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and Fiscal Analysis**

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Senate

State of Minnesota

S.F. No. 2654 - Omnibus Military and Veterans Affairs Bill (The Delete-Everything Amendment)

Author: Senator Jim Vickerman

Prepared by: Carol E. Baker, Senate Counsel (651/296-4395) *CEB*

Date: March 8, 2006

This bill contains several proposals to protect and benefit Minnesota's current military personnel, military veterans, and their families. It also appropriates \$8.8 million for fiscal year 2007, all but \$100,000 to the commissioner of veterans affairs, to provide for those benefits.

Section 1 [Employment Leave for Family Members.]

Subdivision 1 [Definitions.] defines "active service" to broadly include both federal and state active service for any purpose, including training. Defines "immediate family member" as a spouse, parent or child.

Subdivision 2 [Leave Required.] requires a public or private employer to grant unpaid leave of absence to an employee whose immediate family member has been killed or injured while in active service.

Subdivision 3 [Notice.] requires an employee to give the employer as much notice as practicable before taking the leave.

Subdivision 4 [Relationship to Other Leave.] permits the employee to use other available leave (such as paid vacation, sick leave, etc.) before unpaid leave.

Section 2 [Leave to Attend Military Ceremonies.]

Subdivision 1 [Definitions.] defines "employees," "employer," and "immediate family member."

Subdivision 2 [Leave Required.] requires a public or private employer to grant unpaid leave of absence for a family member to attend a military send-off or homecoming ceremony.

Sections 3 and 4 [Cross-reference.] Adds cross-references in the National Guard chapter of Statutes to the leave benefits in sections 1 and 2.

Section 5 [Higher Ed Vets Assistance Offices.] Requires establishment of an office on each campus of the University of Minnesota and MNSCU for the purpose of providing to veterans who are students or family members of students information and assistance regarding all public and private resources available to them.

Section 6 [Higher Ed Fairness.]

Subdivision 1 [Definitions.] defines “commissioner” and “state college or university.”

Subdivision 2 [Course Recognition.] Directs the University of Minnesota and MNSCU to recognize courses and award educational credits for a veteran’s military training courses, if they meet the standards of the American Council on Education or the equivalent.

Subdivision 3 [Tuition Status.] Directs the UMN and MNSCU to treat all veterans as Minnesota residents for undergraduate tuition purposes. It also directs that for graduate school tuition purposes, a veteran must be treated as a resident if the person was a resident upon entering the military and starts the graduate program within two years of completing military service.

Subdivision 4 [Delayed Payment of Tuition.] Directs that UMN and MNSCU may not assess late fees or other late charges for veterans who are eligible to receive, have applied for, and are awaiting to receive federal educational assistance, nor prevent them from registering for a subsequent term. The institution may require payment from a veteran within 30-days of the veteran’s receipt of such federal assistance.

Section 7 [Exempting Military Retirement Pay from State Taxation.] Allows veterans and veteran’s dependent survivors to subtract military retirement pay, thereby exempting it from income taxation by the State.

The subtraction would be phased in over a four-year period, using the lesser of the following percentage and amount:

2006	25%	\$7,500
2007	50%	\$15,000
2008	75%	\$22,500
2009	100%	no maximum

Section 8 [Cross-reference.] Updates a cross-reference in tax law.

Section 9 [Appropriations.] Except for \$100,000 in subdivision 4, each of the following appropriations is to the Minnesota Department of Veterans Affairs (MDVA) for fiscal year 2007.

Subdivision 1. \$3 million for the State Soldiers' Assistance Fund.

Subdivision 2. \$200,000 for development of a state veterans website within the MDVA. The appropriation will fund two new positions: a service coordinator and a website manager.

Subdivision 3. \$3 million for county veterans service enhancement grants. This appropriation will provide grants to counties for enhancing the benefits, programs and services they provide to veterans.

Subdivision 4. \$2.6 million for higher education veterans assistance offices. Of this appropriation, \$2.5 million is to the MDVA for the campus veterans assistance offices authorized in Section 3 of this bill. The commissioner, in consultation with the Office of Higher Education, must determine the most appropriate methods of using this funding. The commissioner must designate a liaison to the UMN, and another to MNSCU. \$100,000 is to the Board of Trustees of the Minnesota State Colleges and Universities to fund a systemwide coordinator.

Section 10 [Revisor's Instruction.] technical instruction.

Section 11 [Effective Dates.] Sections 1 and 2 are effective immediately, and apply prospectively to the immediate family members of both: (a) military personnel injured or killed on or after that date; and (b) military personnel recovering from injuries received prior to that date, Sections 3 to 8 have an implied effective date of July 1, 2006.

CEB:rd

Comments from The Adjutant General



Major General Larry Shellito

To the Citizens of Minnesota -

In looking over this past year, we have much to be grateful for and many to honor. With respect to the thousands who have served faithfully, let us express a small portion of gratitude for the incredible sacrifices and hardships our Citizen-Soldiers have shouldered over this past year.

First and foremost, we are grateful for the service of our Soldiers and Airmen who have deployed to combat zones. And, we are doubly grateful for the sacrifices of their supportive families. Simply put, these brave Airmen and Soldiers have answered their country's call to arms. Without question or hesitation, they have gone into harms way and performed their missions magnificently. They are to be highly commended.

Senator Bob Dole once said, "Americans have brought hope and left graves in almost every corner of the world". These profound words came home especially hard for the Minnesota National Guard last February when we learned of the deaths of First Lieutenant Jason Timmerman, Staff Sergeant David Day and Sergeant Jesse Lhotka. These three young heroes made the ultimate sacrifice in the defense of their country and their bravery shall never be forgotten. "All gave some and some gave all..."

Second, we honor and recognize those brave men and women have been wounded in the defense of our nation. For their uncommon valor, these men and women have been awarded the Purple Heart.

The Purple Heart differs from all other decorations in that an individual is not "recommended" for it, but rather receives the medal as a result of being wounded in combat. Thus, it is sometimes known as "the medal that no one ever tries to earn." This medal created by General George Washington was the first decoration given to the common Soldier. How appropriate that our first military award recognized the average Soldier's drive, dedication and devotion to duty — a spirit that manifests itself today in the Minnesota National Guard.

Third, we look forward to the safe return next year of the 2,600 men and women of the First Brigade Combat Team. These men and women will report to duty in Iraq in the spring of this year. They have been training since last fall and have received the best available equipment coupled with state-of-the-art training. They are well led and highly motivated. I am positive that they will exceed expectations and make all of us back home proud to be Minnesotans.

From our start as a State Militia to the exploits of the historic First Minnesota at Gettysburg and through the gallantry of the 34th Infantry Division during World War II, the Minnesota National Guard has always stood ready to serve its state and country. I am humbled to lead an institution that bears such a proud lineage. I salute all the men, women, military families and volunteers who have served and continue to serve the Minnesota National Guard.

A handwritten signature in black ink that reads "Larry W. Shellito".

Larry W. Shellito
Major General, Minnesota
Army National Guard
The Adjutant General



Governor Tim Pawlenty



The Minnesota National Guard, an organization focused on serving others.

Our Mission:

The National Guard is under state jurisdiction and can be used by governors during disasters and other state emergencies. In times of war, Soldiers and Airmen of the National Guard can be put into the active service of the United States with the President as commander in chief.



Photo by Elizabeth Flores, Star Tribune

▲ Kaycie Johnson, 3, hitches a ride with her father, Army Sgt. Grant Johnson, of Champlin, MN, after he returned from training in Mississippi for the holidays at the Hubert H. Humphrey terminal, Thursday, December 22, 2005.

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GUARD EXPERIENCE

Capt. Aaron Krenz
Unit: Co. A 1-151st Field Artillery

"I am proud to say that Alpha Company and the Iraqi police partnered to help safely secure 119 polling sites and nine district election offices without a single attack."

- Capt. Aaron Krenz of Fargo, N.D., Commander of Co. A, 151st Field Artillery, was based just southeast of Baghdad.



Minnesota National Guard Overview

Joint Units

Joint Force Headquarters: The Joint Force Headquarters is an operational organization with an integrated Air and Army Guard staff responsible for the command and control of the Minnesota National Guard, as well as the oversight of administrative, personnel, intelligence, operational planning, logistics, civil-military affairs, information technology, legislative affairs, public information, and financial functions.

Homeland Security: Throughout 2005, the Minnesota National Guard has enhanced Minnesota's homeland security capabilities by further developing the Quick Reaction Force, the critical infrastructure assessment team, the 24-hour Watch Station and counterdrug narco-terrorism operations in order to fight threats at home. The 55th Civil Support Team remains Minnesota's high-tech weapons of mass destruction response unit.

Camp Ripley: The state-owned 53,000 acre Camp Ripley is a multi-faceted training center that balances the needs of the military, state agencies, and communities statewide. Camp Ripley serves as a world-class military training center for all branches and components of service. Minnesota State Agencies also rely on Camp Ripley's exceptional facilities for training. Community interests across the spectrum of Minnesota life utilize Camp Ripley for its resources, expertise, and commitment to environmental stewardship.



▲ Youth and Teen campers learned how to operate a firehose at the Minnesota National Guard Youth Camp at Camp Ripley.

Army Units

34th Infantry Division: Minnesota's "Red Bulls" are routinely recognized as the best Division-sized unit in the Army National Guard structure. Over 9,300 Soldiers strong in Minnesota, the 34th Infantry Division is living up to its proud history by serving gallantly in the Global War on Terror. This year, over 1,000 "Red Bulls" returned from deployments and another 2,600 were mobilized in support of Operation Iraqi Freedom. The 34th ID also became the first National Guard combat division to transform and become a more modular force, allowing greater flexibility in mission planning and the ability to specifically tailor the force to each individual mission.

84th Troop Command: Composed of vital and unique specialty elements, the 84th Troop Command has contributed Soldiers to major military operations in 2005. Approximately 20 Soldiers from the 84th Troop Command deployed in 2005 in support of Operation Iraqi Freedom, and over 100 returned from deployment.



▲ Sgt. Eric Bock, Co. A, 1-194 Armor, was awarded a Purple Heart by COL James Brown, Commander of the 18th Military Police Brigade, for wounds received in combat, October 2005.



Air Units

133rd Airlift Wing: The C-130 H3 cargo planes of the 133rd Airlift Wing provide tactical airlift support in response to global mobility and humanitarian requirements, as well as homeland security. The wing's primary focus for 2005 was preparing for an intense Air Force operational readiness inspection—proudly ending the year with a rating of “Excellent” by active component standards. The wing also mobilized over 500 airmen to the gulf region and nine other countries around the world.

148th Fighter Wing: A significant component to the region's homeland security, pilots and crews of the 148th Fighter Wing are regularly on stand-by to scramble F-16 C fighter jets at a moment's notice to intercept aerial threats. The Wing also provided significant support for the Global War on Terror by mobilizing more than 700 Airmen around the world, including deploying an entire aviation package to Iraq. Thanks to the support of the Governor, the Minnesota Congressional Delegation and the Duluth Community, the 148th Fighter Wing survived a possible closure by the Base Realignment and Closure Commission.



◀ The C-130H flight crew are preparing for takeoff to transport passengers from Volk Field Wis., to Minneapolis.



GUARD EXPERIENCE

Maj. Eric Chandler
Unit: 148th Fighter Wing

“The most rewarding thing about the last deployment (Balad, Iraq—Summer 2005) was flying missions that helped the Army Soldiers on the ground. I enjoyed scouting rooftops for snipers and being top cover for a helicopter assault that knocked down doors to capture the enemy. I liked flying over towns at 500 knots in order to keep insurgents’ heads down. There were frustrating times, but, overall, I felt like we were doing good work.”



▲ The 55th Civil Support Team, composed of Airmen and Soldiers, constantly trains for speed and accuracy.

**A force of nearly
13,000 Soldiers
and Airmen.**



▲ The 34th Infantry Division Band performs at a Minnesota Twins Game in the Metrodome.



Master Sgt. Kelly Fisher speaks to students about the benefits of staying drug free.

Yearly Accomplishments

Community



GUARD EXPERIENCE

Officer Candidate Adam Riedel
Unit: Co. C, 142nd Engineers

"Throughout my 17 and a half years in the Minnesota National Guard, we have helped develop third world countries by building schools, medical facilities, community centers, and road networks that allow villagers to trade goods more readily with the outside world.

