FOURTEENTH DAY

St. Paul, Minnesota, Thursday, February 14, 2013

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

CALL OF THE SENATE

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

Prayer was offered by the Chaplain, Rev. Daniel Conlin.

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

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

Anderson	Eaton	Johnson	Osmek	Sieben
Bakk	Eken	Kent	Pappas	Skoe
Benson	Fischbach	Kiffmeyer	Pederson, J.	Sparks
Bonoff	Franzen	Koenen	Petersen, B.	Stumpf
Brown	Gazelka	Latz	Pratt	Thompson
Carlson	Goodwin	Limmer	Reinert	Tomassoni
Chamberlain	Hall	Lourey	Rest	Torres Ray
Champion	Hann	Marty	Rosen	Weber
Clausen	Hawj	Metzen	Ruud	Westrom
Cohen	Hayden	Miller	Saxhaug	Wiger
Dahle	Hoffman	Nelson	Scalze	Wiklund
Dahms	Housley	Newman	Schmit	
Dibble	Ingebrigtsen	Nienow	Senjem	
Dziedzic	Jensen	Ortman	Sheran	

The President declared a quorum present.

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

REPORTS OF COMMITTEES

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

Senator Torres Ray from the Committee on Education, to which was referred

S.F. No. 38: A bill for an act relating to education finance; increasing the state reimbursement for reduced-price school lunch meals; appropriating money; amending Minnesota Statutes 2012, section 124D.111, subdivision 1.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Senator Torres Ray from the Committee on Education, to which was referred

S.F. No. 146: A bill for an act relating to education; providing for nutrition policy; appropriating money; amending Minnesota Statutes 2012, section 124D.111, subdivision 1, by adding a subdivision.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Senator Latz from the Committee on Judiciary, to which was referred

S.F. No. 157: A bill for an act relating to state government; enacting the Uniform Electronic Legal Material Act approved by the National Conference of Commissioners on Uniform State Laws; proposing coding for new law as Minnesota Statutes, chapter 3E.

Reports the same back with the recommendation that the bill do pass. Report adopted.

Senator Marty from the Committee on Environment and Energy, to which was re-referred

S.F. No. 113: A bill for an act relating to waters; modifying drainage system provisions; amending Minnesota Statutes 2012, sections 103E.005, subdivisions 4, 6, by adding a subdivision; 103E.101, subdivisions 2, 3, 4, 5, by adding subdivisions; 103E.227, subdivision 1; 103E.525, subdivision 1; 103E.701, subdivisions 1, 6; 103E.715, subdivision 6.

Reports the same back with the recommendation that the bill do pass. Report adopted.

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

S.F. No. 266: A bill for an act relating to human services; requiring the development of a program to certify certain behavioral health aides; amending Minnesota Statutes 2012, section 256B.0943, subdivision 7, by adding a subdivision.

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

Page 2, line 20, delete "an 11-credit" and insert "a" and after "program" insert "of not fewer than 11 credits"

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

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

S.F. No. 265: A bill for an act relating to human services; modifying case management services; appropriating money for children's mental health awareness, training, and services; amending Minnesota Statutes 2012, section 245.4881, subdivision 1.

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

Page 1, delete section 1

Page 2, line 12, after "alcohol" insert "spectrum disorders"

Page 2, line 19, delete "and" and insert a comma and after "advocates" insert ", and Department of Human Services Office of Inspector General and licensing staff"

Page 2, line 22, delete "fiscal"

Page 2, line 23, delete "year" and insert "biennium"

Page 2, line 29, delete "fiscal year" and insert "biennium"

Page 3, lines 1 and 4, delete "fiscal year" and insert "biennium"

Page 3, delete subdivision 5

Renumber the sections in sequence

Amend the title accordingly

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

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

S.F. No. 264: A bill for an act relating to human services; requiring annual reviews of pediatric and children's mental health providers; establishing new mental health services covered under medical assistance; amending Minnesota Statutes 2012, sections 256B.02, subdivision 12; 256B.0625, subdivision 56, by adding subdivisions; 256B.0943, subdivisions 1, 2; proposing coding for new law in Minnesota Statutes, chapter 256B.

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

Page 1, delete section 2

Page 3, line 21, delete "also"

Page 3, line 24, delete "provider under a" and insert "service"

Page 3, line 25, delete everything before the first "for" and after "child" insert "or young adult up to age 26" and delete everything after "disturbance"

Page 3, line 26, delete everything before the period

Page 3, line 32, after "children" insert "and young adults"

Page 5, after line 11, insert:

"(a) "Assessment" includes the provision of commissioner-approved assessment tools and completion of a functional assessment under Minnesota Rules, part 9520.0902, subpart 21.

(b) "Care coordination" means contact with other professionals, educators, and caregivers of the client in person or by telephone to facilitate continuity and consistency in support of the client and the treatment plan, screening to determine client suitability for treatment, and development and updating of the treatment plan."

Page 5, line 12, strike "(a)" and insert "(c)"

Page 5, line 17, strike "(b)" and insert "(d)"

Page 5, line 23, strike "(c)" and insert "(e)"

Page 5, line 25, strike "(d)" and insert "(f)"

Page 5, line 26, strike "(e)" and insert "(g)"

Page 5, line 31, strike "(f)" and insert "(h)"

Page 6, line 1, strike "(g)" and insert "(i)"

Page 6, line 3, strike "(h)" and insert "(j)"

Page 6, line 11, strike "(i)" and insert "(k)"

Page 6, line 16, strike "(j)" and insert "(l)"

Page 6, line 19, strike "(k)" and insert "(m)"

Page 6, line 23, strike "(l)" and insert "(n)"

Page 6, line 25, strike "(m)" and insert "(o)"

Page 6, line 31, strike "(n)" and insert "(p)"

Page 6, line 34, strike "(o)" and insert "(q)"

Page 7, line 3, strike "(p)" and insert "(r)"

Page 7, delete lines 30 to 35

Page 8, after line 21, insert:

"Sec. 8. **PILOT PROVIDER INPUT SURVEY.**

(a) To assess the efficiency and other operational issues in the management of the health care delivery system, the commissioner of human services shall initiate a provider survey. The pilot survey shall consist of an electronic survey of providers of pediatric services and children's mental health services to identify and measure issues that arise in dealing with the management of medical assistance. To the maximum degree possible, existing technology shall be used and interns sought to analyze the results.

(b) The survey questions must focus on seven key business functions provided by medical assistance contractors: provider inquiries; provider outreach and education; claims processing; appeals; provider enrollment; medical review; and provider audit and reimbursement. The commissioner must consider the results of the survey in evaluating and renewing managed care and fee-for-service management contracts.

(c) The commissioner shall report by January 15, 2014, the results of the survey to the chairs of the Health and Human Services Policy and Finance Committees and shall make recommendations on the value of implementing an annual survey with a rotating list of provider groups as a component of the continuous quality improvement system for medical assistance."

Renumber the sections in sequence

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

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

S.F. No. 270: A bill for an act relating to human services; providing an exception to the drug formulary; extending case management services for young adults with severe emotional disturbance; appropriating money for various mental health services and training; amending Minnesota Statutes 2012, sections 62Q.527, subdivision 4; 245.4881, subdivision 1.

Reports the same back with the recommendation that the bill do pass and be re-referred to the Committee on Finance. Report adopted.

Senator Marty from the Committee on Environment and Energy, to which were referred the following appointments:

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES
Bonnie Harper-Lore
Norman Moody

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

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

Senator Marty from the Committee on Environment and Energy, to which was referred the following appointment:

PUBLIC UTILITIES COMMISSION
Beverly Jones Heydinger

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

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

Senator Marty from the Committee on Environment and Energy, to which were referred the following appointments:

LEGISLATIVE-CITIZEN COMMISSION ON MINNESOTA RESOURCES
Thomas Cook
Nancy Gibson

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

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

Senator Bonoff from the Committee on Higher Education and Workforce Development, to which were referred the following appointments:

BOARD OF TRUSTEES OF THE MINNESOTA STATE COLLEGES AND UNIVERSITIES
Brett Anderson
Alexander Cirillo, Jr.

