment.

6 Sec. 16. Minnesota Statutes 2004, section 290.01,
7 subdivision 19a, is amended to read:

8 Subd. 19a. [ADDITIONS TO FEDERAL TAXABLE INCOME.] For
9 individuals, estates, and trusts, there shall be added to
10 federal taxable income:

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

17 (ii) exempt-interest dividends as defined in section
18 852(b)(5) of the Internal Revenue Code, except the portion of
19 the exempt-interest dividends derived from interest income on
20 obligations of the state of Minnesota or its political or
21 governmental subdivisions, municipalities, governmental agencies
22 or instrumentalities, but only if the portion of the
23 exempt-interest dividends from such Minnesota sources paid to
24 all shareholders represents 95 percent or more of the
25 exempt-interest dividends that are paid by the regulated
26 investment company as defined in section 851(a) of the Internal
27 Revenue Code, or the fund of the regulated investment company as
28 defined in section 851(g) of the Internal Revenue Code, making
29 the payment; and

30 (iii) for the purposes of items (i) and (ii), interest on
31 obligations of an Indian tribal government described in section
32 7871(c) of the Internal Revenue Code shall be treated as
33 interest income on obligations of the state in which the tribe
34 is located;

35 (2) the amount of income taxes paid or accrued within the
36 taxable year under this chapter and income the amount of taxes

A

1 Senator moves to amend S.F. No. 2277 as follows:

2 Page 20, delete lines 15 and 16 and insert:

3 "~~\$30,262,000~~ \$32,892,000 2006

4 ~~\$30,262,000~~ \$32,928,000 2007"

5 Page 20, line 17, delete "\$6,823,000" and insert

6 "\$7,109,000"

7 Page 22, line 5, delete "funds" and insert "federal money"

8 and delete "shall be" and insert "is"

9 Page 22, line 6, delete "available" and insert

10 "appropriated"

Agenda #4

COMMITTEE REPORT - WITH AMENDMENTS

Committee on TAXES

S.F. No. 2272

 Resolution

 Re-referred (from another committee)

Amendments:

A-2

Committee recommendation:

And when so amended the bill do pass.

And when so amended the bill do pass and be placed on the Consent Calendar.

And when so amended the bill do pass and be re-referred to the Committee on _____

No recommendation: And when so amended the bill be
 (re-referred to the Committee on _____)

OR (reported to the Senate).

May 3, 2005 (date of committee recommendation)

1 Senator Pogemiller from the Committee on Taxes, to which
2 was referred

3 S.F. No. 2277: A bill for an act relating to education;
4 providing for early childhood, family, and adult education
5 including early childhood, child care, adult basic education,
6 and prevention policy; providing for a study; providing for
7 reports; appropriating money; amending Minnesota Statutes 2004,
8 sections 13.32, subdivision 2; 119A.46, subdivisions 1, 2, 3, 8;
9 119B.09, subdivision 1; 119B.13, by adding a subdivision;
10 121A.17, subdivisions 1, 3, 5, by adding a subdivision; 121A.19;
11 124D.135, subdivision 1; 124D.15, subdivisions 1, 3, 5, 10, 12,
12 by adding subdivisions; 124D.16, subdivision 2; 124D.22,
13 subdivision 3; 124D.531, subdivisions 1, 4; 2005 S.F. No. 1879,
14 article 2, section 1, subdivisions 2, 3, 4, 5, 10, if enacted;
15 2005 S.F. No. 1879, article 2, section 2, subdivision 2, if
16 enacted; proposing coding for new law in Minnesota Statutes,
17 chapter 124D; repealing Minnesota Statutes 2004, sections
18 124D.15, subdivisions 2, 4, 6, 7, 8, 9, 11, 13; 124D.16,
19 subdivisions 1, 4.

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

22 Page 20, delete lines 15 and 16 and insert:

23 "~~\$30,262,000~~ \$32,892,000 2006

24 ~~\$30,262,000~~ \$32,928,000 2007"

25 Page 20, line 17, delete "\$6,823,000" and insert

26 "\$7,109,000"

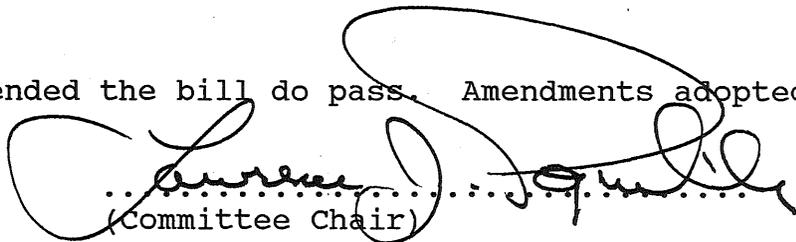
27 Page 22, line 5, delete "funds" and insert "federal money"

28 and delete "shall be" and insert "is"

29 Page 22, line 6, delete "available" and insert

30 "appropriated"

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



.....
(Committee Chair)

May 3, 2005.....
(Date of Committee recommendation)

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COMMITTEE REPORT - WITH AMENDMENTS

Committee on TAXES

S .F. No. 22107

Resolution

Re-referred (from another committee)

Agenda #5

Amendments:

A-2

A-1

A-5

Committee recommendation:

And when so amended the bill do pass.