Our contributions to the State have been numerous, straight-line wind damage from Dilworth to Audubon, flood duty in Crookston and Grand Forks, as well as tornado cleanup in Brainerd. Most recently, I served in Operation Iraqi Freedom as a senior NCO, Platoon Sergeant First Class. The opportunity to serve American citizens on the battle field has been a humbling experience, I am very proud of the job we did in Iraq, and the work my fellow Soldiers continue to do around the world. Coming home to my family and having the honor of becoming a member of the Veterans of Foreign Wars is something that can never be taken away."

- Provided more than 42,450 community support hours throughout the state.
- Collaborated with multiple state and volunteer agencies to establish the capability to receive more than 3,500 hurricane survivors at Camp Ripley within 24 hours at the request of Governor Tim Pawlenty.
- Accommodated 45,330 man-days for civilian organizations to train at Camp Ripley to include Minnesota State Patrol, Minnesota Department of Transportation and Minnesota Department of Health.
- Continued to operate Minnesota's second largest wild life refuge at Camp Ripley in partnership with the Minnesota Department of Natural Resources.
- Received \$1.5 million in funding for the Army Compatible Use Buffer (ACUB). The ACUB supports compatible land use in an effort to preserve the training viability of Camp Ripley as well as the rural character of the surrounding area.
- Received the National Guard Bureau 2005 Natural Resources Conservation Team Award on behalf of the Camp Ripley Environmental Program.
- Convinced the Base Realignment and Closure Commission to overturn the Department of Defense recommendation to eliminate the 148th Fighter Wing.
- Established strategic partnerships with CBS radio, ClearChannel Communications, and Hubbard Broadcasting.
- Created and reinforced partnerships with the Minnesota Twins, Minnesota Vikings, Minnesota Wild, Minnesota Timberwolves, St. Paul Saints, and University of Minnesota Football.
- Leveraged resources of the Minnesota Military Family Foundation and the Minnesota First Lady's Family Care Initiative.
- Reached 2,549 students in grades 4, 6, and 8, from schools in Minneapolis and St. Paul through the STARBASE Minnesota program.
- Assisted local law enforcement in seizing more than \$19 million in drugs, weapons, and vehicles associated with drug trafficking.
- Reached more than 15,600 Minnesota youth with anti-drug messages.
- Created a full-time Child and Youth Coordinator position to provide additional military resources to youth throughout the state.



Lt. Col. Scott St. Sauver talks to his family via live satellite from Camp Taji Iraq, May 2005.



GUARD EXPERIENCE

1st Lt. Ross Neibur
Unit: Co. D, 2-135th Infantry (Air Assault)

"After the September 11th attacks I decided to become an officer in the Minnesota National Guard and my career choice brought me to the root of those attacks. In January 2004, I was called up to lead an Infantry platoon of Soldiers in Afghanistan. I thought this was my "Super Bowl," my chance to take the fight back to the enemy that motivated me to become an Infantry officer.

In Afghanistan, we established a fire base where U.S. forces had never been. We faced very rough conditions and a determined enemy. Our platoon patrolled areas where Osama Bin Laden lived prior to the U.S. actions just years before. After one year of providing security in various locations and establishing operating bases, we were relieved from our mission May 18, 2005. I am proud of the job my Soldiers and I did to make the new fire base as secure and comfortable as we could."

Yearly Accomplishments

People

- Recognized as the only state in the nation to achieve all Army National Guard recruiting goals by exceeding end-strength, total enlistments and attrition.
- Maintained unit authorized strength in the 133rd Airlift Wing and 148th Fighter Wing.
- Honored 19 Soldiers and one Airman for being awarded the Purple Heart, a medal presented to those wounded in combat.
- Implemented a reintegration training program for Soldiers and families to assist in returning to daily life after a deployment; Minnesota National Guard is the first in the nation to initiate such a program.
- Created a full-time Chaplain position to assist Soldiers and families experiencing deployments and reintegration.
- Expanded the tuition reimbursement program and established a state-funded reenlistment program.
- Established a full-time position in Retirement Affairs to continue to assist retirees.
- Expanded pre-mobilization medical support for Minnesota National Guard Soldiers.
- Increased the number of State Family Assistance Centers from eight to eleven.
- Provided hurricane relief in the Gulf Coast region, including hauling more than 600 passengers and more than 370 tons of cargo.
- Worked with Governor Tim Pawlenty to support a potential Avian Flu Pandemic outbreak.
- Assisted in planning the "Support our Troops" license plates that are now available at all deputy registrar locations statewide.



◀ Gov. Tim Pawlenty unveiled the new "Support Our Troops" license plates, Dec. 19, 2005. The proceeds will benefit the Department of Military Affairs and the Department of Veterans Affairs.



Photo by Clinton Wood, Brainerd Dispatch
▲ Sgt. Mike Stasko, Co. A 1-194 Armor, kisses his 8-day old daughter, Aline, before deploying to Iraq for one year.



Soldiers from Co. A, 151st Field Artillery work with the Iraqi Police while stationed near Baghdad.

Yearly Accomplishments

Technology & Innovations

- Connected more than 600 deployed Soldiers from around the world to their families via video conference.
- Continued to implement a Voice-Over Internet Protocol (VOIP) network throughout the state to reduce long-distance telephone charges.
- Designed a secure satellite communications system that will provide real-time communications between state and national command authorities during federal deployments, homeland security missions and natural disasters.
- Continued to automate routine administrative tasks to include training accountability, flight scheduling, mobilization, and deployment tracking.
- Established a VBS1 system at Camp Ripley to provide a virtual reality/interactive training system for emergency response teams.
- Connected more than 400 Minnesota students to NASA for educational video conferences.
- Supported international “virtual academic exchanges” from schools in Minnesota to schools in England via video conference.



▲ Maj. Glenn Kallberg, Joint Force Headquarters Medical Detachment, examined Sgt. Ronald Ream's eyes and ordered him glasses prior to his deployment to Iraq.



GUARD EXPERIENCE

Spec. Keely Hamann
Unit: B Co. 434th Main Support Bn.

“They said I should pick something I don't do in everyday life. Driving a truck across Iraq is definitely something I'd never have done in everyday life.”

A young woman and Citizen Soldier from Appleton, Minn. logged 10,000 miles driving a HETT in Iraq – the most by any driver in theater.

**Adapted from In the Drivers Seat In Iraq, an article written by Wayne Woolley, Newhouse News Service and published in the SarTribune on October 23, 2005.*

Resourcing & Logistics

- 2nd Battalion, 194th Armor placed first in the Army Chief of Staff Supply Excellence Awards.
- 55th Civil Support Team occupied a newly built facility at Twin Cities Air National Guard Base.
- Moved more than 750 vehicles on 230 railcars from Camp Ripley, Minn. to Camp Shelby Miss. in support of the 1/34 BCT mobilization, this represented over 4,100 tons of equipment in a train that would extend more than four miles long.
- Continued to construct a new aircraft maintenance complex at the 148th Fighter Wing.
- Recognized as the top Army National Guard organization within Army Communities of Excellence (ACOE) by the National Guard Bureau and by the Assistant Chief of Staff Installation Management Agency (ACSIM) within the Department of the Army.
- Presented the Bronze Award for the 2004-2005 Army Performance Excellence Award (APEA) —This Army Communities of Excellence (ACOE) capstone program is representative of all organizations and installations within the Department of the Army.

Photo by Richard Sennott, Star Tribune

Lt. Col. Kevin Gardes (r), 151st Rear Area Operations Center Commander and mayor of Taji, listens to an Iraqi Army general during a training exercise on a parade ground at Camp Taji.

Yearly Accomplishments

Operations

- Activated 5,670 Soldiers and Airmen to support Operations Iraqi Freedom, Enduring Freedom and Noble Eagle.
- Mobilized 2,600 Minnesota Army National Guard Soldiers from the 1st Brigade Combat Team, 34th Infantry Division, to train at Camp Shelby, Miss., and deploy to Iraq in early spring 2006.
- Welcomed home more than 1,700 Soldiers and Airmen from deployments.
- Committed 1,016 man-days for state active duty missions at the direction of Governor Tim Pawlenty.
- Provided 2,653 state and federal man-days to support hurricane relief efforts in the southern U.S.
- Uploaded and downloaded 12.35 million tons of equipment, 24,868 passengers, and 155 dogs on 1,343 airplanes through Stennis International Airport, Miss. and Naval Air Station New Orleans during hurricane support operations.
- Conducted more than 230,390 training man-days at Camp Ripley.
- Continued to develop the Arden Hills Army Training Site in an effort to provide cost effective training for Twin Cities-based units; supported more than 25,500 training man-days.
- Established new training facilities at Camp Ripley to include an Infantry platoon battle course, breach site for urban training, convoy training lane, and invested \$1.3 million in automated targetry.
- Continued to establish a Joint Force (Army and Air) State Headquarters by creating a J7 office to oversee joint training, doctrine, and force development.
- Established a full-time intelligence directorate to compliment the existing part-time officer to better support Soldiers and Airmen deploying overseas.
- The 148th Fighter Wing successfully completed an Air Combat Command Inspection and received an "excellent" rating on a NORAD Alert Force Evaluation.
- The 148th Fighter Wing supported a 120-day tour at Balad Air Base, Iraq, where they flew 1,877 combat flying hours and completed 454 combat missions.
- The 133rd Airlift Wing received an "Excellent" rating on an Air Force Readiness Inspection.



▲ Senator Norm Coleman and Maj. Gen. Larry Shellito discuss National Guard issues during a town hall meeting at the Officer's Club in Mpls, May 3, 2005.



▲ Senator Mark Dayton spends time with families of deployed military service members at The Mall of America's Camp Snoopy, Jan. 2, 2005.



▲ Lt. Governor Carol Malnau welcomes Soldiers, Airmen, and the public to the unveiling of the new 55th Civil Support Team building located at the 133rd Airlift Wing.



▲ Brig. Gen. Jon Trost, Assistant Adjutant General and Operation Northern Comfort Task Force Commander, welcomes Daniel Johnson, Executive Director of Homeland Security, to Camp Ripley, Minn., to discuss plans to receive a possible 3,500 hurricane survivors, September 6, 2005.



State Mission

The “state mission” is what sets the National Guard apart from other military organizations. In fiscal year 2005, the Minnesota National Guard served 1,195 days of state active duty as directed by Governor Tim Pawlenty for Civil Support Team missions, homeland security, natural disasters, and missing persons searches.



▲ A Triage Nurse supporting Operation Northern Comfort prepares volunteers to inprocess hurricane survivors at Camp Ripley, Minn., September 8, 2005.

Combining State & Federal Missions

Hurricane Disaster Support: At the request of FEMA and the direction of Governor Tim Pawlenty, 200 Soldiers and Airmen were mobilized to support relief operations in the Gulf Coast region and in Minnesota.

Operation Northern Comfort was Minnesota’s response to Hurricane Katrina and the relocating of up to 3,500 hurricane survivors to Camp Ripley. A task force of approximately 500 personnel consisting of military, government and volunteer agencies developed procedures for initial processing, medical services, housing, food service, recreation, child care, pet services, and follow-on counseling and assistance.



▲ Lt. Col. William Darling, 133rd Airlift Wing, Commander of the Joint Task Force Katrina Naval Air Station New Orleans Weather Cell, briefs the senior staff of JTF Katrina Joint Operations Center on the impacts of Hurricane Rita as it crosses the Gulf of Mexico, September 21, 2005.

Although no hurricane survivors were transported to Camp Ripley, Operation Northern Comfort was an excellent exercise in joint planning and execution of a mission in support of a natural disaster. This operation increased the ability of the Minnesota National Guard and Camp Ripley to respond to state and federal missions.

FACT: Approximately 75 Airmen from the 133rd Airlift Wing provided hurricane relief in the Gulf Coast region, including hauling over 200 passengers and over 170 tons of cargo.

FACT: Approximately 50 Soldiers from the Minnesota National Guard Army Aviation Support Facility provided hurricane relief in the Gulf Coast region, including flying 390 hours to transport food, water, 400 passengers, and 400,000 pounds of sandbags to levee breaches in the greater New Orleans area.

“ More than 500 volunteers and workers were ready to assist hurricane survivors at Camp Ripley within 24 hours. ”

- Brig. Gen. Jon Trost
ONC Task Force Cmdr.



◀ While the 109th Aeromedical Evacuation Squadron was waiting for their mission to arrive at an airbase in Texas, Maj. Pat Howard, Capt. Karen Gozel, Master Sgt. Stanley Gozel, Master Sgt. Bryan Steven, Master Sgt. Steve Burmeister and Tech Sgt. Rob Buresh, stepped up to help load patients on a West Virginia aeromed flight.