Dawn Erlandson

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

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

SECOND READING OF SENATE BILLS

S.F. Nos. 157 and 113 were read the second time.

INTRODUCTION AND FIRST READING OF SENATE BILLS

The following bills were read the first time.

Senator Gazelka introduced–

S.F. No. 441: A bill for an act relating to taxation; property; modifying the penalties for late payment; amending Minnesota Statutes 2012, section 279.01, subdivision 1; repealing Minnesota Statutes 2012, section 279.01, subdivision 4.

Referred to the Committee on Taxes.

Senators Wiklund, Hoffman and Rosen introduced–

S.F. No. 442: A bill for an act relating to human services; modifying membership requirements for the Council on Disability; amending Minnesota Statutes 2012, section 256.482, subdivision 1.

Referred to the Committee on Health, Human Services and Housing.

Senators Goodwin, Eaton, Dahle and Torres Ray introduced–

S.F. No. 443: A bill for an act relating to state government; establishing expectations for classified employees as nonpartisan resources to all decision makers; providing additional whistleblower protection to state employees; amending Minnesota Statutes 2012, section 181.932, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 43A.

Referred to the Committee on State and Local Government.

Senators Ingebrigtsen, Miller, Westrom and Ruud introduced–

S.F. No. 444: A bill for an act relating to higher education; requiring prioritization of certain in-demand programs at the Minnesota State Colleges and Universities; proposing coding for new law in Minnesota Statutes, chapter 136F.

Referred to the Committee on Higher Education and Workforce Development.

Senators Eaton, Hoffman, Johnson and Bonoff introduced–

S.F. No. 445: A bill for an act relating to transportation; highways; establishing requirements concerning extension of marked Trunk Highway 610.

Referred to the Committee on Transportation and Public Safety.

Senators Dibble, Rosen, Eaton, Metzen and Torres Ray introduced–

S.F. No. 446: A bill for an act relating to insurance; regulating the public employees insurance program; requiring participation by certain school employers; amending Minnesota Statutes 2012, section 43A.316, subdivisions 2, 4, 5, by adding subdivisions.

Referred to the Committee on Commerce.

Senator Pappas introduced–

S.F. No. 447: A bill for an act relating to retirement; Public Employees Retirement Association plans; modifying the trigger for increasing or lowering annual postretirement adjustments for all plans; modifying duty disability definitions and clarifying disability application requirements for the public employees police and fire and local government correctional retirement plans; revising vesting, increasing plan employee and employer contributions, increasing the reduction for early retirement clarifying survivor benefit provisions, and delaying the first annual postretirement adjustment for the public employees police and fire retirement plan; amending Minnesota Statutes 2012, sections 353.01, subdivisions 41, 47; 353.031, subdivision 4; 353.65, subdivisions 2, 3; 353.651, subdivisions 3, 4; 353.657, subdivisions 2a, 3a; 353E.001, subdivision 1; 356.415, subdivisions 1b, 1c.

Referred to the Committee on State and Local Government.

Senators Sparks, Saxhaug, Skoe and Weber introduced–

S.F. No. 448: A bill for an act relating to renewable energy; establishing definitions; providing a sunset date for the cellulosic ethanol production goal; converting the ethanol minimum content requirement to a biofuel requirement; expanding the petroleum replacement goal; requiring a biofuels task force; repealing E20 mandate language; amending Minnesota Statutes 2012, sections 41A.10, subdivision 2, by adding a subdivision; 116J.437, subdivision 1; 239.051, by adding subdivisions; 239.791, subdivisions 1, 2a, 2b; 239.7911; repealing Minnesota Statutes 2012, section 239.791, subdivision 1a.

Referred to the Committee on Jobs, Agriculture and Rural Development.

Senators Marty, Lourey and Senjem introduced–

S.F. No. 449: A bill for an act relating to human services; appropriating money for an integrated behavioral health care coordination model pilot.

Referred to the Committee on Finance.

Senators Clausen, Lourey, Benson, Rosen and Marty introduced–

S.F. No. 450: A bill for an act relating to human services; appropriating money.

Referred to the Committee on Finance.

Senators Pappas, Torres Ray, Wiger, Sieben and Hayden introduced–

S.F. No. 451: A bill for an act relating to education; creating a responsible family life and sexuality education program; proposing coding for new law in Minnesota Statutes, chapter 121A; repealing Minnesota Statutes 2012, section 121A.23.

Referred to the Committee on Education.

Senators Wiger, Johnson and Sparks introduced–

S.F. No. 452: A bill for an act relating to game and fish; modifying body-gripping trap restrictions; proposing coding for new law in Minnesota Statutes, chapter 97B; repealing Minnesota Statutes 2012, section 97B.903.

Referred to the Committee on Environment and Energy.

Senator Wiger introduced–

S.F. No. 453: A bill for an act relating to education; providing funding for early childhood and family, prekindergarten through grade 12, and adult education, including general education, education excellence, special programs, facilities and technology, nutrition, accounting, libraries, early childhood education, prevention, self-sufficiency and lifelong learning, and state agencies; appropriating money; amending Minnesota Statutes 2012, sections 120A.20, subdivision 1; 123A.73, subdivisions 3, 4, 5; 123B.42, subdivision 3; 123B.54; 123B.57, subdivision 4; 123B.59, subdivision 6; 123B.591, subdivisions 2, 3; 123B.75, subdivision 5; 123B.92, subdivisions 1, 9; 124D.02, subdivision 1; 124D.10, subdivisions 15, 17; 124D.11, subdivisions 1, 2, 4, 5; 124D.119; 124D.128, subdivision 2; 124D.4531, subdivision 1; 124D.59, subdivision 2; 124D.65, subdivision 5; 124D.86; 124D.98; 125A.11, subdivision 1; 125A.76, subdivisions 1, 4a, 8, by adding subdivisions; 125A.78, subdivision 2; 125A.79, subdivisions 1, 5, 8; 125B.26, subdivision 4; 126C.05, subdivisions 1, 5, 6; 126C.10, subdivisions 1, 2, 2c, 3, 7, 8, 13, 13a, 17, 18, 24, 27, 29, 31, 32, 35, by adding subdivisions; 126C.12, subdivision 1; 126C.13, subdivisions 4, 5; 126C.15, subdivision 2; 126C.17; 126C.20; 126C.40, subdivisions 1, 6; 126C.44; 127A.441; 127A.45, subdivisions 2, 13; 127A.47, subdivisions 7, 8; 127A.51; Laws 2011, First Special Session chapter 11, article 2, section 51; proposing coding for new law in Minnesota Statutes, chapters 121A; 123A; 124D; repealing Minnesota Statutes 2012, sections 120B.08; 120B.09; 124D.454, subdivisions 3, 10, 11; 124D.86, subdivision 6; 124D.98, subdivision 2; 125A.76, subdivisions 2, 4, 5, 7; 125A.79, subdivisions 6, 7; 126C.10, subdivisions 2a, 2b, 25, 26, 28, 31a, 31b, 31c; 126C.17, subdivision 13; 127A.50, subdivisions 1, 5.

Referred to the Committee on Finance.

Senator Fischbach introduced–

S.F. No. 454: A bill for an act relating to energy; requesting the Legislative Energy Commission to study issues related to high-voltage transmission line routing.

Referred to the Committee on Environment and Energy.

Senator Fischbach introduced–

S.F. No. 455: A bill for an act relating to energy; regulating the routing process for high-voltage transmission lines; prohibiting the designation of a preferred route in the permitting process; amending Minnesota Statutes 2012, section 216E.03, subdivision 3.

Referred to the Committee on Environment and Energy.