And when so amended the bill do pass and be placed on the Consent Calendar.

And when so amended the bill do pass and be re-referred to the Committee on _____

No recommendation: And when so amended the bill be

_____ (re-referred to the Committee on _____)

OR _____ (reported to the Senate).

May 3, 2005 (date of committee recommendation)

1 Senator Pogemiller from the Committee on Taxes, to which
2 was referred

3 S.F. No. 2267: A bill for an act relating to education;
4 providing for prekindergarten through grade 12 education
5 including general education; education excellence; special
6 programs; technology, facilities, and accounting; nutrition;
7 state agencies; technical and conforming amendments; authorizing
8 rulemaking; providing for reports; appropriating money; amending
9 Minnesota Statutes 2004, sections 13.321, by adding a
10 subdivision; 120A.05, by adding a subdivision; 120B.02;
11 120B.021, subdivision 1, by adding a subdivision; 120B.024;
12 120B.11, subdivisions 1, 2, 3, 4, 5, 8; 120B.22, subdivision 1;
13 120B.30, subdivisions 1, 1a, by adding a subdivision; 120B.31,
14 subdivision 4; 121A.06, subdivisions 2, 3; 121A.41, subdivision
15 10; 121A.53; 121A.66, subdivision 5, by adding subdivisions;
16 121A.67; 122A.06, subdivision 4; 122A.12, subdivision 2;
17 122A.15, by adding a subdivision; 122A.18, subdivision 2a;
18 122A.40, subdivision 5; 122A.41, subdivisions 2, 5a, 14;
19 122A.413; 122A.60, subdivision 1, by adding subdivisions;
20 122A.61, subdivision 1; 123A.05, subdivision 2; 123B.02, by
21 adding subdivisions; 123B.04, subdivisions 1, 2; 123B.42, by
22 adding a subdivision; 123B.49, subdivision 4; 123B.492; 123B.53,
23 subdivisions 1, 4, by adding a subdivision; 123B.54, as amended;
24 123B.55; 123B.75, by adding a subdivision; 123B.76, subdivision
25 3; 123B.79, subdivision 6; 123B.81, subdivision 1; 123B.82;
26 123B.83, subdivision 2; 123B.88, by adding a subdivision;
27 123B.92, subdivisions 1, 5; 124D.081; 124D.09, subdivision 12;
28 124D.095, subdivisions 2, 4, 8, by adding a subdivision;
29 124D.10, subdivision 8; 124D.11, subdivisions 1, 2, 5, 6;
30 124D.111, subdivision 1; 124D.118, subdivision 4; 124D.40;
31 124D.59, subdivision 2; 124D.66, subdivision 3; 124D.68,
32 subdivision 9; 124D.69, subdivision 1; 124D.74, subdivision 1;
33 124D.81, subdivision 1; 124D.84, subdivision 1; 125A.11,
34 subdivision 1; 125A.24; 125A.28; 125A.51; 125A.76, subdivisions
35 1, 3, 4; 125A.79, subdivisions 1, 6; 126C.01, subdivision 11;
36 126C.05, by adding subdivisions; 126C.10, subdivisions 1, 2, 13,
37 13a, 13b, 18, 24, 29, 30, 31, 32, 33; 126C.13, subdivision 4, by
38 adding subdivisions; 126C.17, subdivisions 1, 2, 5, 9, 11, 13;
39 126C.21, subdivision 4; 126C.40, subdivision 1; 126C.457;
40 126C.48, subdivisions 2, 8; 126C.63, subdivisions 5, 8; 127A.41,
41 subdivision 8; 127A.45, subdivisions 11, 12; 127A.47,
42 subdivisions 7, 8; 127A.49, subdivisions 2, 3; 128C.12,
43 subdivisions 1, 3; 128D.11, subdivision 9; 134.31, by adding a
44 subdivision; 179A.03, subdivision 14; 260C.201, subdivision 1;
45 275.14; 275.16; 469.177, subdivision 9; 475.61, subdivision 4;
46 2005 S.F. No. 1879, article 3, section 3, subdivisions 2, 3, 7,
47 8, 24, 25, 26, 29, 31, 32, 35, 36, 41, 43, 44, 50, if enacted;
48 2005 S.F. No. 1879, article 3, section 4, if enacted; 2005 S.F.
49 No. 1879, article 3, section 5, if enacted; Laws 1996, chapter
50 412, article 5, section 24; Laws 2003, First Special Session
51 chapter 9, article 4, section 29, as amended; proposing coding
52 for new law in Minnesota Statutes, chapters 120A; 120B; 121A;
53 122A; 123B; 124D; 125A; 125B; 127A; 129C; repealing Minnesota
54 Statutes 2004, sections 121A.23; 122A.414; 122A.415; 123B.83,
55 subdivision 1; 125A.75, subdivision 8; 126C.10, subdivisions
56 13a, 13b, 29, 30, 31, 32, 33; 126C.42, subdivisions 1, 4;
57 126C.44; 128C.12, subdivision 4.