Senior Master Sgt. Dave Coldren, meets Lance Johnstone, Minnesota Vikings Defensive End, at the game against Green Bay Packers.



Community Mission

The National Guard is America's community-based defense force, located in more than 2,700 cities and towns, including 63 communities in Minnesota.

The Guard takes its community mission very seriously. Guard members are encouraged to volunteer four hours per year in their community. In 2005, Minnesota Soldiers and Airmen contributed more than 42,450 hours to their local communities.

STARBASE: The Minnesota National Guard values youth education and has been a strong supporter of STARBASE. STARBASE Minnesota is a nonprofit organization with a mission to increase the knowledge, skills, and interests of inner city youth in science, mathematics, and technology for greater academic and lifelong success.

FACT: In the 2004-2005 school year, STARBASE Minnesota reached 2,549 students in grades 4, 6, and 8, from more than 35 schools in Minneapolis and St. Paul.

Counterdrug Program: The Minnesota National Guard supports law enforcement agencies (LEAs), schools, and community based organizations in a two pronged attack against drug threats in Minnesota. The Drug Interdiction Program assists with interdicting the flow of illegal drugs and combating narco-terrorism by providing intelligence analysis, aerial and ground assets, personnel and facilities, equipment programs, and specialized law enforcement training opportunities. The Drug Demand Reduction Program helps to reduce the demand for drugs by providing youth anti-drug education, resiliency skills training, positive role models, alternatives to drug use and other resources and information.

FACT: During 2005, the Guard assisted in seizing over \$19 million in drugs, weapons, and vehicles associated with drug trafficking; saved LEAs over \$926,000 through equipment programs; sponsored or cosponsored free training to over 6,100 law enforcement personnel, first responders, and others; provided over \$91,000 in educational materials; and reached over 15,600 Minnesota youth with anti-drug messages.

Family Assistance Centers: The Guard provides 11 Family Assistance Centers throughout the state to support families of deployed military personnel.

FACT: In the past year, these centers handled more than 30,547 calls and emails from families of activated members of the Guard, Reserve, and Active Duty military living in Minnesota, to assist with issues such as TRICARE, benefits, pay, legal matters, financial counseling and training, emergency assistance coordination, and family readiness groups.

FACT: The "Outreach Program" connected 22,070 military family members and community members throughout the state. The Family Assistance Center staff coordinated the telephone calls and visits to families and community members.

FACT: In the past year the Family Assistance Center staff planned, organized and participated in over 60 mobilization, pre-reintegration, and reintegration briefs designed to educate service members and their families.



▲ Jack Rice, host of WCCO's "The Jack Rice Show," interviews Col. Denny Shields and Bill Popp, Popp Telecom CEO, and founder of the Minnesota Military Family Foundation, on how the community can support deployed Minnesota military service members and their families, December 2, 2005.



▲ Congressman James Oberstar meets with military leaders from Joint Force Headquarters and the 148th Fighter Wing to discuss future wing operations in Duluth.



▲ Students from STARBASE Minnesota show off their newly built rockets they are ready to launch.

Served in

33

countries since 9/11

- Afghanistan
- Antarctica
- Bosnia
- Bulgaria
- Canada
- Columbia
- Croatia
- Cuba
- Curacao
- Diego Garcia
- El Salvador
- England
- France
- Germany
- Honduras
- Iraq
- Italy
- Israel
- Jordan
- Kosovo
- Kuwait
- Netherlands
- Norway
- Panama
- Portugal
- Puerto Rico
- Qatar
- Saudi Arabia
- Sinai
- Peninsula
- Turkey
- UAE
- United States

Federal Mission Accomplished in 2005



Master Sgt. Mark Wasserbauer was selected as the Minnesota Air National Guard, First Sgt. of the Year, 1st Air Force 1st Sgt. of the Year and the United States Air Force 1st Sgt. of the Year in 2005.



Gov. Tim Pawlenty receives the Minn. State Flag from Capt. Troy Fink, Commander of Co. A, 1-151st Field Artillery after flying the flag in Iraq for one year.



Co. C, 142nd Engineers excavated part of a mountain in order to build a road on a cliff in Alaska.



133rd Airlift Wing personnel uploaded and downloaded 12.35 million tons of equipment, 24,868 passengers, and 155 dogs on 1,343 airplanes in support of hurricane relief operations.



Spec. Kyle Marti was selected as Minnesota National Guard Soldier of the Year and 1st Army West Regional Soldier of the Year in 2005.



Soldiers from the Croatian Armed Forces train with Minn. Guard Soldiers at Camp Ripley.



Rep. Gil Gutknecht greets Minnesota Soldiers stationed at Camp Shelby, Miss., before they deploy overseas.



Rep. Betty McCollum speaks with Col. Denny Shields about an upcoming Minnesota Army National Guard deployment.



More than 2,600 Minnesota National Guardsmen train at Camp Shelby, Miss., before deploying overseas in 2006.



Minnesota National Guard Aviation Soldiers flew 390 hours, transported 400 passengers and 400,000 pounds of sandbags in support of Hurricane Katrina.



Staff Sgt. Christine Schwab, 133rd Airlift Wing trained in 90 degrees south Latitude at U.S. South Pole Station Antarctica.



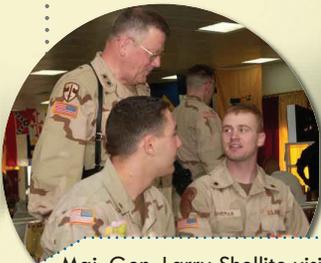
Rep. Mark Kennedy visits Minnesota Guardsmen Maj. Kevin Olson while in Iraq.



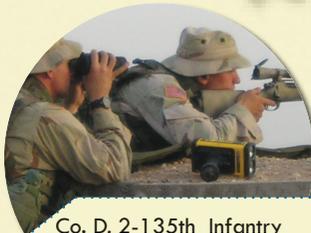
Soldiers of Btry D, 216th Air Defense Artillery become friends with Iraqi children while stationed in Iraq.



- Master Sgt. Pat Cosgrove of Coon Rapids was stationed at Camp Taji, north of Baghdad, during the elections, with the Rear Area Operations Center, 151st Field Artillery.



Maj. Gen. Larry Shellito visits Minnesota Soldiers stationed in Iraq.



Co. D, 2-135th Infantry performed over 3,000 missions including providing security for the Afghan Presidential elections in four provinces of Afghanistan.



Co. A, 1-194th Armor performed over 1,300 combat missions & logged over 500,000 miles conducting convoy operations in Iraq.



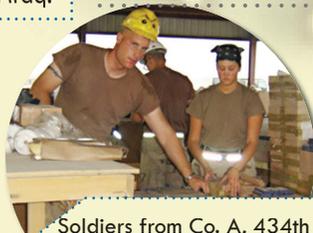
Co. A, 1-151st Field Artillery planned, coordinated and executed flawless security operations during Iraq's first free democratic election.



Co. B, 434th Main Support Bn. assisted in driving over one million miles on more than 444 combat logistic patrols in Iraq.



Co. C, 1-151st Field Artillery provided personal security detail for the U.S. Ambassador to Iraq and the U.N. Representative to Iraq.



Soldiers from Co. A, 434th Main Support Bn. saved the U.S. Army \$11 million in recovered repair parts & managed warehouse operations totaling \$51 million while stationed in Kuwait.



148th Fighter Wing personnel completed 454 combat missions and flew 1,877 combat flying hours in Iraq.

“It was a success. I know, I was there. It was the Iraqis’ election, not ours.”

During 2005

Minnesota welcomed home more than 1,700 Soldiers and Airmen who supported Operations Noble Eagle, Enduring Freedom, and Iraqi Freedom as well as mobilized over 5,670 troops.

Since September 11, 2001, the Minnesota National Guard mobilized more than 11,000 Soldiers and Airmen. They have proven themselves in more than 30 countries to include Afghanistan, Bosnia and Herzegovina, Iraq and Kosovo.

Minnesota Guard members transfer civilian skills to missions that require them to integrate with active duty forces and international militaries around the world.



▲ Spec. Michael Baumgartner hugs his mother before leaving for Camp Shelby, Miss.



Gov. Tim Pawlenty and First Lady Mary Pawlenty accept the 1st Brigade Combat Team guidon flag presented by Lt. Col. Paul Zimmerman, 1BCT Deputy Commander, October 10, 2005. The Governor and First Lady attended almost all 19 deployment ceremonies around the state.

1st Brigade Combat Team



▲ Rep. Collin Peterson speaks with Soldiers before they deployed.



▲ Soldiers train in a simulated Iraqi village while stationed at Camp Shelby, Miss.

“The reason that we are here is to give the Iraqi people a choice. What they choose is up to them, but at least they will have a choice.”

- COL Dave Elicerio
1BCT Commander

Mobilizing 2,600 Minnesota Soldiers: On August 6, 2005, the Minnesota National Guard, 34th Infantry Division, 1st Brigade Combat Team received the call to duty and mobilized 2,600 brave men and women to support Operation Iraqi Freedom 2006-2008.

FACT: The 1st Brigade Combat Team includes 2,600 Minnesotans from more than 580 communities across the state. It's the single largest overseas deployment of Minnesota Guardsmen since World War II, and the largest mobilization of Soldiers since the Korean War.

Training for deployment: For approximately six months Citizen-Soldiers will experience theatre immersion training at Camp Shelby, Miss, and Fort Polk, La., before deploying. The training will simulate the type of combat operations currently being conducted by U.S. Military Coalition forces in Iraq to include ground assault convoys, live-fire exercises and reacting to Improvised Explosive Devices. Following the immersion training, the brigade will travel to the Army's Joint Readiness Training Center at Fort Polk, La., to participate in a final exercise to validate its combat skills before its deployment in mid-March.

FACT: The 1BCT is expected to be the only National Guard Brigade Combat Team deployed to Iraq during 2006. All other combat brigades are from the active duty Army.

Family Support: Multiple organizations are established to support families of deployed service members to include the First Lady's Family Care Initiative, Minnesota National Guard Family Programs, and the Minnesota Military Family Foundation. These programs connect volunteers to military families and assist with extraordinary financial hardships.

FACT: The Minnesota National Guard provides 11 Family Assistance Centers throughout the state. In the past year, these centers handled more than 30,547 calls and emails from families of activated members of the Guard, Reserve, and Active Duty military living in Minnesota.

FACT: In the last year, the Minnesota Military Family Foundation distributed grants in excess of \$80,000 to support deployed military members and their families.

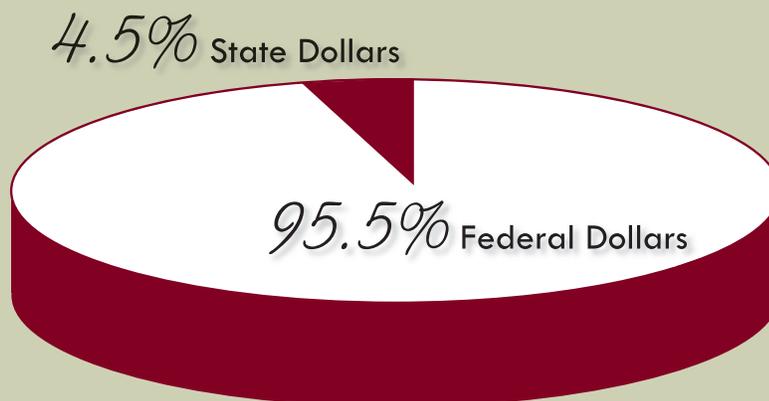
Minnesota National Guard Facilities



63 training areas

add value to each community by providing facilities to train nearly 13,000 Soldiers and Airmen from around the state, and to host a variety of community events — from ceremonies to wedding receptions, the doors are open to serve the community 365 days a year.