Senator Fischbach introduced–

S.F. No. 456: A bill for an act relating to utilities; regulating the qualifications to be a member of the Public Utilities Commission; amending Minnesota Statutes 2012, section 216A.03, subdivision 1.

Referred to the Committee on Environment and Energy.

Senator Pappas introduced–

S.F. No. 457: A bill for an act relating to military officers; providing for reimbursement grants to local units of government for public safety personnel on authorized leave; amending Minnesota Statutes 2012, sections 190.16, by adding a subdivision; 192.26, by adding a subdivision.

Referred to the Committee on State and Local Government.

Senators Champion, Dibble and Cohen introduced–

S.F. No. 458: A bill for an act relating to public safety; modifying provisions related to the transfer of pistols and semiautomatic military-style assault weapons, and to eligibility to possess a firearm; providing criminal penalties; amending Minnesota Statutes 2012, sections 624.713, subdivisions 1, 4; 624.7131, subdivisions 1, 4, 5, 7, 9, 10; 624.7132, subdivisions 1, 3, 4, 5, 6, 8, 12, 13, 15, by adding a subdivision; repealing Minnesota Statutes 2012, sections 609.66, subdivision 1f; 624.7132, subdivision 14.

Referred to the Committee on Judiciary.

Senator Eken introduced–

S.F. No. 459: A bill for an act relating to human services; making changes to continuing care provisions; modifying provisions related to advisory task forces, nursing homes, resident relocation, medical assistance, long-term care consultation services, assessments, and reporting of maltreatment; amending Minnesota Statutes 2012, sections 15.014, subdivision 2; 144A.071, subdivision 4d; 144A.161; 256B.057, subdivision 9; 256B.0652, subdivision 5; 256B.0911, subdivisions 2b, 3, 3a, 6; 256B.092, subdivision 7; 256B.441, subdivisions 1, 43, 63; 256B.49, subdivision 14; 256B.492; 626.557, subdivision 10; repealing Minnesota Statutes 2012, section 256B.437, subdivision 8; Laws 2012, chapter 216, article 11, section 31.

Referred to the Committee on Health, Human Services and Housing.

Senator Hayden introduced–

S.F. No. 460: A bill for an act relating to human services; modifying provisions related to children and family services; changing data practices provisions; changing provisions related to contractual agreements with tribes, child care programs, community action agencies, the Minnesota family investment program, and reporting maltreatment; amending Minnesota Statutes 2012, sections 13.46, subdivision 2; 119B.02, subdivision 2; 119B.09, subdivisions 6, 13; 256E.30, by adding a subdivision; 256J.09, subdivision 3; 256J.20, subdivision 3; 256J.21, subdivision 2; 256J.24, subdivision 3; 256J.30, subdivisions 4, 12; 256J.32, subdivisions 6, 8; 256J.38, subdivision 6; 256J.49, subdivision 13; 256J.521, subdivisions 1, 2; 256J.53, subdivisions 2, 5; 256J.575, subdivision 7; 256J.621; 256J.626, subdivisions 7, 8; 256J.67; 256J.68, subdivisions 1, 2, 4, 7, 8; 256J.751, subdivision 2; 256K.26, subdivision 4; 626.556, subdivisions 2, 7, 11c; 626.5561, subdivision 1.

Referred to the Committee on Health, Human Services and Housing.

Senators Senjem, Marty, Hoffman, Sieben and Lourey introduced–

S.F. No. 461: A bill for an act relating to capital investment; appropriating money for grave markers and memorials for deceased residents of state hospitals and regional treatment centers; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Tomassoni, Bakk, Saxhaug, Skoe and Wiger introduced–

S.F. No. 462: A bill for an act relating to education finance; adjusting levy reductions related to taconite revenue; amending Minnesota Statutes 2012, section 126C.48, subdivision 8.

Referred to the Committee on Finance.

Senators Hoffman and Johnson introduced–

S.F. No. 463: A bill for an act relating to capital investment; appropriating money for Higher Education Asset Preservation and Replacement at Anoka Technical College and Anoka-Ramsey Community College; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senator Eken introduced–

S.F. No. 464: A bill for an act relating to elections; enacting the Uniform Faithful Presidential Electors Act; making conforming changes; amending Minnesota Statutes 2012, sections 204B.07, subdivision 2; 208.02; 208.03; 208.06; 209.01, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 208; repealing Minnesota Statutes 2012, sections 208.07; 208.08.

Referred to the Committee on Rules and Administration.

Senators Hoffman and Johnson introduced–

S.F. No. 465: A bill for an act relating to capital improvements; appropriating money for a bicycle and pedestrian trail to connect the Northtown Transit hub to the metropolitan regional trail and to provide a safe route for elementary school students; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Eaton, Dahle, Saxhaug, Lourey and Sieben introduced–

S.F. No. 466: A bill for an act relating to public health; protecting children from exposure to harmful chemicals in products; amending criteria for identification of priority chemicals; requiring disclosure by manufacturers of children's products that contain harmful chemicals; authorizing Pollution Control Agency to prohibit sales of children's products that contain harmful chemicals; providing waiver process; establishing fees; requiring a report; amending Minnesota Statutes 2012, sections 13.7411, subdivision 8; 116.9401; 116.9403; 116.9405; 116.9406; proposing coding for new law in Minnesota Statutes, chapter 116.

Referred to the Committee on Environment and Energy.

Senators Eaton, Hoffman, Metzen and Dahle introduced–

S.F. No. 467: A bill for an act relating to alcohol; allowing brewer taprooms to be located in cities with municipal liquor; amending Minnesota Statutes 2012, section 340A.601, subdivision 5.

Referred to the Committee on Commerce.

Senators Eaton, Hoffman and Dziedzic introduced–

S.F. No. 468: A bill for an act relating to local government; discontinuing the Hennepin Soil and Water Conservation District and transferring its duties; proposing coding for new law in Minnesota Statutes, chapter 383B.

Referred to the Committee on State and Local Government.

Senators Rosen, Hayden, Sheran and Nelson introduced–

S.F. No. 469: A bill for an act relating to human services; creating a chemical health navigation program; proposing coding for new law in Minnesota Statutes, chapter 254B.

Referred to the Committee on Health, Human Services and Housing.

Senators Sheran, Brown, Goodwin, Latz and Ingebrigtsen introduced–

S.F. No. 470: A bill for an act relating to civil actions; creating a cause of action for sex trafficking victims; proposing coding for new law in Minnesota Statutes, chapter 604.

Referred to the Committee on Judiciary.

Senators Hayden, Marty, Sieben, Eaton and Tomassoni introduced–

S.F. No. 471: A bill for an act relating to health; requiring hospitals to provide staffing at levels consistent with nationally accepted standards; requiring reporting of staffing levels; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Health, Human Services and Housing.

Senators Koenen, Dahms, Sheran, Reinert and Rosen introduced–

S.F. No. 472: A bill for an act relating to taxation; sales and use; expanding exemption for public safety radio communication systems; amending Minnesota Statutes 2012, section 297A.70, subdivision 8.

Referred to the Committee on Taxes.

Senators Sieben, Sheran, Lourey, Rosen and Nelson introduced–

S.F. No. 473: A bill for an act relating to health; requiring screening of newborns for critical congenital heart disease; proposing coding for new law in Minnesota Statutes, chapter 144.

Referred to the Committee on Health, Human Services and Housing.

Senators Pappas, Hawj, Cohen and Marty introduced–

S.F. No. 474: A bill for an act relating to local government; changing the city of St. Paul dedication fee.

Referred to the Committee on State and Local Government.

Senators Kent, Wiger, Sieben and Housley introduced–

S.F. No. 475: A bill for an act relating to the city of Maplewood; authorizing a tax increment financing district.

Referred to the Committee on Taxes.