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

60 Page 21, line 29, delete "plus" and insert "minus"

61 Page 21, delete lines 30 and 31

62 Page 21, line 32, delete "(3)" and insert "(2)"

63 Page 22, delete lines 3 to 11 and insert:

64 "Subd. 4. [GENERAL EDUCATION AID.] (a) Per-fiscal-year

1 ~~2004, a district's general education aid is the sum of the~~
 2 ~~following amounts:~~

3 ~~(1) general education revenue;~~

4 ~~(2) shared time aid according to section 126C.01,~~
 5 ~~subdivision 7;~~

6 ~~(3) referendum aid according to section 126C.17; and~~

7 ~~(4) online learning aid according to section 126C.24.~~

8 (b) For fiscal year years 2005 and later 2006, a
 9 district's"

10 Page 22, line 26, delete "(c)" and insert "(b)"

11 Page 24, line 1, after "under" insert "Minnesota Statutes
 12 2004,"

13 Page 88, line 20, strike "PREPAREDNESS"

14 Page 105, after line 30, insert:

15 "Sec. 61. 2005 S.F. No. 1879, article 3, section 3,
 16 subdivision 27, if enacted, is amended to read:

17 Subd. 27. [STUDENT ORGANIZATIONS.] For student
 18 organizations:

19 \$~~625,000~~ \$725,000 2006

20 \$~~625,000~~ \$725,000 2007"

21 Pages 145 and 146, delete sections 3 and 4

22 Pages 147 and 148, delete section 6

23 Page 154, line 29, after "by" insert "organized"

24 Page 154, line 33, delete "90 percent of"

25 Page 154, line 36, before the period, insert "or no

26 reduction if the district is part of an organized

27 telecommunications access cluster. Equity aid must be

28 distributed to the telecommunications access cluster for

29 districts that are members of the cluster or to individual

30 districts and charter schools not part of a telecommunications

31 access cluster"

32 Page 166, line 9, after the period, insert "Any balance in

33 the first year does not cancel but is available in the second

34 year."

35 Page 168, line 22, delete "21,511,000" and insert

36 "21,411,000"

1 Page 168, line 23, delete "22,796,000" and insert
2 "22,696,000"

3 Page 169, line 13, delete "\$22,904,000" and insert
4 "\$22,804,000"

5 Renumber the sections in sequence

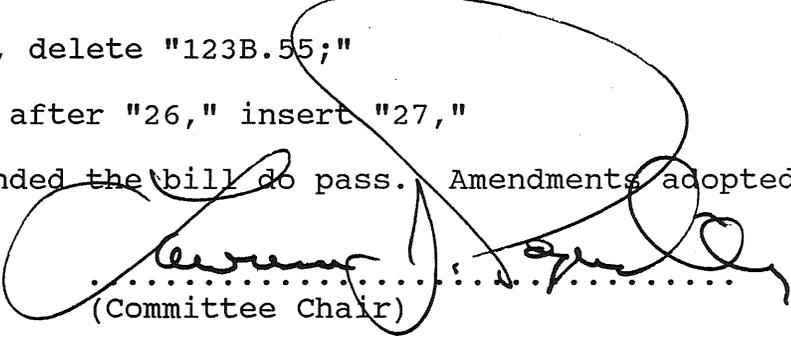
6 Amend the title as follows:

7 Page 1, line 25, delete "subdivisions" and insert
8 "subdivision" and delete ", 4, by adding a subdivision"

9 Page 1, line 26, delete "123B.55;"

10 Page 2, line 8, after "26," insert "27,"

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



.....
(Committee Chair)

May 3, 2005.....
(Date of Committee recommendation)

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