Fiscal Year 2005 Budget



Federal Expenditures

Army National Guard	\$160,170,261
Air National Guard	142,868,135
*Other Army Expenditures	4,181,577
<hr/>	
Total Federal Expenditures	\$307,219,973

State Expenditures

Headquarters Operations	\$1,870,887
Enlistment Incentives	5,132,269
Army National Guard	6,236,470
Air National Guard	832,218
State Active Duty	10,747
<hr/>	
Total State Expenditures	\$14,082,591

Total Expenditures \$321,302,564

* Dollars dispersed at Army Guard Training and Community Centers across the state

Economic Impact

Community Unit name <small>* Units with troops activated in 2005</small>	Legislative District	Congressional District	Assigned Personnel	Federal Pay and Expenditures	State Pay and Expenditures
Albert Lea Company D, 2nd Battalion, 135th Infantry (Air Assault)*	27A	1	93	\$360,772	\$ 66,667
Alexandria Company F (Detachment 2), 134th Brigade Support Battalion Company A, 2nd Battalion, 136th Combined Arms Battalion Company A (-), 3rd Battalion, 194th Combined Arms Battalion	11A	7	180	\$421,730	\$24,316
Anoka Headquarters and Headquarters Battery (Detachment 1), 1st Battalion, 125th Field Artillery Battery E, 151st Field Artillery (Target Acquisition) Headquarters and Headquarters Troop (Detachment 1), 1st Battalion, 194th Armor Squadron Headquarters and Headquarters Company (Detachment 2) , 3rd Battalion, 194th Combined Arms Battalion Headquarters and Headquarters Company (Detachment 2) , 2nd Battalion, 136th Combined Arms Battalion	48B	6	113	\$1,208,137	\$65,223
Appleton Headquarters and Headquarters Service (Detachment), 1st Battalion, 151st Field Artillery Organizational Maintenance Shop 7	20A	7	47	\$427,657	\$19,296
Austin 334th Brigade Support Battalion Company F, 334th Brigade Support Battalion	27B	1	251	\$139,251	\$24,404
Bemidji Company A, 2nd Battalion, 136th Combined Arms Battalion, Headquarters Company A (-), 2nd Battalion, 136th Combined Arms Battalion, Headquarters Company C, 2nd Battalion, 136th Combined Arms Battalion, Headquarters	04A	7	128	\$422,652	\$45,341
Bloomington Headquarters and Headquarters Company, Material Management Center, 34th Division Support Command 34th Infantry Division Support Command 34th Military Police Company	40B	3	485	\$2,893,200	\$122,782
Brainerd Headquarters and Headquarters Company (-), 3rd Battalion, 194th Combined Arms Battalion 3rd Battalion, 194th Combined Arms Battalion	12A	8	66	\$159,331	\$156,214
Brooklyn Park Company A, 134th Brigade Support Battalion, Headquarters, 1st Brigade Combat Team Company A (-), 134th Brigade Support Battalion, Headquarters, 1st Brigade Combat Team	47B	3	72	\$1,126,322	\$96,818
Cambridge Horizontal Engineer Company	17A	8	92	\$473,744	\$17,418

Economic Impact

Community Unit name <small>* Units with troops activated in 2005</small>	Legislative District	Congressional District	Assigned Personnel	Federal Pay and Expenditures	State Pay and Expenditures
Chisholm Troop A, (Detachment), 1st Battalion, 194th Combined Arms Battalion	05B	8	37	\$149,262	\$23,904
Cloquet Company B, 34th Special Troop Battalion Organizational Maintenance Shop 13 Annex	08A	8	175	\$487,844	\$90,755
Cottage Grove 204th Area Support Medical Company Company C (-), 134th Brigade Support Battalion Company C, 134th Brigade Support Battalion	57A	2	260	\$1,519,639	\$77,813
Crookston Company B, 2nd Battalion, 136th Combined Arms Battalion Company B (-), 2nd Battalion, 136th Combined Arms Battalion	01B	7	168	\$260,576	\$50,982
Detroit Lakes Company C (Detachment 1), 2nd Battalion, 136th Combined Arms Battalion Company A (Detachment), 2nd Battalion, 136th Combined Arms Battalion Company E (Detachment 2), 134th Brigade Support Battalion Organizational Maintenance Shop 5	09B	7	55	\$1,215,276	\$31,548
Duluth Company D (-), 134th Brigade Support Battalion Headquarters and Headquarters Troop (-), 1st Battalion, 194th Armor Squadron Troop C, 1st Battalion, 194th Armor Squadron	06B	8	271	\$2,679,725	\$80,037
Duluth (Air National Guard Base) 148th Fighter Wing*	06B	8	1021	\$82,162,392	\$385,679
East St. Paul Company B, 3rd Battalion, 194th Combined Arms Battalion Company F (Detachment 3), 134th Brigade Support Battalion	67A	4	74	\$365,917	\$49,972
Fairmont Battery B (Detachment 1), 1st Battalion, 125th Field Artillery* Company G (Detachment 3), 134th Brigade Support Battalion	24A	1	27	\$351,420	\$30,107
Faribault Company A, 34th Division Support Command	26B	2	20	\$56,859	\$22,955
Fergus Falls Headquarters and Headquarters Company (Detachment 1), 2nd Battalion, 136th Combined Arms Battalion	10A	7	33	\$415,045	\$45,343

Economic Impact

Community Unit name <small>* Units with troops activated in 2005</small>	Legislative District	Congressional District	Assigned Personnel	Federal Pay and Expenditures	State Pay and Expenditures
Grand Rapids Company C, 2nd Battalion, 136th Combined Arms Battalion Company E (Detachment 3), 134th Brigade Support Battalion	03B	8	41	\$353,683	\$89,784
Hastings Company C, Aerial Support Battalion Company A (Detachment), 834th Aerial Support Battalion	57B	2	144	\$31,297	\$23,949
Hibbing Troop A (-), 1st Battalion 194th Armor Service Company D (Detachment 1), 134th Brigade Support Battalion Organizational Maintenance Shop #13	05B	8	51	\$757,279	\$75,717
Hutchinson Company F (Detachment 5), 134th Brigade Support Battalion Company E, 3rd Battalion, 194th Combined Arms Battalion	18A	7	157	\$437,750	\$35,431
Inver Grove Heights Tactical Command Post 1 Tactical Command Post 2 Headquarters and Headquarters Company (Detachment), 34th Special Troop Battalion Company A (Detachment), 34th Special Troop Battalion	39B	2	178	\$1,605,257	\$74,143
Jackson Battery B, 1st Battalion, 125th Field Artillery Battery B (-), 1st Battalion, 125th Field Artillery	22B	1	167	\$359,081	\$25,401
Litchfield Mobility Augmentation Company	18B	7	93	\$455,344	\$24,378
Little Falls (Camp Ripley) Vertical Engineer Company Training Center Support Unit Regional Training Site Maintenance Joint Force Headquarters (Detachment 2) 1st Battalion, 175th Training Regiment (Officer Candidate School) 2nd Battalion, 175th Training Regiment (General Studies) Headquarters, 175th Regiment (Regional Training Institute)* Company G, 147th Air Traffic Support Combined Support Maintenance Shop (CSMS) Maneuver Area Training Equipment Site (MATES) Headquarters, 134th Brigade Support Battalion Company B, 134th Brigade Support Battalion Company B (-), 134th Brigade Support Battalion Company E (-), 134th Brigade Support Battalion	12B	8	1272	\$30,884,543	\$314,199

Economic Impact

Community Unit name <small>* Units with troops activated in 2005</small>	Legislative District	Congressional District	Assigned Personnel	Federal Pay and Expenditures	State Pay and Expenditures
Little Falls (Camp Ripley), Continued Company F (Detachment), 134th Brigade Support Battalion Headquarters and Headquarters Company, 134th Brigade Support Battalion Headquarters and Headquarters Detachment, 134th Brigade Support Battalion Chaplain Support Team, 47th Chaplain Detachment Organizational Maintenance Shop 14					
Long Prairie Company E (Detachment 1), 134th Brigade Support Support Battalion	11B	7	15	\$355,161	\$25,099
Luverne Battery A (Detachment 1), 1st Battalion, 125th Artillery* Company G (Detachment 2), 134th Brigade Support Battalion	22A	1	27	\$336,754	\$62,099
Madison Battery B (-), 1st Battalion, 151st Field Artillery*	20A	7	20	\$322,211	\$70,815
Mankato Headquarters and Headquarters Company, 2nd Battalion, 135th Infantry 2nd Battalion, 135th Infantry	23B	1	136	\$1,118,431	\$74,331
Marshall Battery A, 1st Battalion, 151st Field Artillery*	21A	7	201	\$269,383	\$37,267
Minneapolis Headquarters and Headquarters Company, 1st Brigade Combat Team 1st Brigade Combat Team Company A, 134th Brigade Support Battalion Company B, 134th Brigade Support Battalion Headquarters and Headquarters Detachment, 134th BSB Company A, Brigade Special Troop Battalion Headquarters and Headquarters Company, Brigade Special Troop Battalion	59A	5	395	\$2,012,431	\$148,880
Minneapolis/St. Paul (Air National Guard) 133rd Airlift Wing*	63B	5	1287	\$60,705,742	\$446,539
Montevideo Headquarters and Headquarters Service, 1st Battalion, 151st Field Artillery Headquarters and Headquarters Service (-), 1st Battalion, 151st Field Artillery 1st Battalion, 151st Field Artillery	20B	7	75	\$1,911,624	\$106,817
Monticello 257th Military Police Company	19A	6	156	\$437,608	\$ 3,533

Economic Impact

Community Unit name * Units with troops activated in 2005	Legislative District	Congressional District	Assigned Personnel	Federal Pay and Expenditures	State Pay and Expenditures
Moorhead Headquarters and Headquarters Company, 2nd Battalion, 136th Combined Arms Battalion Headquarters and Headquarters Company (-), 2nd Battalion, 136th Combined Arms Battalion 2nd Battalion, 136th Combined Arms Battalion Company B, Brigade Special Troop Battalion	09A	7	429	\$1,631,887	\$165,481
Morris Battery C (-), 1st Battalion, 151st Field Artillery*	11A	7	174	\$159,186	\$99,186
New Brighton Organizational Maintenance Shop 3 and 8	50B	4	32	\$3,499,298	\$203
New Ulm Headquarters and Headquarters Battery (-), 1st Battalion, 125th Field Artillery* Organizational Maintenance Shop 6	21B	1	157	\$1,187,415	\$39,475
Northfield 434th Chemical Company (-)* 434th Chemical Company*	25B	2	65	\$134,865	\$95,921
Olivia Battery B (Detachment 1), 1st Battalion, 151st Field Artillery*	20B	7	22	\$19,462	\$15,275
Ortonville Battery C (Detachment 1), 1st Battalion, 151st Field Artillery*	20A	7	24	\$53,658	\$23,021
Owatonna Company C (Detachment 1), 2nd Battalion, 135th Infantry (Mechanized)*	26A	1	40	\$270,002	\$78,020
Pine City Troop B, 1st Battalion, 194th Armor Service Company C (Detachment 2), 134th Brigade Support Battalion	08B	8	72	\$482,633	\$40,886
Pipestone Battery A (-), 1st Battalion, 125th Field Artillery*	22A	1	33	\$353,698	\$17,022
Red Wing 434th Chemical Company (Detachment 1)*	28A	2	23	\$59,534	\$22,761
Redwood Falls Company E (Detachment 5), 134th Brigade Support Battalion Company E, 2nd Battalion, 136th Combined Arms Battalion	21A	7	79	\$522,123	\$24,954
Rochester Company B, 2nd Battalion, 135th Infantry (Mechanized)* Organizational Maintenance Shop 2	30A	1	121	\$905,746	\$20,663

Economic Impact

Community Unit name <small>* Units with troops activated in 2005</small>	Legislative District	Congressional District	Assigned Personnel	Federal Pay and Expenditures	State Pay and Expenditures
Rosemount Headquarters and Headquarters Company, 34th Infantry Division* Headquarters, 34th Infantry Division Company A (-), Special Troop Battalion, 34th Infantry Division Headquarters and Headquarters Company (-), Special Troop Battalion, 34th Infantry Division Headquarters and Headquarters Company, Main Command Post Company A, Main Command Post Company B, Main Command Post 34th Infantry Division 34th Military Police Company* 34th Division Band 634th Military Intelligence Battalion* Organizational Maintenance Shop 1	37B	2	668	\$15,296,959	\$187,430
Roseville 84th Troop Command Recruiting and Retention Command 84th Troop Command Headquarters 798th Transportation Detachment* Headquarters, 147th Finance Battalion* 147th Finance Battalion (Detachment) 247th Finance Battalion (Detachment) 147th Personnel Service Battalion* 347th Personnel Service Battalion 434th Chemical Company (Detachment 2)*	54A	4	321	\$4,247,747	\$152,848
Sauk Centre Company C, 1st Battalion, 194th Armor Service Company F (Detachment 4), 134th Brigade Support Battalion Company C, 3rd Battalion, 194th Combined Arms Battalion	13A	7	88	\$439,968	\$20,681
St. Cloud Company F (-), 134th Brigade Support Battalion Company A (Detachment), 3rd Battalion, 194th Combined Arms Battalion Company D, 3rd Battalion, 194th Combined Arms Battalion Headquarters and Headquarters Company, 3rd Battalion, 194th Combined Arms Battalion	15B	6	106	\$155,920	\$62,581
St. James Company G (Detachment 1), 134th Brigade Support Battalion	24A	1	8	\$576,470	\$16,798
St. Paul Veterans Service Building Minnesota National Guard Joint Force Headquarters Cedar Street Armory Minnesota National Guard Joint Force Headquarters Minnesota National Guard Joint Force Medical Detachment	65B	4	1164	\$64,627,649	\$476,754