Senators Dziedzic, Skoe, Rest, Thompson and Ortman introduced–

S.F. No. 476: A bill for an act relating to taxation; making policy changes to income and franchise taxes, property taxes, sales and use taxes, and other taxes and tax provisions; amending Minnesota Statutes 2012, sections 123A.455, subdivision 1; 270.077; 270C.34, subdivision 1; 270C.38, subdivision 1; 272.03, subdivision 9; 273.114, subdivision 6; 273.13, subdivisions 23, 25; 273.372, subdivision 4; 289A.12, subdivision 14; 290.9705, subdivision 1; 290B.04, subdivision 2; 296A.01, subdivision 19; 297A.665; 297F.01, subdivision 23; 297I.05, subdivisions 7, 12; 297I.30, subdivisions 1, 2.

Referred to the Committee on Taxes.

Senators Eaton, Skoe, Rest, Thompson and Ortman introduced–

S.F. No. 477: A bill for an act relating to taxation; making technical and clarifying changes to income and franchise taxes, property taxes, sales and use taxes, and other taxes and tax provisions; amending Minnesota Statutes 2012, sections 13.4965, subdivision 3; 16A.46; 270.41, subdivision 5; 270C.42, subdivision 2; 272.01, subdivision 2; 272.02, subdivision 97; 273.032; 273.124, subdivision 13; 273.1315, subdivisions 1, 2; 273.19, subdivision 1; 273.39; 279.06, subdivision 1; 287.20, by adding a subdivision; 287.385, subdivision 7; 289A.10, by adding a subdivision; 289A.12, by adding a subdivision; 289A.18, by adding a subdivision; 289A.20, subdivisions 3, 4, by adding a subdivision; 289A.26, subdivisions 3, 4, 7, 9; 289A.55, subdivision 9; 289A.60, subdivision 4; 290.01, subdivisions 6b, 19b, 19c, 19d; 290.0921, subdivision 3; 290.17, subdivision 4; 290A.25; 296A.22, subdivisions 1, 3; 297B.11; 297E.14, subdivision 7; 297F.09, subdivision 9; 297F.18, subdivision 7; 297G.04, subdivision 2; 297G.09, subdivision 8; 297G.17, subdivision 7; 297I.05, subdivision 11; 297I.80, subdivision 1; 298.01, subdivision 3; 298.018; 373.01, subdivision 1; 469.319, subdivision 4; 469.340, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 273; repealing Minnesota Statutes 2012, sections 272.69; 273.11, subdivisions 1a, 22; 289A.60, subdivision 31.

Referred to the Committee on Taxes.

Senators Metzen, Wiger and Sieben introduced–

S.F. No. 478: A bill for an act relating to capital investment; appropriating money for metropolitan cities inflow and infiltration grants; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Ingebrigtsen, Rosen, Weber, Housley and Pederson, J. introduced–

S.F. No. 479: A resolution urging the President and the United States Department of State to approve the Presidential Permit application allowing the construction and operation of the TransCanada Keystone XL Pipeline between the United States and Canada.

Referred to the Committee on Environment and Energy.

Senators Limmer, Bakk, Lourey and Newman introduced–

S.F. No. 480: A bill for an act relating to eminent domain; providing for discharge of a portion of an easement acquired by condemnation; amending Minnesota Statutes 2012, section 117.225.

Referred to the Committee on Judiciary.

Senators Wiger; Torres Ray; Cohen; Pederson, J. and Saxhaug introduced–

S.F. No. 481: A bill for an act relating to education finance; establishing an early learning scholarship program; expanding access to quality early learning and care; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 124D.

Referred to the Committee on Education.

Senators Nienow, Chamberlain and Thompson introduced–

S.F. No. 482: A bill for an act relating to education finance; requiring a three-fifths vote to pass legislation increasing the property tax recognition shift percentage or reducing the school aid percentage below 90; amending Minnesota Statutes 2012, sections 123B.75, subdivision 5; 127A.45, subdivision 1.

Referred to the Committee on Finance.

Senators Nienow; Petersen, B.; Hann and Thompson introduced–

S.F. No. 483: A bill for an act relating to education; creating choice scholarships; authorizing rulemaking; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 124D.

Referred to the Committee on Education.

Senators Nienow and Eaton introduced–

S.F. No. 484: A bill for an act relating to employment; prohibiting employers from requiring social network passwords as a condition of employment; amending Minnesota Statutes 2012, section 181.53.

Referred to the Committee on Jobs, Agriculture and Rural Development.

Senators Nienow, Chamberlain and Hall introduced–

S.F. No. 485: A bill for an act relating to public safety; prohibiting law enforcement agencies from using drones to gather evidence in certain circumstances; authorizing civil actions; proposing coding for new law in Minnesota Statutes, chapter 626.

Referred to the Committee on Judiciary.

Senators Dahle, Sheran and Pratt introduced–

S.F. No. 486: A bill for an act relating to transportation; state lands; providing for conveyance of state land to a private party.

Referred to the Committee on Transportation and Public Safety.

Senators Hayden, Rosen, Pappas, Lourey and Bakk introduced–

S.F. No. 487: A bill for an act relating to human services; modifying medical assistance payment procedures for multiple services provided on the same day; modifying the health care home certification process for federally qualified health centers; amending Minnesota Statutes 2012, sections 256B.0625, by adding a subdivision; 256B.0751, subdivision 4.

Referred to the Committee on Health, Human Services and Housing.

Senators Champion, Tomassoni, Metzen, Hayden and Senjem introduced–

S.F. No. 488: A bill for an act relating to employment; providing for performance-based grants; appropriating money.

Referred to the Committee on Jobs, Agriculture and Rural Development.

Senators Pappas and Rosen introduced–

S.F. No. 489: A bill for an act relating to retirement; former local police and paid fire relief associations; revising and repealing various statutes to reflect the recent mergers of local police and salaried firefighter relief associations and consolidation accounts with the public employees police and fire retirement plan; amending Minnesota Statutes 2012, sections 6.495, subdivisions 1, 3; 6.67; 13D.01, subdivision 1; 69.011, subdivisions 1, 2, 3, 4; 69.021, subdivisions 1, 2, 3, 4, 5, 7, 7a, 8, 9, 10, 11; 69.031, subdivisions 1, 3, 5; 69.041; 69.051, subdivisions 1, 1a, 1b, 2, 3, 4; 69.33; 69.77, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13; 69.771, subdivision 1; 69.80; 275.70, subdivision 5; 297I.10, subdivision 1; 345.381; 353.01, subdivisions 2a, 2b, 6, 10, 16; 353.64, subdivision 1a; 353.659; 353.665, subdivisions 1, 5, 8; 353.71, subdivision 1; 356.20, subdivision 2; 356.215, subdivision 18; 356.216; 356.219, subdivisions 1, 2, 8; 356.406, subdivision 1; 356A.01, subdivision 19; 356A.06, subdivision 4; 356A.07, subdivision 2; 423A.02, subdivisions 1, 1b, 2, 3, 3a, 4, 5; 424A.001, subdivision 4; 424A.02, subdivision 9; 475.52, subdivision 6; repealing Minnesota Statutes 2012, sections 69.021, subdivision 6; 353.64, subdivision 3; 353.665, subdivisions 2, 3, 4, 6, 7, 9, 10; 353.667; 353.668; 353.669; 353.6691; 353A.01; 353A.02; 353A.03; 353A.04; 353A.05; 353A.06; 353A.07; 353A.08; 353A.081; 353A.083; 353A.09; 353A.10; 353B.01; 353B.02; 353B.03; 353B.04; 353B.05; 353B.06; 353B.07; 353B.08; 353B.09; 353B.10; 353B.11; 353B.12; 353B.13; 353B.14; 423A.01; 423A.02, subdivision 1a; 423A.04; 423A.05; 423A.07; 423A.10; 423A.11; 423A.12; 423A.13; 423A.14; 423A.15; 423A.16; 423A.17; 423A.171; 423A.18; 423A.19; 423A.20; 423A.21; 423A.22.

Referred to the Committee on State and Local Government.

Senator Sheran introduced–

S.F. No. 490: A bill for an act relating to human services; distinguishing and clarifying law regarding civil commitment to the Minnesota sex offender program from other civil commitments; amending Minnesota Statutes 2012, sections 253B.02, subdivisions 18a, 24; 253B.03, subdivision 1a; 253B.045, subdivision 1a; 253B.092, subdivision 1; 253B.17, subdivision 1; 253B.185; 253B.19, subdivision 2; proposing coding for new law as Minnesota Statutes, chapter 253D.

Referred to the Committee on Judiciary.

Senators Nelson, Bonoff, Tomassoni, Rest and Senjem introduced–

S.F. No. 491: A bill for an act relating to workforce development; creating a pilot program for individuals with autism spectrum disorders; appropriating money.

Referred to the Committee on Jobs, Agriculture and Rural Development.

Senators Skoe, Tomassoni, Bakk and Saxhaug introduced–

S.F. No. 492: A bill for an act relating to taxes; modifying tax incentive payments for the Sustainable Forest Incentive Act; amending Minnesota Statutes 2012, sections 290C.06; 290C.07.

Referred to the Committee on Taxes.

Senators Eken, Lourey, Weber, Koenen and Dahms introduced–

S.F. No. 493: A bill for an act relating to health; requiring accreditation of advanced diagnostic imaging services operating in the state; amending Minnesota Statutes 2012, section 144.1225, subdivision 2.

Referred to the Committee on Health, Human Services and Housing.

Senators Jensen and Westrom introduced–

S.F. No. 494: A bill for an act relating to education finance; appropriating money to upgrade the kitchen at the Minnesota State Academies for the Deaf and Blind.

Referred to the Committee on Finance.

Senator Jensen introduced–

S.F. No. 495: A bill for an act relating to capital investment; appropriating money for capital improvements at the Minnesota State Academies; authorizing the sale and issuance of state bonds.

Referred to the Committee on Finance.

Senators Eken and Sieben introduced–

S.F. No. 496: A bill for an act relating to campaign finance; making various changes to campaign finance and public disclosure law; expanding definition of public official; amending Minnesota Statutes 2012, sections 10A.01, subdivision 35; 10A.025, subdivision 4; 10A.04, subdivision 5; 10A.15, subdivision 1; 10A.16; 10A.20, subdivisions 4, 12; 10A.242, subdivision 1; 10A.27, subdivision 9; 10A.273, subdivisions 1, 4; 10A.30; 10A.31, subdivisions 1, 4, 7; 10A.315; 10A.321, subdivision 1; 10A.322, subdivision 4; 10A.324, subdivision 1; 211B.37.

Referred to the Committee on Rules and Administration.

Senators Chamberlain, Wiger, Tomassoni, Housley and Ingebrigtsen introduced–

S.F. No. 497: A bill for an act relating to natural resources; appropriating money from the clean water fund to protect water supplies and lakes in the northeast Twin Cities metropolitan area.

Referred to the Committee on Finance.

Senators Eken and Sieben introduced–

S.F. No. 498: A bill for an act relating to elections; modifying election procedures; modifying election administration; modifying ballot formatting; adjusting timelines; amending Minnesota

Statutes 2012, sections 103C.225, subdivision 3; 103C.305, subdivision 3; 201.071, subdivision 2; 201.091, subdivision 8; 201.12, subdivision 3; 201.13, subdivision 1a; 201.14; 202A.14, subdivision 1; 203B.05, subdivision 1; 203B.08, subdivision 3; 203B.081; 203B.121, subdivisions 2, 5; 203B.227; 203B.28; 204B.04, by adding a subdivision; 204B.14, subdivision 4; 204B.18, subdivision 2; 204B.22, subdivisions 1, 2; 204B.28, subdivision 1; 204B.32, subdivision 1; 204B.33; 204B.34, by adding a subdivision; 204B.35, subdivision 4; 204B.36, subdivision 1; 204B.45, subdivision 2; 204B.46; 204C.14; 204C.15, subdivision 1; 204C.19, subdivision 2; 204C.25; 204C.27; 204D.08, subdivision 6; 204D.09, subdivision 2; 204D.11, subdivisions 1, 4, 5, 6; 204D.13, subdivision 3; 204D.14, subdivisions 1, 3; 204D.15, subdivision 3; 204D.16; 204D.165; 204D.19, subdivision 2; 205.02, subdivision 2; 205.10, subdivision 3; 205.13, subdivision 1a, by adding a subdivision; 205.16, subdivisions 1, 4, 5; 205.17, subdivisions 1, 3; 205A.04, by adding a subdivision; 205A.05, subdivisions 1, 2; 205A.06, by adding a subdivision; 205A.07, subdivisions 1, 3, 3a, 3b; 205A.08, subdivision 1; 206.61, subdivision 4; 206.89, subdivisions 2, 3; 206.895; 206.90, subdivision 6; 208.04, subdivisions 1, 2; 211B.045; 211B.37; 340A.416, subdivisions 2, 3; 340A.602; 375.20; 447.32, subdivisions 2, 3, 4; Laws 1963, chapter 276, section 2, subdivision 2, as amended; repealing Minnesota Statutes 2012, sections 204B.42; 204D.11, subdivisions 2, 3; 205.16, subdivision 2; 205.17, subdivisions 2, 4; 205A.08, subdivision 4.

Referred to the Committee on Rules and Administration.

Senators Sparks and Sheran introduced–

S.F. No. 499: A bill for an act relating to human services; modifying the division of cost for intermediate care facilities for persons with developmental disabilities; amending Minnesota Statutes 2012, section 256B.19, subdivision 1.

Referred to the Committee on Health, Human Services and Housing.

Senators Thompson, Benson, Chamberlain and Nienow introduced–

S.F. No. 500: A bill for an act relating to state government; establishing legislator premiums for the state employee group insurance program; amending Minnesota Statutes 2012, section 43A.24, by adding a subdivision.

Referred to the Committee on State and Local Government.

MOTIONS AND RESOLUTIONS

Senator Dibble moved that his name be stricken as chief author and the name of Senator Champion be added as chief author to S.F. No. 271. The motion prevailed.

Senator Rosen moved that the name of Senator Dziedzic be added as a co-author to S.F. No. 404. The motion prevailed.

Senator Kiffmeyer moved that the name of Senator Pederson, J. be added as a co-author to S.F. No. 426. The motion prevailed.

Senator Goodwin moved that S.F. No. 46 be withdrawn from the Committee on Judiciary and returned to its author. The motion prevailed.

Senator Goodwin moved that S.F. No. 64 be withdrawn from the Committee on Judiciary and returned to its author. The motion prevailed.

Senator Hayden moved that S.F. No. 176 be withdrawn from the Committee on Health, Human Services and Housing and re-referred to the Committee on Finance. The motion prevailed.

Senator Senjem moved that S.F. No. 343 be withdrawn from the Committee on State and Local Government and re-referred to the Committee on Jobs, Agriculture and Rural Development. The motion prevailed.

Senator Rest moved that S.F. No. 357 be withdrawn from the Committee on Health, Human Services and Housing and re-referred to the Committee on Environment and Energy. The motion prevailed.

Senator Nelson introduced –

Senate Resolution No. 33: A Senate resolution honoring Cadet 1st Lieutenant Parker Rosedahl on receiving the Mitchell Award.

Referred to the Committee on Rules and Administration.

Senators Nienow, Kiffmeyer, Benson and Ruud introduced –

Senate Resolution No. 34: A Senate resolution expressing the sense of the Senate concerning the second amendment to the United States.

Referred to the Committee on Rules and Administration.

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated H.F. No. 9 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 9: A bill for an act relating to human services; expanding medical assistance eligibility; requiring the use of modified adjusted gross income and a standard income disregard; amending Minnesota Statutes 2012, sections 256B.02, by adding a subdivision; 256B.055, by adding a subdivision; 256B.056, subdivisions 1a, 3c, 4.