Economic Impact

Community Unit name <small>* Units with troops activated in 2005</small>	Legislative District	Congressional District	Assigned Personnel	Federal Pay and Expenditures	
St. Paul, Continued					
Homeland Security					
Watch Office					
Headquarters, 34th Aviation Brigade					
Headquarters, 834th Aviation Support Battalion					
Headquarters and Supply Company, 834th Aviation Support Battalion					
Company B, 834th Aviation Support Battalion					
Company B (Detachment 2), 834th Aviation Support Battalion					
55th Civil Support Team					
Army Aviation Support Facility					
Combat Aviation Brigade					
Headquarters and Headquarters Company, Headquarters and Headquarters Company (Detachments, 2, 3)					
2nd Battalion, 147th Assault Battalion					
Headquarters and Headquarters Company (-), Company A, Company D (-), Company E (-), 2nd Battalion, 147th Assault Battalion					
834th Aviation Support Battalion					
Company A, Company B, 834th Aviation Support Battalion					
Detachment 39, Operational Support Airlift Command*					
1256th Medical Company (Air Ambulance)*					
Headquarters and Headquarters Company, Headquarters and Headquarters Company (Detachment 2), Company A, Company A (-), Company B, Company B (Detachments 1, 2, 3, 4) Company C, Company D (Detachment 2), Company E (Detachment 2), 2nd Battalion, 211th General Support Aviation Battalion					
2nd Battalion, 211th General Support Aviation Battalion					
St. Peter	23A	1	176	\$458,020	\$34,223
Company G (-), 134th Brigade Support Battalion					
Stillwater	56A	6	279	\$4,346,054	\$60,607
Brigade Special Troop Battalion					
Headquarters and Headquarters Company (-), Brigade Special Troop Battalion					
Thief River Falls	01A	7	42	\$309,532	\$52,951
Company B (Detachment), 2nd Battalion, 136th Combined Arms Battalion					
Wadena	10B	7/8	151	\$42,327	\$42,469
Company E (Detachment 4), 134th Brigade Support Battalion					
Company D, 2nd Battalion, 136th Combined Arms Battalion					
West St. Paul	39A	4	308	\$929,209	\$23,358
Company A, 2nd Battalion, 135th Infantry*					
Willmar	13B	7	159	\$1,301,771	\$47,650
Headquarters and Headquarters Company, 682nd Engineer Battalion					
Organizational Maintenance Shop 4					
Winona	31A	1	140	\$476,640	\$26,592
Company C, Company C (-), 2nd Battalion, 135th Infantry*					

1.1 Senator moves to amend S.F. No. 2654 as follows:

1.2 Delete everything after the enacting clause and insert:

1.3 "Section 1. [181.947] LEAVE FOR IMMEDIATE FAMILY MEMBERS OF
4 MILITARY PERSONNEL INJURED OR KILLED IN ACTIVE SERVICE.

1.5 Subdivision 1. Definitions. (a) The definitions in this subdivision apply to this
1.6 section.

1.7 (b) "Active service" has the meaning given in section 190.05, subdivision 5.

1.8 (c) "Employee" means a person, independent contractor, or person working for an
1.9 independent contractor who performs services for compensation, in whatever form, for
1.10 an employer.

1.11 (d) "Employer" means a person or entity located or doing business in this state
1.12 and having one or more employees, and includes the state and all political or other
1.13 governmental subdivisions of the state.

1.14 (e) "Immediate family member" means a person's parent, child, or spouse.

1.15 Subd. 2. Unpaid leave required. An employer must grant a leave of absence
1.16 without pay to an employee whose immediate family member, as a member of the United
1.17 States armed forces, has been injured or killed while engaged in active service. The length
1.18 of the leave shall be determined by the employee, but may not exceed 12 weeks, unless
1.19 agreed to by the employer. The purpose of the leave is to attend to an injured immediate
1.20 family member or to attend services for and attend to the affairs of an immediate family
1.21 member who has been killed.

1.22 Subd. 3. Notice. An employee must give as much notice to the employee's employer
1.23 as practicable of the employee's intent to exercise the leave guaranteed by this section.

1.24 Subd. 4. Relationship to other leave. The length of leave provided under this
1.25 section may be reduced by any period of paid leave provided by the employer. Nothing
1.26 in this section prevents an employer from providing leave benefits in addition to those

2.1 provided in this section or otherwise affects an employee's rights with respect to other
2.2 employment benefits.

2.3 **Sec. 2. [181.948] LEAVE TO ATTEND MILITARY CEREMONIES.**

2.4 **Subdivision 1. Definitions.** (a) For the purposes of this section, the following terms
2.5 have the meaning given to them in this subdivision.

2.6 (b) "Employee" means a person, independent contractor, or person working for an
2.7 independent contractor who performs services for compensation, in whatever form, for
2.8 an employer.

2.9 (c) "Employer" means a person or entity located or doing business in this state
2.10 and having one or more employees, and includes the state and all political or other
2.11 governmental subdivisions of the state.

2.12 (d) "Immediate family member" means a person's grandparent, parent, legal
2.13 guardian, sibling, child, grandchild, spouse, fiance, or fiancée.

2.14 **Subd. 2. Unpaid leave required.** Unless the leave would unduly disrupt the
2.15 operations of the employer, an employer shall grant a leave of absence without pay
2.16 to an employee for the actual time necessary for an employee to attend a send-off or
2.17 homecoming ceremony for an immediate family member who, as a member of the United
2.18 States armed forces, has been mobilized for active service in support of a war or other
2.19 national emergency.

2.20 **Sec. 3.** Minnesota Statutes 2005 Supplement, section 192.502, is amended by adding a
2.21 subdivision to read:

2.22 **Subd. 3. Unpaid leave to attend military ceremonies.** Employees are entitled
2.23 to unpaid leave, as provided in section 181.948, to attend the send-off or homecoming
2.24 ceremony of an immediate family member who, as a member of the United States
2.25 armed forces, has been mobilized for active service in support of a war or other national
2.26 emergency.

2.27 **Sec. 4.** Minnesota Statutes 2005 Supplement, section 192.502, is amended by adding a
2.28 subdivision to read:

2.29 **Subd. 4. Unpaid leave for families of injured or deceased military members.**
2.30 Employees are entitled to unpaid leave, as provided in section 181.947, when an
2.31 immediate family member, as a member of the United States armed forces, has been
2.32 injured or killed while engaged in active service.

2.33 **Sec. 5. [197.585] HIGHER EDUCATION VETERANS ASSISTANCE OFFICES.**

2.34 Each campus of the University of Minnesota and each institution within the
2.35 Minnesota State Colleges and Universities system shall provide adequate space for a

3.1 veterans assistance office to be administered by the commissioner of veterans affairs, and
3.2 each private college and university in Minnesota is encouraged to provide adequate space
3.3 for a veterans assistance office to be administered by the commissioner of veterans affairs.
3.4 The veterans assistance office must provide information and assistance to veterans who
3.5 are students or family members of students at the school regarding the availability of
3.6 state, federal, local, and private resources.

3.7 **Sec. 6. [197.775] HIGHER EDUCATION FAIRNESS.**

3.8 **Subdivision 1. Definitions.** (a) The definitions in this subdivision apply to this
3.9 section.

3.10 (b) "Commissioner" means the commissioner of veterans affairs.

3.11 (c) "State college or university" means a unit of the University of Minnesota or
3.12 Minnesota State Colleges and Universities.

3.13 **Subd. 2. Recognition of courses.** (a) Minnesota State Colleges and Universities
3.14 must recognize courses and award educational credits for courses that were part of a
3.15 veteran's military training or service if the courses meet the standards of the American
3.16 Council on Education or equivalent standards for awarding academic credits.

3.17 (b) The University of Minnesota and private colleges and universities in Minnesota
3.18 are encouraged to recognize courses and award educational credits for courses that were
3.19 part of a veteran's military training or service if the courses meet the standards of the
3.20 American Council on Education or equivalent standards for awarding academic credits.

3.21 **Subd. 3. Tuition status.** A state college or university must treat a veteran as a
3.22 Minnesota resident for purposes of determining the veteran's undergraduate tuition rate,
3.23 and must treat a veteran as a Minnesota resident for purposes of determining the veteran's
3.24 graduate school tuition rate if the veteran was a Minnesota resident on entering military
3.25 service and starts attending the state college or university graduate program within two
3.26 years of completing military service.

3.27 **Subd. 4. Delayed payment of tuition.** A state college or university may not assess
3.28 late fees or other late charges for veterans who are eligible and have applied for federal
3.29 educational assistance but have not yet received it, nor may it prevent these students from
3.30 registering for a subsequent term because of outstanding tuition charges that arise from
3.31 delayed federal payments. The state college or university may request without delay
3.32 the amount of tuition above expected federal educational assistance and may require
3.33 payment of the full amount of tuition owed by the veteran within 30 days of receipt of the
3.34 expected federal educational assistance.

4.1 Sec. 7. Minnesota Statutes 2005 Supplement, section 290.01, subdivision 19b, is
4.2 amended to read:

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

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

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

4.11 (3) the amount paid to others, less the amount used to claim the credit allowed under
4.12 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
4.13 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
4.14 transportation of each qualifying child in attending an elementary or secondary school
4.15 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
4.16 resident of this state may legally fulfill the state's compulsory attendance laws, which
4.17 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
4.18 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
4.19 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
4.20 "textbooks" includes books and other instructional materials and equipment purchased
4.21 or leased for use in elementary and secondary schools in teaching only those subjects
4.22 legally and commonly taught in public elementary and secondary schools in this state.
4.23 Equipment expenses qualifying for deduction includes expenses as defined and limited in
4.24 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
4.25 books and materials used in the teaching of religious tenets, doctrines, or worship, the
4.26 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
4.27 or materials for, or transportation to, extracurricular activities including sporting events,
4.28 musical or dramatic events, speech activities, driver's education, or similar programs. For
4.29 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
4.30 given in section 32(c)(3) of the Internal Revenue Code;

4.31 (4) income as provided under section 290.0802;

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

4.34 (6) to the extent not deducted in determining federal taxable income by an individual
4.35 who does not itemize deductions for federal income tax purposes for the taxable year, an
4.36 amount equal to 50 percent of the excess of charitable contributions over \$500 allowable

5.1 as a deduction for the taxable year under section 170(a) of the Internal Revenue Code and
5.2 under the provisions of Public Law 109-1;

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

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

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

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

5.24 (11) the amount of compensation paid to members of the Minnesota National Guard
5.25 or other reserve components of the United States military for active service performed
5.26 in Minnesota, excluding compensation for services performed under the Active Guard
5.27 Reserve (AGR) program. For purposes of this clause, "active service" means (i) state
5.28 active service as defined in section 190.05, subdivision 5a, clause (1); (ii) federally
5.29 funded state active service as defined in section 190.05, subdivision 5b; or (iii) federal
5.30 active service as defined in section 190.05, subdivision 5c, but "active service" excludes
5.31 services performed exclusively for purposes of basic combat training, advanced individual
5.32 training, annual training, and periodic inactive duty training; special training periodically
5.33 made available to reserve members; and service performed in accordance with section
34 190.08, subdivision 3;

6.1 (12) the amount of compensation paid to Minnesota residents who are members
6.2 of the armed forces of the United States or United Nations for active duty performed
6.3 outside Minnesota;

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

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

6.24 (15) to the extent included in federal taxable income, compensation paid to a
6.25 nonresident who is a service member as defined in United States Code, title 10, section
6.26 101(a)(5), for military service as defined in the Service Member Civil Relief Act, Public
6.27 Law 108-189, section 101(2); ~~and~~

6.28 (16) international economic development zone income as provided under section
6.29 469.325-; and

6.30 (17) to the extent included in federal taxable income, a percentage, up to a maximum,
6.31 of the amount received from a pension or other retirement pay from the government for
6.32 service in the armed forces of the United States, regardless of whether the recipient served
6.33 in the military. For taxable years beginning after December 31, 2005, and before January
6.34 1, 2007, the percentage is 25 percent and the maximum amount is \$7,500; for taxable
6.35 years beginning after December 31, 2006, and before January 1, 2008, the percentage
6.36 is 50 percent and the maximum amount is \$15,000; for taxable years beginning after

7.1 December 31, 2007, and before January 1, 2009, the percentage is 75 percent and the
7.2 maximum amount is \$22,500; and for taxable years beginning after December 31, 2008,
7.3 the percentage is 100 percent and there is no maximum amount.

7.4 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
7.5 December 31, 2005.

7.6 Sec. 8. Minnesota Statutes 2005 Supplement, section 290.091, subdivision 2, is
7.7 amended to read:

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

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

7.12 (1) the taxpayer's federal alternative minimum taxable income as defined in section
7.13 55(b)(2) of the Internal Revenue Code;

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

7.16 (i) the charitable contribution deduction under section 170 of the Internal Revenue
7.17 Code:

7.18 (A) for taxable years beginning before January 1, 2006, to the extent that the
7.19 deduction exceeds 1.0 percent of adjusted gross income;

7.20 (B) for taxable years beginning after December 31, 2005, to the full extent of the
7.21 deduction.

7.22 For purposes of this clause, "adjusted gross income" has the meaning given in
7.23 section 62 of the Internal Revenue Code;

7.24 (ii) the medical expense deduction;

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

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

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

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

8.1 (5) to the extent not included in federal alternative minimum taxable income, the
8.2 amount of interest income as provided by section 290.01, subdivision 19a, clause (1); and
8.3 (6) the amount of addition required by section 290.01, subdivision 19a, clauses
8.4 (7), (8), and (9);

8.5 less the sum of the amounts determined under the following:

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

8.7 (2) an overpayment of state income tax as provided by section 290.01, subdivision
8.8 19b, clause (2), to the extent included in federal alternative minimum taxable income;

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

8.13 (4) amounts subtracted from federal taxable income as provided by section 290.01,
8.14 subdivision 19b, clauses (9) to ~~(16)~~ (17).

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

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

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

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

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

8.25 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
8.26 December 31, 2005.

8.27 **Sec. 9. APPROPRIATIONS.**

8.28 **Subdivision 1. State soldiers' assistance fund.** \$3,000,000 is appropriated in fiscal
8.29 year 2007 from the general fund to the commissioner of veterans affairs to be deposited
8.30 in the state soldiers' assistance fund established in Minnesota Statutes, section 197.03.
8.31 The appropriations in this subdivision are in addition to other appropriations made to the
8.32 commissioner of veterans affairs.

8.33 **Subd. 2. Centralized Web site for veterans services.** \$200,000 is appropriated
8.34 in fiscal year 2007 from the general fund to the commissioner of veterans affairs to
8.35 fund a veterans service coordinator and a veterans assistance Web manager within

9.1 the Department of Veterans Affairs, whose mission is to create a centralized Web site
9.2 containing information on all state, federal, local, and private agencies and organizations
9.3 that provide goods or services to veterans or their families.

9.4 **Subd. 3. County veterans service officers service enhancement grants.**
9.5 \$3,000,000 is appropriated in fiscal year 2007 from the general fund to the commissioner
9.6 of veterans affairs to provide grants to counties for enhancing the benefits, programs,
9.7 and services they provide to veterans. The commissioner, in consultation with the
9.8 County Veterans Service Officers Association, shall establish grants based on objective
9.9 benchmarks and standards. A county may not reduce its veterans service office budget by
9.10 any amount received as a grant under this section. This grant program is in addition to
9.11 grants made under Minnesota Statutes, section 197.608.

9.12 **Subd. 4. Higher education veterans assistance offices.** (a) \$2,600,000 is
9.13 appropriated in fiscal year 2007 from the general fund for the purposes of Minnesota
9.14 Statutes, section 197.585.

9.15 (b) Of the amount in paragraph (a), \$2,500,000 is to the commissioner of veterans
9.16 affairs for the veterans assistance offices under Minnesota Statutes, section 197.585. The
9.17 commissioner, in consultation with the Office of Higher Education, shall determine the
9.18 most appropriate method of allocating this appropriation to align with the needs of the
9.19 students at Minnesota State Colleges and Universities and the University of Minnesota
9.20 who are veterans. Methods may include, but are not limited to, providing grants for
9.21 work study positions and providing central liaison and coordination staff to enhance
9.22 the responsiveness of higher education institutions to students who are veterans. The
9.23 commissioner shall designate a liaison to the University of Minnesota and a liaison to the
9.24 private colleges and universities in Minnesota for the purposes of Minnesota Statutes,
9.25 section 197.585.

9.26 (c) Of the amount in paragraph (a), \$100,000 is to the Board of Trustees of the
9.27 Minnesota State Colleges and Universities to fund a systemwide coordinator to facilitate
9.28 the provision of assistance to veterans at Minnesota State Colleges and Universities
9.29 campuses under Minnesota Statutes, section 197.585.

9.30 **Sec. 10. REVISOR'S INSTRUCTION.**

9.31 The revisor of statutes shall insert a first grade headnote after Minnesota Statutes,
9.32 section 181.946, that reads "LEAVE FOR FAMILIES OF MOBILIZED MILITARY
9.33 MEMBERS."

9.34 **Sec. 11. EFFECTIVE DATE.**

Senator Vickerman introduced—

S.F. No. 2654: Referred to the Committee on Agriculture, Veterans and Gaming.

1.1 A bill for an act
 1.2 relating to the military; requiring leaves of absence for the immediate family
 1.3 members of a seriously injured or killed member of the armed forces; providing
 1.4 for and funding certain programs benefiting veterans; creating an individual
 1.5 income tax subtraction for military pensions; requiring educational fairness;
 1.6 appropriating money; amending Minnesota Statutes 2005 Supplement, sections
 1.7 192.502, by adding a subdivision; 290.01, subdivision 19b; 290.091, subdivision
 1.8 2; proposing coding for new law in Minnesota Statutes, chapters 181; 197.

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

1.10 Section 1. [181.947] LEAVE FOR IMMEDIATE FAMILY MEMBERS OF
 1.11 MILITARY PERSONNEL INJURED OR KILLED IN ACTIVE SERVICE.

1.12 Subdivision 1. Definitions. (a) The definitions in this subdivision apply to this
 1.13 section.

1.14 (b) "Active service" has the meaning given in section 190.05, subdivision 5.

1.15 (c) "Employee" means a person, independent contractor, or person working for an
 1.16 independent contractor who performs services for compensation, in whatever form, for
 1.17 an employer.

1.18 (d) "Employer" means a person or entity located or doing business in this state
 1.19 and having one or more employees, and includes the state and all political or other
 1.20 governmental subdivisions of the state.

1.21 (e) "Immediate family member" means a person's parent, child, or spouse.

1.22 Subd. 2. Unpaid leave required. An employer must grant a leave of absence
 1.23 without pay to an employee whose immediate family member, as a member of the United
 1.24 States armed forces, has been injured or killed while engaged in active service. Leave must
 1.25 be granted for a reasonable amount of time necessary to attend to an immediate family

2.1 member who has been injured and for a reasonable amount of time necessary to attend
 2.2 services for and attend to the affairs of an immediate family member who has been killed.

2.3 Subd. 3. Notice. An employee must give as much notice to the employee's employer
 2.4 as practicable of the employee's intent to exercise the leave guaranteed by this section.

2.5 Subd. 4. Relationship to other leave. The length of leave provided under this
 2.6 section may be reduced by any period of paid leave provided by the employer. Nothing
 2.7 in this section prevents an employer from providing leave benefits in addition to those
 2.8 provided in this section or otherwise affects an employee's rights with respect to other
 2.9 employment benefits.

2.10 Sec. 2. Minnesota Statutes 2005 Supplement, section 192.502, is amended by adding a
 2.11 subdivision to read:

2.12 Subd. 3. Unpaid leave for families of injured or deceased military members.
 2.13 Employees are entitled to unpaid leave, as required by section 181.947, when an
 2.14 immediate family member, as a member of the United States armed forces, has been
 2.15 injured or killed while engaged in active service.

2.16 Sec. 3. [197.585] HIGHER EDUCATION VETERANS ASSISTANCE OFFICES.

2.17 Each campus of the University of Minnesota and each institution within the
 2.18 Minnesota State Colleges and Universities system shall provide adequate space for a
 2.19 veterans assistance office to be administered by the Department of Veterans Affairs, and
 2.20 each private college and university in Minnesota is requested to provide adequate space
 2.21 for a veterans assistance office to be administered by the Department of Veterans Affairs.
 2.22 The veterans assistance office must provide information and assistance to veterans who
 2.23 are students or family members of students at the school so that they know what state,
 2.24 federal, local, and private resources are available to them.

2.25 Sec. 4. [197.775] HIGHER EDUCATION FAIRNESS.

2.26 Subdivision 1. Definitions. (a) The definitions in this subdivision apply to this
 2.27 section.

2.28 (b) "Commissioner" means the commissioner of veterans affairs.

2.29 (c) "State college or university" means a unit of the University of Minnesota or
 2.30 Minnesota State Colleges and Universities.

2.31 Subd. 2. Recognition of courses. (a) Minnesota State Colleges and Universities
 2.32 must recognize courses and award educational credits for courses that were part of a

3.1 veteran's military training or service if the courses meet the standards of the American
 3.2 Council on Education or equivalent standards for awarding academic credits.

3.3 (b) The University of Minnesota and private colleges and universities in Minnesota
 3.4 are encouraged to recognize courses and award educational credits for courses that were
 3.5 part of a veteran's military training or service if the courses meet the standards of the
 3.6 American Council on Education or equivalent standards for awarding academic credits.

3.7 Subd. 3. Tuition status. A state college or university must treat a veteran as a
 3.8 Minnesota resident for purposes of determining the veteran's undergraduate tuition rate,
 3.9 and must treat a veteran as a Minnesota resident for purposes of determining the veteran's
 3.10 graduate school tuition rate if the veteran was a Minnesota resident on entering military
 3.11 service and starts attending the state college or university graduate program within two
 3.12 years of completing military service.

3.13 Subd. 4. Delayed payment of tuition. A state college or university may not assess
 3.14 late fees or other late charges for veterans who are eligible to receive federal educational
 3.15 assistance and who have applied for that assistance but not yet received it, nor may they
 3.16 prevent these students from registering for a subsequent term because of outstanding
 3.17 tuition charges that arise from delayed federal payments. The state college or university
 3.18 may request without delay the amount of tuition above expected federal educational
 3.19 assistance and may require payment of the full amount of tuition owed by the veteran
 3.20 within 30 days of receipt of the expected federal educational assistance.

3.21 Sec. 5. Minnesota Statutes 2005 Supplement, section 290.01, subdivision 19b, is
 3.22 amended to read:

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

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

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

3.31 (3) the amount paid to others, less the amount used to claim the credit allowed under
 3.32 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
 3.33 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
 3.34 transportation of each qualifying child in attending an elementary or secondary school
 3.35 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a

4.1 resident of this state may legally fulfill the state's compulsory attendance laws, which
4.2 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
4.3 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
4.4 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
4.5 "textbooks" includes books and other instructional materials and equipment purchased
4.6 or leased for use in elementary and secondary schools in teaching only those subjects
4.7 legally and commonly taught in public elementary and secondary schools in this state.
4.8 Equipment expenses qualifying for deduction includes expenses as defined and limited in
4.9 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
4.10 books and materials used in the teaching of religious tenets, doctrines, or worship, the
4.11 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
4.12 or materials for, or transportation to, extracurricular activities including sporting events,
4.13 musical or dramatic events, speech activities, driver's education, or similar programs. For
4.14 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
4.15 given in section 32(c)(3) of the Internal Revenue Code;

4.16 (4) income as provided under section 290.0802;

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

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

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

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

4.35 (9) in each of the five tax years immediately following the tax year in which an
4.36 addition is required under subdivision 19a, clause (7), or 19c, clause (15), in the case

5.1 of a shareholder of a corporation that is an S corporation, an amount equal to one-fifth
5.2 of the delayed depreciation. For purposes of this clause, "delayed depreciation" means
5.3 the amount of the addition made by the taxpayer under subdivision 19a, clause (7), or
5.4 subdivision 19c, clause (15), in the case of a shareholder of an S corporation, minus the
5.5 positive value of any net operating loss under section 172 of the Internal Revenue Code
5.6 generated for the tax year of the addition. The resulting delayed depreciation cannot be
5.7 less than zero;