Senator Sheran moved that the amendment made to H.F. No. 9 by the Committee on Rules and Administration in the report adopted February 13, 2013, pursuant to Rule 45, be stricken. The motion prevailed. So the amendment was stricken.

Senator Nienow moved to amend H.F. No. 9 as follows:

Page 4, after line 24, insert:

"Sec. 6. **CONTINGENT SUNSET.**

If at any time, the commissioner of human services determines that federal funding will decrease below 90 percent for the expansion authorized by the amendment to Minnesota Statutes, section 256B.056, subdivision 4, paragraph (d), of this act, the eligibility standards for medical assistance shall revert to the standards that existed on December 31, 2013. For this sunset to occur, the commissioner of human services must notify the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance, within ten days of determining that federal funding will decrease below 90 percent, and the reversion to the medical assistance eligibility standards that existed on December 31, 2013, shall become effective 60 days from the date of notification to the legislature, or upon the date the decrease in federal funding becomes effective, whichever is later.

EFFECTIVE DATE. This section is effective January 1, 2014."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

CALL OF THE SENATE

Senator Tomassoni imposed a call of the Senate for the balance of the proceedings on H.F. No. 9. The Sergeant at Arms was instructed to bring in the absent members.

The question was taken on the adoption of the Nienow amendment.

The roll was called, and there were yeas 28 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Osmek	Senjem
Benson	Hall	Miller	Pederson, J.	Thompson
Brown	Hann	Nelson	Petersen, B.	Weber
Chamberlain	Housley	Newman	Pratt	Westrom
Dahms	Ingebrigtsen	Nienow	Rosen	
Fischbach	Kiffmeyer	Ortman	Ruud	

Those who voted in the negative were:

Bakk	Dziedzic	Jensen	Pappas	Skoe
Bonoff	Eaton	Johnson	Reinert	Sparks
Carlson	Eken	Kent	Rest	Tomassoni
Champion	Franzen	Koenen	Saxhaug	Torres Ray
Clausen	Goodwin	Latz	Scalze	Wiger
Cohen	Hawj	Lourey	Schmit	Wiklund
Dahle	Hayden	Marty	Sheran	
Dibble	Hoffman	Metzen	Sieben	

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

Senator Nienow moved to amend H.F. No. 9 as follows:

Page 4, after line 24, insert:

"Sec. 6. **CONTINGENT SUNSET.**

If at any time, the commissioner of human services determines that the federal Medicaid match for the expansion authorized by the amendment to Minnesota Statutes, section 256B.056, subdivision 4, paragraph (d), of this act, will be reduced to a percentage that is lower than the state's regular federal Medicaid match, the eligibility standards for medical assistance shall revert to the standards that existed on December 31, 2013. For this sunset to occur, the commissioner of human services must notify the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance, within 60 days of determining that enhanced federal Medicaid funding for the expansion will be reduced to a percentage that is lower than the state's regular federal Medicaid match, and the reversion to the medical assistance eligibility standards that existed on December 31, 2013, shall become effective on July 1 of the calendar year following the calendar year in which the federal Medicaid match for the expansion is reduced to a percentage that is lower than the state's regular federal Medicaid match.

EFFECTIVE DATE. This section is effective January 1, 2014."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 28 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Osmek	Senjem
Benson	Hall	Miller	Pederson, J.	Thompson
Brown	Hann	Nelson	Petersen, B.	Weber
Chamberlain	Housley	Newman	Pratt	Westrom
Dahms	Ingebrigtsen	Nienow	Rosen	
Fischbach	Kiffmeyer	Ortman	Ruud	

Those who voted in the negative were:

Bakk	Dziedzic	Jensen	Pappas	Skoe
Bonoff	Eaton	Johnson	Reinert	Sparks
Carlson	Eken	Kent	Rest	Tomassoni
Champion	Franzen	Koenen	Saxhaug	Torres Ray
Clausen	Goodwin	Latz	Scalze	Wiger
Cohen	Hawj	Lourey	Schmit	Wiklund
Dahle	Hayden	Marty	Sheran	
Dibble	Hoffman	Metzen	Sieben	

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

Senator Benson moved to amend H.F. No. 9 as follows:

Page 4, after line 24, insert:

"Sec. 6. **CONTINGENT SUNSET.**

If at any time, the commissioner of human services determines that all federal funding will cease for the expansion authorized by the amendment to Minnesota Statutes, section 256B.056, subdivision 4, paragraph (d), of this act, the eligibility standards for medical assistance shall revert to the standards that existed on December 31, 2013. For this sunset to occur, the commissioner of human services must notify the chairs and ranking minority members of the legislative committees with jurisdiction over health and human services policy and finance, within 60 days of determining that all federal funding has ceased, and the reversion to the medical assistance eligibility standards that existed on December 31, 2013, shall become effective on July 1 of the calendar year following the calendar year in which all federal funding ceases.

EFFECTIVE DATE. This section is effective January 1, 2014."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

The roll was called, and there were yeas 27 and nays 38, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Osmek	Senjem
Benson	Hall	Miller	Pederson, J.	Thompson
Brown	Hann	Nelson	Petersen, B.	Weber
Chamberlain	Housley	Newman	Pratt	
Dahms	Ingebrigtsen	Nienow	Rosen	
Fischbach	Kiffmeyer	Ortman	Ruud	

Those who voted in the negative were:

Bakk	Dziedzic	Jensen	Pappas	Skoe
Bonoff	Eaton	Johnson	Reinert	Sparks
Carlson	Eken	Kent	Rest	Tomassoni
Champion	Franzen	Koenen	Saxhaug	Torres Ray
Clausen	Goodwin	Latz	Scalze	Wiger
Cohen	Hawj	Lourey	Schmit	Wiklund
Dahle	Hayden	Marty	Sheran	
Dibble	Hoffman	Metzen	Sieben	

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

H.F. No. 9 was read the third time and placed on its final passage.

The question was taken on the passage of the bill.

The roll was called, and there were yeas 45 and nays 22, as follows:

Those who voted in the affirmative were:

Bakk	Dziedzic	Johnson	Pappas	Sieben
Bonoff	Eaton	Kent	Pederson, J.	Skoe
Carlson	Eken	Koenen	Reinert	Sparks
Champion	Franzen	Latz	Rest	Stumpf
Clausen	Goodwin	Lourey	Rosen	Tomassoni
Cohen	Hawj	Marty	Saxhaug	Torres Ray
Dahle	Hayden	Metzen	Scalze	Weber
Dahms	Hoffman	Miller	Schmit	Wiger
Dibble	Jensen	Nelson	Sheran	Wiklund

Those who voted in the negative were:

Anderson	Gazelka	Kiffmeyer	Osmek	Thompson
Benson	Hall	Limmer	Petersen, B.	Westrom
Brown	Hann	Newman	Pratt	
Chamberlain	Housley	Nienow	Ruud	
Fischbach	Ingebrigtsen	Ortman	Senjem	

So the bill passed and its title was agreed to.

MOTIONS AND RESOLUTIONS - CONTINUED

Senator Bakk moved that H.F. No. 6 be taken from the table. The motion prevailed.

Pursuant to Rule 26, Senator Bakk, Chair of the Committee on Rules and Administration, designated H.F. No. 6 a Special Order to be heard immediately.

SPECIAL ORDER

H.F. No. 6: A bill for an act relating to taxation; conforming certain income, franchise, and property tax refund provisions for tax year 2012 to the provisions of the Federal Aviation Administration Modernization and Reform Act of 2012 and the American Taxpayer Relief Act of 2012; amending Minnesota Statutes 2012, sections 290.01, subdivisions 19, 31; 290A.03, subdivision 15.

Senator Skoe moved to amend H.F. No. 6 as follows:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 2012, section 116J.424, is amended to read:

116J.424 IRON RANGE RESOURCES AND REHABILITATION BOARD CONTRIBUTION.