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

5.9 (11) the amount of compensation paid to members of the Minnesota National Guard
5.10 or other reserve components of the United States military for active service performed
5.11 in Minnesota, excluding compensation for services performed under the Active Guard
5.12 Reserve (AGR) program. For purposes of this clause, "active service" means (i) state
13 active service as defined in section 190.05, subdivision 5a, clause (1); (ii) federally
5.14 funded state active service as defined in section 190.05, subdivision 5b; or (iii) federal
5.15 active service as defined in section 190.05, subdivision 5c, but "active service" excludes
5.16 services performed exclusively for purposes of basic combat training, advanced individual
5.17 training, annual training, and periodic inactive duty training; special training periodically
5.18 made available to reserve members; and service performed in accordance with section
5.19 190.08, subdivision 3;

5.20 (12) the amount of compensation paid to Minnesota residents who are members
5.21 of the armed forces of the United States or United Nations for active duty performed
5.22 outside Minnesota;

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

5.35 (14) in each of the five tax years immediately following the tax year in which an
5.36 addition is required under subdivision 19a, clause (8), or 19c, clause (16), in the case of a

6.1 shareholder of a corporation that is an S corporation, an amount equal to one-fifth of the
6.2 addition made by the taxpayer under subdivision 19a, clause (8), or 19c, clause (16), in the
6.3 case of a shareholder of a corporation that is an S corporation, minus the positive value of
6.4 any net operating loss under section 172 of the Internal Revenue Code generated for the
6.5 tax year of the addition. If the net operating loss exceeds the addition for the tax year, a
6.6 subtraction is not allowed under this clause;

6.7 (15) to the extent included in federal taxable income, compensation paid to a
6.8 nonresident who is a service member as defined in United States Code, title 10, section
6.9 101(a)(5), for military service as defined in the Service Member Civil Relief Act, Public
6.10 Law 108-189, section 101(2); ~~and~~

6.11 (16) international economic development zone income as provided under section
6.12 469.325; and

6.13 (17) to the extent included in federal taxable income, a percentage of compensation
6.14 received by the recipient of a pension or retirement pay from the government for service
6.15 in the armed forces of the United States, up to a maximum amount. For taxable years
6.16 beginning after December 31, 2005, and before January 1, 2007, the percentage is 25
6.17 percent and the maximum amount is \$7,500; for taxable years beginning after December
6.18 31, 2006, and before January 1, 2008, the percentage is 50 percent and the maximum
6.19 amount is \$15,000; for taxable years beginning after December 31, 2007, and before
6.20 January 1, 2009, the percentage is 75 percent and the maximum amount is \$22,500; and
6.21 for taxable years beginning after December 31, 2008, the percentage is 100 percent and
6.22 there is no maximum amount.

6.23 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
6.24 December 31, 2005.

6.25 Sec. 6. Minnesota Statutes 2005 Supplement, section 290.091, subdivision 2, is
6.26 amended to read:

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

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

6.31 (1) the taxpayer's federal alternative minimum taxable income as defined in section
6.32 55(b)(2) of the Internal Revenue Code;

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

7.1 (i) the charitable contribution deduction under section 170 of the Internal Revenue
7.2 Code:

7.3 (A) for taxable years beginning before January 1, 2006, to the extent that the
7.4 deduction exceeds 1.0 percent of adjusted gross income;

7.5 (B) for taxable years beginning after December 31, 2005, to the full extent of the
7.6 deduction.

7.7 For purposes of this clause, "adjusted gross income" has the meaning given in
7.8 section 62 of the Internal Revenue Code;

7.9 (ii) the medical expense deduction;

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

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

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

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

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

7.23 (6) the amount of addition required by section 290.01, subdivision 19a, clauses
4 (7), (8), and (9);

7.24 less the sum of the amounts determined under the following:

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

7.26 (2) an overpayment of state income tax as provided by section 290.01, subdivision
7.27 19b, clause (2), to the extent included in federal alternative minimum taxable income;

7.28 (3) the amount of investment interest paid or accrued within the taxable year on
7.29 indebtedness to the extent that the amount does not exceed net investment income, as
7.30 defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include
7.31 amounts deducted in computing federal adjusted gross income; and
7.32

7.33 (4) amounts subtracted from federal taxable income as provided by section 290.01,
7.34 subdivision 19b, clauses (9) to ~~(16)~~ (17).

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

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

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

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

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

8.9 EFFECTIVE DATE. This section is effective for taxable years beginning after
8.10 December 31, 2005.

8.11 **Sec. 7. APPROPRIATIONS.**

8.12 Subdivision 1. State soldiers' assistance fund. \$3,000,000 is appropriated in fiscal
8.13 year 2007 from the general fund to the commissioner of veterans affairs to be deposited
8.14 in the state soldiers' assistance fund established in Minnesota Statutes, section 197.03.
8.15 The appropriations in this subdivision are in addition to other appropriations made to
8.16 the commissioner of veterans affairs for that fund and are to be used to assist veterans
8.17 to provide financial security, family therapy, and other similar special needs while those
8.18 veterans are seeking needed benefits from the United States Department of Veterans
8.19 Affairs.

8.20 Subd. 2. Centralized Web site for veterans services. \$200,000 is appropriated
8.21 in fiscal year 2007 from the general fund to the commissioner of veterans affairs to
8.22 fund a veterans service coordinator and a veterans assistance Web manager within
8.23 the Department of Veterans Affairs, whose mission is to create a centralized Web site
8.24 containing information on all state, federal, local, and private agencies and organizations
8.25 that provide goods or services to veterans or their families.

8.26 Subd. 3. Incentive-based county veterans service officers service enhancement
8.27 grants. \$3,000,000 is appropriated in fiscal year 2007 from the general fund to the
8.28 commissioner of veterans affairs to provide incentive-based grants to counties for
8.29 enhancing the benefits, programs, and services they provide to veterans based on
8.30 benchmarks and standards established by the commissioner. A county may not reduce its
8.31 veterans service office budget by any amount received as a grant under this section. This
8.32 grant program is in addition to grants made under Minnesota Statutes, section 197.608.

9.1 Subd. 4. Higher education veterans assistance offices. (a) \$2,600,000 is
9.2 appropriated in fiscal year 2007 from the general fund for the purposes of Minnesota
9.3 Statutes, section 197.585.

9.4 (b) Of the amount in paragraph (a), \$2,500,000 is to the commissioner of veterans
9.5 affairs for the veterans assistance offices under Minnesota Statutes, section 197.585. The
9.6 commissioner must, in consultation with the Office of Higher Education, determine the
9.7 most appropriate method of allocating this appropriation to align with the needs of the
9.8 students at Minnesota State Colleges and Universities and the University of Minnesota
9.9 who are veterans. Methods may include, but are not limited to, providing grants for work
9.10 study positions and providing central liaison and coordination staff as needed to enhance
9.11 the ability of higher education institutions to be responsive to students who are veterans.
9.12 The commissioner shall designate a liaison to the University of Minnesota and a liaison
9.13 to the private colleges and universities in Minnesota for the purposes of Minnesota
9.14 Statutes, section 197.585.

9.15 (c) Of the amount in paragraph (a), \$100,000 is to the Board of Trustees of the
9.16 Minnesota State Colleges and Universities to fund a systemwide coordinator to facilitate
9.17 the provision of assistance to veterans at Minnesota State Colleges and Universities
9.18 campuses under Minnesota Statutes, section 197.585.

9.19 **Sec. 8. EFFECTIVE DATE.**

9.20 Sections 1 and 2 are effective the day following final enactment and apply to the
9.21 immediate family members of military personnel injured or killed on or after that date, as
9.22 well as to the immediate family members of military personnel who, on the effective date,
9.23 are recovering from injuries that occurred prior to that date.

1.1 Senator Vickerman from the Committee on Agriculture, Veterans and Gaming,
1.2 to which was referred

1.3 S.F. No. 2654: A bill for an act relating to the military; requiring leaves of absence
1.4 for the immediate family members of a seriously injured or killed member of the armed
1.5 forces; providing for and funding certain programs benefiting veterans; creating an
1.6 individual income tax subtraction for military pensions; requiring educational fairness;
1.7 appropriating money; amending Minnesota Statutes 2005 Supplement, sections 192.502,
1.8 by adding a subdivision; 290.01, subdivision 19b; 290.091, subdivision 2; proposing
1.9 coding for new law in Minnesota Statutes, chapters 181; 197.

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

1.11 Delete everything after the enacting clause and insert:

1.12 "Section 1. [181.947] LEAVE FOR IMMEDIATE FAMILY MEMBERS OF
1.13 MILITARY PERSONNEL INJURED OR KILLED IN ACTIVE SERVICE.

1.14 Subdivision 1. Definitions. (a) The definitions in this subdivision apply to this
1.15 section.

1.16 (b) "Active service" has the meaning given in section 190.05, subdivision 5.

1.17 (c) "Employee" means a person, independent contractor, or person working for an
1.18 independent contractor who performs services for compensation, in whatever form, for
1.19 an employer.

1.20 (d) "Employer" means a person or entity located or doing business in this state
1.21 and having one or more employees, and includes the state and all political or other
1.22 governmental subdivisions of the state.

1.23 (e) "Immediate family member" means a person's parent, child, or spouse.

1.24 Subd. 2. Unpaid leave required. An employer must grant a leave of absence
1.25 without pay to an employee whose immediate family member, as a member of the United
1.26 States armed forces, has been injured or killed while engaged in active service. The length
1.27 of the leave shall be determined by the employee, but may not exceed 12 weeks, unless
1.28 agreed to by the employer. The purpose of the leave is to attend to an injured immediate
1.29 family member or to attend services for and attend to the affairs of an immediate family
1.30 member who has been killed.

1.31 Subd. 3. Notice. An employee must give as much notice to the employee's employer
1.32 as practicable of the employee's intent to exercise the leave guaranteed by this section.

1.33 Subd. 4. Relationship to other leave. The length of leave provided under this
1.34 section may be reduced by any period of paid leave provided by the employer. Nothing
1.35 in this section prevents an employer from providing leave benefits in addition to those
1.36 provided in this section or otherwise affects an employee's rights with respect to other
1.37 employment benefits.

1.38 Sec. 2. [181.948] LEAVE TO ATTEND MILITARY CEREMONIES.

2.1 Subdivision 1. Definitions. (a) For the purposes of this section, the following terms
2.2 have the meaning given to them in this subdivision.

3 (b) "Employee" means a person, independent contractor, or person working for an
2.4 independent contractor who performs services for compensation, in whatever form, for
2.5 an employer.

2.6 (c) "Employer" means a person or entity located or doing business in this state
2.7 and having one or more employees, and includes the state and all political or other
2.8 governmental subdivisions of the state.

2.9 (d) "Immediate family member" means a person's grandparent, parent, legal
2.10 guardian, sibling, child, grandchild, spouse, fiance, or fiancée.

2.11 Subd. 2. Unpaid leave required. Unless the leave would unduly disrupt the
2.12 operations of the employer, an employer shall grant a leave of absence without pay
2.13 to an employee for the actual time necessary for an employee to attend a send-off or
2.14 homecoming ceremony for an immediate family member who, as a member of the United
2.15 States armed forces, has been mobilized for active service in support of a war or other
2.16 national emergency.

2.17 Sec. 3. Minnesota Statutes 2005 Supplement, section 192.502, is amended by adding a
2.18 subdivision to read:

2.19 Subd. 3. Unpaid leave to attend military ceremonies. Employees are entitled
2.20 to unpaid leave, as provided in section 181.948, to attend the send-off or homecoming
2.21 ceremony of an immediate family member who, as a member of the United States
2.22 armed forces, has been mobilized for active service in support of a war or other national
2.23 emergency.

2.24 Sec. 4. Minnesota Statutes 2005 Supplement, section 192.502, is amended by adding a
2.25 subdivision to read:

2.26 Subd. 4. Unpaid leave for families of injured or deceased military members.
2.27 Employees are entitled to unpaid leave, as provided in section 181.947, when an
2.28 immediate family member, as a member of the United States armed forces, has been
2.29 injured or killed while engaged in active service.

2.30 Sec. 5. [197.585] HIGHER EDUCATION VETERANS ASSISTANCE OFFICES.

2.31 Each campus of the University of Minnesota and each institution within the
2.32 Minnesota State Colleges and Universities system shall provide adequate space for a
2.33 veterans assistance office to be administered by the commissioner of veterans affairs, and
2.34 each private college and university in Minnesota is encouraged to provide adequate space
2.35 for a veterans assistance office to be administered by the commissioner of veterans affairs.

3.1 The veterans assistance office must provide information and assistance to veterans who
3.2 are students or family members of students at the school regarding the availability of
3 state, federal, local, and private resources.