The commissioner of the Iron Range Resources and Rehabilitation Board with approval by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board, shall provide an equal match for any loan or equity investment made for a facility located in the tax relief area defined in section 273.134, paragraph (b), by the Minnesota minerals 21st century fund created by section 116J.423. The match may be in the form of a loan or equity investment, notwithstanding whether the fund makes a loan or equity investment. The state shall not acquire an equity interest because of an equity investment or loan by the board and the board at its sole discretion shall decide what interest it acquires in a project. The commissioner of employment and economic development may require a commitment from the board to make the match prior to disbursing money from the fund.

Sec. 2. Minnesota Statutes 2012, section 270C.13, subdivision 1, is amended to read:

Subdivision 1. **Biennial report.** The commissioner shall report to the legislature by March 1 of each odd-numbered year on the overall incidence of the income tax, sales and excise taxes, and property tax. The report shall present information on the distribution of the tax burden as follows: (1) for the overall income distribution, using a systemwide incidence measure such as the Suits index or other appropriate measures of equality and inequality; (2) by income classes, including at a minimum deciles of the income distribution; and (3) by other appropriate taxpayer characteristics. ~~The report must also include information on the distribution of the burden of federal taxes borne by Minnesota residents.~~

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

Page 3, after line 13, insert:

"Sec. 6. Minnesota Statutes 2012, section 298.22, is amended by adding a subdivision to read:

Subd. 1a. **Iron Range Resources and Rehabilitation Board.** The Iron Range Resources and Rehabilitation Board consists of the state senators and representatives elected from state senatorial or legislative districts in which one-third or more of the residents reside in a taconite assistance area as defined in section 273.1341. One additional state senator shall also be appointed by the senate Subcommittee on Committees of the Committee on Rules and Administration. All expenditures and projects made by the commissioner shall first be submitted to the board for approval. The expenses of the board shall be paid by the state from the funds raised pursuant to this section. Members of the board may be reimbursed for expenses in the manner provided in sections 3.099, subdivision 1, and 3.101, and may receive per diem payments during the interims between legislative sessions in the manner provided in section 3.099, subdivision 1.

The members shall be appointed in January of every odd-numbered year, and shall serve until January of the next odd-numbered year. Vacancies on the board shall be filled in the same manner as original members were chosen.

Sec. 7. Minnesota Statutes 2012, section 298.22, subdivision 5a, is amended to read:

Subd. 5a. **Forest trust.** The commissioner, upon ~~the affirmative vote of at least seven Iron Range Resources and Rehabilitation Board members~~ approval by the board, may purchase forest lands in the taconite assistance area defined in under section 273.1341 with funds specifically authorized for the purchase. The acquired forest lands must be held in trust for the benefit of the citizens of the taconite assistance area as the Iron Range Miners' Memorial Forest. The forest trust lands shall be managed and developed for recreation and economic development purposes. The commissioner, upon ~~the affirmative vote of at least seven Iron Range Resources and Rehabilitation Board members~~ approval by the board, may sell forest lands purchased under this subdivision if the board finds that the sale advances the purposes of the trust. Proceeds derived from the management or sale of the lands and from the sale of timber or removal of gravel or other minerals from these forest lands shall be deposited into an Iron Range Miners' Memorial Forest account that is established within the state financial accounts. Funds may be expended from the account upon approval by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board, to purchase, manage, administer, convey interests in, and improve the forest lands. ~~By an affirmative vote of at least seven Iron Range Resources and Rehabilitation Board members~~ With approval by the board, money in the Iron Range Miners' Memorial Forest account may be transferred into the corpus of the Douglas J. Johnson economic protection trust fund established under sections 298.291 to 298.294. The property acquired under the authority granted by this subdivision and income derived from the property or the operation or management of the property are exempt from taxation by the state or its political subdivisions while held by the forest trust.

Sec. 8. Minnesota Statutes 2012, section 298.22, subdivision 8, is amended to read:

Subd. 8. **Spending priority.** In making or approving any expenditures on programs or projects, the commissioner and the board shall give the highest priority to programs and projects that target relief to those areas of the taconite assistance area as defined in section 273.1341, that have the largest percentages of job losses and population losses directly attributable to the economic downturn in the taconite industry since the 1980s. The commissioner and the board shall compare the 1980 population and employment figures with the 2000 population and employment figures, and shall specifically consider the job losses in 2000 and 2001 resulting from the closure of LTV Steel Mining Company, in making or approving expenditures consistent with this subdivision, as well as the areas of residence of persons who suffered job loss for which relief is to be targeted under this subdivision. The commissioner may lease, for a term not exceeding 50 years and upon the terms determined by the commissioner and approved by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board, surface and mineral interests owned or acquired by the state of Minnesota acting by and through the office of the commissioner of Iron Range resources and rehabilitation within those portions of the taconite assistance area affected by the closure of the LTV Steel Mining Company facility near Hoyt Lakes. The payments and royalties from these leases must be deposited into the fund established in section 298.292. This subdivision supersedes any other conflicting provisions of law and does not preclude the commissioner and the board from making expenditures for programs and projects in other areas.

Sec. 9. Minnesota Statutes 2012, section 298.22, subdivision 10, is amended to read:

Subd. 10. **Sale or privatization of functions.** The commissioner of Iron Range resources and rehabilitation may not sell or privatize the Ironworld Discovery Center or Giants Ridge Golf and Ski Resort without prior approval by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board.

Sec. 10. Minnesota Statutes 2012, section 298.22, subdivision 11, is amended to read:

Subd. 11. **Budgeting.** The commissioner of Iron Range resources and rehabilitation shall annually prepare a budget for operational expenditures, programs, and projects, and submit it to the Iron Range Resources and Rehabilitation Board ~~and the governor~~. After the budget is approved by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board and the governor, the commissioner may spend money in accordance with the approved budget.

Sec. 11. Minnesota Statutes 2012, section 298.221, is amended to read:

298.221 RECEIPTS FROM CONTRACTS; APPROPRIATION.

(a) Except as provided in paragraph (c), all money paid to the state of Minnesota pursuant to the terms of any contract entered into by the state under authority of section 298.22 and any fees which may, in the discretion of the commissioner of Iron Range resources and rehabilitation, be charged in connection with any project pursuant to that section as amended, shall be deposited in the state treasury to the credit of the Iron Range Resources and Rehabilitation Board account in the special revenue fund and are hereby appropriated for the purposes of section 298.22.

(b) Notwithstanding section 16A.013, merchandise may be accepted by the commissioner of the Iron Range Resources and Rehabilitation Board for payment of advertising contracts if the commissioner determines that the merchandise can be used for special event prizes or mementos at facilities operated by the board. Nothing in this paragraph authorizes the commissioner or a member of the board to receive merchandise for personal use.

(c) All fees charged by the commissioner in connection with public use of the state-owned ski and golf facilities at the Giants Ridge Recreation Area and all other revenues derived by the commissioner from the operation or lease of those facilities and from the lease, sale, or other disposition of undeveloped lands at the Giants Ridge Recreation Area must be deposited into an Iron Range Resources and Rehabilitation Board account that is created within the state enterprise fund. All funds deposited in the enterprise fund account are appropriated to the commissioner to be expended, subject to approval by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board, as follows:

(1) to pay costs associated with the construction, equipping, operation, repair, or improvement of the Giants Ridge Recreation Area facilities or lands;

(2) to pay principal, interest and associated bond issuance, reserve, and servicing costs associated with the financing of the facilities; and

(3) to pay the costs of any other project authorized under section 298.22.