3.4 **Sec. 6. [197.775] HIGHER EDUCATION FAIRNESS.**

3.5 Subdivision 1. Definitions. (a) The definitions in this subdivision apply to this
3.6 section.

3.7 (b) "Commissioner" means the commissioner of veterans affairs.

3.8 (c) "State college or university" means a unit of the University of Minnesota or
3.9 Minnesota State Colleges and Universities.

3.10 Subd. 2. Recognition of courses. (a) Minnesota State Colleges and Universities
3.11 must recognize courses and award educational credits for courses that were part of a
3.12 veteran's military training or service if the courses meet the standards of the American
13 Council on Education or equivalent standards for awarding academic credits.

3.14 (b) The University of Minnesota and private colleges and universities in Minnesota
3.15 are encouraged to recognize courses and award educational credits for courses that were
3.16 part of a veteran's military training or service if the courses meet the standards of the
3.17 American Council on Education or equivalent standards for awarding academic credits.

3.18 Subd. 3. Tuition status. A state college or university must treat a veteran as a
3.19 Minnesota resident for purposes of determining the veteran's undergraduate tuition rate,
3.20 and must treat a veteran as a Minnesota resident for purposes of determining the veteran's
3.21 graduate school tuition rate if the veteran was a Minnesota resident on entering military
3.22 service and starts attending the state college or university graduate program within two
3.23 years of completing military service.

3.24 Subd. 4. Delayed payment of tuition. A state college or university may not assess
3.25 late fees or other late charges for veterans who are eligible and have applied for federal
3.26 educational assistance but have not yet received it, nor may it prevent these students from
3.27 registering for a subsequent term because of outstanding tuition charges that arise from
3.28 delayed federal payments. The state college or university may request without delay
3.29 the amount of tuition above expected federal educational assistance and may require
3.30 payment of the full amount of tuition owed by the veteran within 30 days of receipt of the
3.31 expected federal educational assistance.

3.32 **Sec. 7. Minnesota Statutes 2005 Supplement, section 290.01, subdivision 19b, is**
3.33 **amended to read:**

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

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

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

4.7 (3) the amount paid to others, less the amount used to claim the credit allowed under
4.8 section 290.0674, not to exceed \$1,625 for each qualifying child in grades kindergarten
4.9 to 6 and \$2,500 for each qualifying child in grades 7 to 12, for tuition, textbooks, and
4.10 transportation of each qualifying child in attending an elementary or secondary school
4.11 situated in Minnesota, North Dakota, South Dakota, Iowa, or Wisconsin, wherein a
4.12 resident of this state may legally fulfill the state's compulsory attendance laws, which
4.13 is not operated for profit, and which adheres to the provisions of the Civil Rights Act
4.14 of 1964 and chapter 363A. For the purposes of this clause, "tuition" includes fees or
4.15 tuition as defined in section 290.0674, subdivision 1, clause (1). As used in this clause,
4.16 "textbooks" includes books and other instructional materials and equipment purchased
4.17 or leased for use in elementary and secondary schools in teaching only those subjects
4.18 legally and commonly taught in public elementary and secondary schools in this state.
4.19 Equipment expenses qualifying for deduction includes expenses as defined and limited in
4.20 section 290.0674, subdivision 1, clause (3). "Textbooks" does not include instructional
4.21 books and materials used in the teaching of religious tenets, doctrines, or worship, the
4.22 purpose of which is to instill such tenets, doctrines, or worship, nor does it include books
4.23 or materials for, or transportation to, extracurricular activities including sporting events,
4 24 musical or dramatic events, speech activities, driver's education, or similar programs. For
4.25 purposes of the subtraction provided by this clause, "qualifying child" has the meaning
4.26 given in section 32(c)(3) of the Internal Revenue Code;

4.27 (4) income as provided under section 290.0802;

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

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

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

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

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

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

5.22 (11) the amount of compensation paid to members of the Minnesota National Guard
5.23 or other reserve components of the United States military for active service performed
5.24 in Minnesota, excluding compensation for services performed under the Active Guard
5.25 Reserve (AGR) program. For purposes of this clause, "active service" means (i) state
5.26 active service as defined in section 190.05, subdivision 5a, clause (1); (ii) federally
5.27 funded state active service as defined in section 190.05, subdivision 5b; or (iii) federal
5.28 active service as defined in section 190.05, subdivision 5c, but "active service" excludes
5.29 services performed exclusively for purposes of basic combat training, advanced individual
5.30 training, annual training, and periodic inactive duty training; special training periodically
5.31 made available to reserve members; and service performed in accordance with section
5.32 190.08, subdivision 3;

5.33 (12) the amount of compensation paid to Minnesota residents who are members
5.34 of the armed forces of the United States or United Nations for active duty performed
5.35 outside Minnesota;

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

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

6.21 (15) to the extent included in federal taxable income, compensation paid to a
6.22 nonresident who is a service member as defined in United States Code, title 10, section
6.23 101(a)(5), for military service as defined in the Service Member Civil Relief Act, Public
6.24 Law 108-189, section 101(2); ~~and~~

6.25 (16) international economic development zone income as provided under section
6.26 469.325; and

6.27 (17) to the extent included in federal taxable income, a percentage, up to a maximum,
6.28 of the amount received from a pension or other retirement pay from the government for
6.29 service in the armed forces of the United States, regardless of whether the recipient served
6.30 in the military. For taxable years beginning after December 31, 2005, and before January
6.31 1, 2007, the percentage is 25 percent and the maximum amount is \$7,500; for taxable
6.32 years beginning after December 31, 2006, and before January 1, 2008, the percentage
6.33 is 50 percent and the maximum amount is \$15,000; for taxable years beginning after
6.34 December 31, 2007, and before January 1, 2009, the percentage is 75 percent and the
6.35 maximum amount is \$22,500; and for taxable years beginning after December 31, 2008,
6.36 the percentage is 100 percent and there is no maximum amount.

7.1 **EFFECTIVE DATE.** This section is effective for taxable years beginning after
7.2 December 31, 2005.

7.3 Sec. 8. Minnesota Statutes 2005 Supplement, section 290.091, subdivision 2, is
7.4 amended to read:

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

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

7.9 (1) the taxpayer's federal alternative minimum taxable income as defined in section
7.10 55(b)(2) of the Internal Revenue Code;

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

13 (i) the charitable contribution deduction under section 170 of the Internal Revenue
7.14 Code:

7.15 (A) for taxable years beginning before January 1, 2006, to the extent that the
7.16 deduction exceeds 1.0 percent of adjusted gross income;

7.17 (B) for taxable years beginning after December 31, 2005, to the full extent of the
7.18 deduction.

7.19 For purposes of this clause, "adjusted gross income" has the meaning given in
7.20 section 62 of the Internal Revenue Code;

7.21 (ii) the medical expense deduction;

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

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

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

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

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

7.35 (6) the amount of addition required by section 290.01, subdivision 19a, clauses
7.36 (7), (8), and (9);

- 8.1 less the sum of the amounts determined under the following:
- 8.2 (1) interest income as defined in section 290.01, subdivision 19b, clause (1);
- 8.3 (2) an overpayment of state income tax as provided by section 290.01, subdivision
- 8.4 19b, clause (2), to the extent included in federal alternative minimum taxable income;
- 8.5 (3) the amount of investment interest paid or accrued within the taxable year on
- 8.6 indebtedness to the extent that the amount does not exceed net investment income, as
- 8.7 defined in section 163(d)(4) of the Internal Revenue Code. Interest does not include
- 8.8 amounts deducted in computing federal adjusted gross income; and
- 8.9 (4) amounts subtracted from federal taxable income as provided by section 290.01,
- 8.10 subdivision 19b, clauses (9) to ~~(16)~~ (17).

8.11 In the case of an estate or trust, alternative minimum taxable income must be

8.12 computed as provided in section 59(c) of the Internal Revenue Code.

8.13 (b) "Investment interest" means investment interest as defined in section 163(d)(3)

8.14 of the Internal Revenue Code.

8.15 (c) "Tentative minimum tax" equals 6.4 percent of alternative minimum taxable

8.16 income after subtracting the exemption amount determined under subdivision 3.

8.17 (d) "Regular tax" means the tax that would be imposed under this chapter (without

8.18 regard to this section and section 290.032), reduced by the sum of the nonrefundable

8.19 credits allowed under this chapter.

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

8.21 **EFFECTIVE DATE.** This section is effective for taxable years beginning after

8.22 December 31, 2005.

23 **Sec. 9. APPROPRIATIONS.**

8.24 **Subdivision 1. State soldiers' assistance fund.** \$3,000,000 is appropriated in fiscal

8.25 year 2007 from the general fund to the commissioner of veterans affairs to be deposited

8.26 in the state soldiers' assistance fund established in Minnesota Statutes, section 197.03.

8.27 The appropriations in this subdivision are in addition to other appropriations made to the

8.28 commissioner of veterans affairs.

8.29 **Subd. 2. Centralized Web site for veterans services.** \$200,000 is appropriated

8.30 in fiscal year 2007 from the general fund to the commissioner of veterans affairs to

8.31 fund a veterans service coordinator and a veterans assistance Web manager within

8.32 the Department of Veterans Affairs, whose mission is to create a centralized Web site

8.33 containing information on all state, federal, local, and private agencies and organizations

8.34 that provide goods or services to veterans or their families.

9.1 Subd. 3. County veterans service officers service enhancement grants.
9.2 \$3,000,000 is appropriated in fiscal year 2007 from the general fund to the commissioner
9.3 of veterans affairs to provide grants to counties for enhancing the benefits, programs,
9.4 and services they provide to veterans. The commissioner, in consultation with the
9.5 County Veterans Service Officers Association, shall establish grants based on objective
9.6 benchmarks and standards. A county may not reduce its veterans service office budget by
9.7 any amount received as a grant under this section. This grant program is in addition to
9.8 grants made under Minnesota Statutes, section 197.608.

9.9 Subd. 4. Higher education veterans assistance offices. (a) \$2,600,000 is
9.10 appropriated in fiscal year 2007 from the general fund for the purposes of Minnesota
9.11 Statutes, section 197.585.

9.12 (b) Of the amount in paragraph (a), \$2,500,000 is to the commissioner of veterans
9.13 affairs for the veterans assistance offices under Minnesota Statutes, section 197.585. The
9.14 commissioner, in consultation with the Office of Higher Education, shall determine the
9.15 most appropriate method of allocating this appropriation to align with the needs of the
9.16 students at Minnesota State Colleges and Universities and the University of Minnesota
9.17 who are veterans. Methods may include, but are not limited to, providing grants for
9.18 work study positions and providing central liaison and coordination staff to enhance
9.19 the responsiveness of higher education institutions to students who are veterans. The
9.20 commissioner shall designate a liaison to the University of Minnesota and a liaison to the
9.21 private colleges and universities in Minnesota for the purposes of Minnesota Statutes,
9.22 section 197.585.

9.23 (c) Of the amount in paragraph (a), \$100,000 is to the Board of Trustees of the
9.24 Minnesota State Colleges and Universities to fund a systemwide coordinator to facilitate
9.25 the provision of assistance to veterans at Minnesota State Colleges and Universities
9.26 campuses under Minnesota Statutes, section 197.585.

9.27 Sec. 10. REVISOR'S INSTRUCTION.

9.28 The revisor of statutes shall insert a first grade headnote after Minnesota Statutes,
9.29 section 181.946, that reads "LEAVE FOR FAMILIES OF MOBILIZED MILITARY
9.30 MEMBERS."

9.31 Sec. 11. EFFECTIVE DATE.

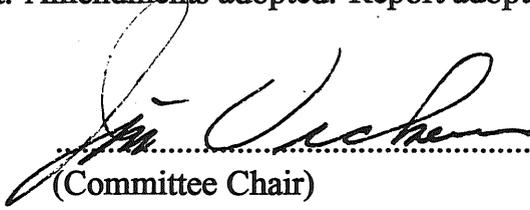
9.32 Sections 1 and 2 are effective the day following final enactment and apply to the
9.33 immediate family members of military personnel injured or killed on or after that date, as
9.34 well as to the immediate family members of military personnel who, on the effective date,
9.35 are recovering from injuries that occurred before that date."

10.1 Amend the title accordingly

10.2 And when so amended the bill do pass and be re-referred to the Committee on Jobs,
10.3 Energy and Community Development. Amendments adopted. Report adopted.

10.4

10.5


.....
(Committee Chair)

10.6

10.7

March 8, 2006
(Date of Committee recommendation)