Sec. 12. Minnesota Statutes 2012, section 298.2211, subdivision 3, is amended to read:

Subd. 3. **Project approval.** All projects authorized by this section shall be submitted by the commissioner to the Iron Range Resources and Rehabilitation Board for approval by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board. Prior to the commencement of a project involving the exercise by the commissioner of any authority of sections 469.174 to 469.179, the governing body of each municipality in which any part of the project is located and the county board of any county containing portions of the project not located in an incorporated area shall by majority vote approve or disapprove the project. Any project approved by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board and the applicable governing bodies, if any, together with detailed information concerning the project, its costs, the sources of its funding, and the amount of any bonded indebtedness to be incurred in connection with the project, shall be transmitted to the governor, who shall approve, disapprove, or return the proposal for additional consideration within 30 days of receipt. No project authorized under this section shall be undertaken, and no obligations shall be issued and no tax increments shall be expended for a project authorized under this section until the project has been approved by the governor.

Sec. 13. Minnesota Statutes 2012, section 298.2213, subdivision 4, is amended to read:

Subd. 4. **Project approval.** The board and commissioner shall by August 1 each year prepare a list of projects to be funded from the money appropriated in this section with necessary supporting information including descriptions of the projects, plans, and cost estimates. A project must not be approved by the board unless it finds that:

(1) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(2) the prospective benefits of the expenditure exceed the anticipated costs; and

(3) in the case of assistance to private enterprise, the project will serve a sound business purpose.

Each project must be approved by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board and the commissioner of Iron Range resources and rehabilitation. The list of projects must be submitted to the governor, who shall, by November 15 of each year, approve, disapprove, or return for further consideration, each project. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.

Sec. 14. Minnesota Statutes 2012, section 298.2214, subdivision 6, is amended to read:

Subd. 6. **Per diem.** Members of the committee may be reimbursed for expenses ~~in the manner provided in section 298.22, subdivision 2~~ by the state from funds raised pursuant to section 298.22.

Sec. 15. Minnesota Statutes 2012, section 298.223, subdivision 1, is amended to read:

Subdivision 1. **Creation; purposes.** A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota located within the taconite assistance area defined in section 273.1341, that are adversely affected by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota. The taconite environmental protection fund shall be used for the following purposes:

(1) to initiate investigations into matters the Iron Range Resources and Rehabilitation Board determines are in need of study and which will determine the environmental problems requiring remedial action;

(2) reclamation, restoration, or reforestation of mine lands not otherwise provided for by state law;

(3) local economic development projects but only if those projects are approved by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board, and public works, including construction of sewer and water systems located within the taconite assistance area defined in section 273.1341;

(4) monitoring of mineral industry related health problems among mining employees;

(5) local public works projects under section 298.227, paragraph (c); and

(6) local public works projects as provided under this clause. The following amounts shall be distributed in 2009 based upon the taxable tonnage of production in 2008:

(i) .4651 cent per ton to the city of Aurora for street repair and renovation;

(ii) .4264 cent per ton to the city of Biwabik for street and utility infrastructure improvements to the south side industrial site;

(iii) .6460 cent per ton to the city of Buhl for street repair;

(iv) 1.0336 cents per ton to the city of Hoyt Lakes for public utility improvements;

(v) 1.1628 cents per ton to the city of Eveleth for water and sewer infrastructure upgrades;

(vi) 1.0336 cents per ton to the city of Gilbert for water and sewer infrastructure upgrades;

(vii) .7752 cent per ton to the city of Mountain Iron for water and sewer infrastructure;

(viii) 1.2920 cents per ton to the city of Virginia for utility upgrades and accessibility modifications for the miners' memorial;

(ix) .6460 cent per ton to the town of White for Highway 135 road upgrades;

(x) 1.9380 cents per ton to the city of Hibbing for public infrastructure projects;

(xi) 1.1628 cents per ton to the city of Chisholm for water and sewer repair;

(xii) .6460 cent per ton to the town of Balkan for community center repairs;

(xiii) .9044 cent per ton to the city of Babbitt for city garage construction;

(xiv) .5168 cent per ton to the city of Cook for public infrastructure projects;

(xv) .5168 cent per ton to the city of Ely for reconstruction of 2nd Avenue West;

(xvi) .6460 cent per ton to the city of Tower for water infrastructure upgrades;

(xvii) .1292 cent per ton to the city of Orr for water infrastructure upgrades;

(xviii) .1292 cent per ton to the city of Silver Bay for emergency cleanup;

(xvix) .3230 cent per ton to Lake County for trail construction;

(xx) .1292 cent per ton to Cook County for construction of tennis courts in Grand Marais;

(xxi) .3101 cent per ton to the city of Two Harbors for water infrastructure improvements;

(xxii) .1938 cent per ton for land acquisition for phase one of Cook Airport project;

(xxiii) 1.0336 cents per ton to the city of Coleraine for water and sewer improvements along Gayley Avenue;

(xxiv) .3876 cent per ton to the city of Marble for construction of a city administration facility;

(xxv) .1292 cent per ton to the city of Calumet for repairs at city hall and the community center;

(xxvi) .6460 cent per ton to the city of Nashwauk for electrical infrastructure upgrades;

(xxvii) 1.0336 cents per ton to the city of Keewatin for water and sewer upgrades along Depot Street;

(xxviii) .2584 cent per ton to the city of Aitkin for water, sewer, street, and gutter improvements;

(xxix) 1.1628 cents per ton to the city of Grand Rapids for water and sewer infrastructure upgrades at Pokegema Golf Course and Park Place;

(xxx) .1809 cent per ton to the city of Grand Rapids for water and sewer upgrades for 1st Avenue from River Road to 3rd Street SE; and

(xxxi) .9044 cent per ton to the city of Cohasset for upgrades to the railroad crossing at Highway 2 and County Road 62.

Sec. 16. Minnesota Statutes 2012, section 298.223, subdivision 2, is amended to read:

Subd. 2. **Administration.** (a) The taconite area environmental protection fund shall be administered by the commissioner of the Iron Range Resources and Rehabilitation Board. The commissioner shall by September 1 of each year submit to the board a list of projects to be funded from the taconite area environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary.

(b) Each year no less than one-half of the amounts deposited into the taconite environmental protection fund must be used for public works projects, including construction of sewer and water systems, as specified under subdivision 1, clause (3). The Iron Range Resources and Rehabilitation Board ~~with approval by at least seven Iron Range Resources and Rehabilitation Board members,~~ may waive the requirements of this paragraph.

(c) Upon approval by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board, the list of projects approved under this subdivision shall be submitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each project. Funds for a project may be expended only upon approval of the project by ~~at least seven Iron Range Resources and Rehabilitation Board members,~~ the board and the governor. The commissioner may submit supplemental projects to the board and governor for approval at any time.

Sec. 17. Minnesota Statutes 2012, section 298.227, is amended to read:

298.227 TACONITE ECONOMIC DEVELOPMENT FUND.

(a) An amount equal to that distributed pursuant to each taconite producer's taxable production and qualifying sales under section 298.28, subdivision 9a, shall be held by the Iron Range Resources and Rehabilitation Board in a separate taconite economic development fund for each taconite and direct reduced ore producer. Money from the fund for each producer shall be released by the commissioner after review by a joint committee consisting of an equal number of representatives of the salaried employees and the nonsalaried production and maintenance employees of that producer. The District 11 director of the United States Steelworkers of America, on advice of each local employee president, shall select the employee members. In nonorganized operations, the employee committee shall be elected by the nonsalaried production and maintenance employees. The review must be completed no later than six months after the producer presents a proposal for expenditure of the funds to the committee. The funds held pursuant to this section may be released only for workforce development and associated public facility improvement, or for acquisition of plant and stationary mining equipment and facilities for the producer or for research and development in Minnesota on new mining, or taconite, iron, or steel production technology, but only if the producer provides a matching expenditure to be used for the same purpose of at least 50 percent of the distribution based on 14.7 cents per ton beginning with distributions in 2002. Effective for proposals for expenditures of money from the fund beginning May 26, 2007, the commissioner may not release the funds before the next scheduled meeting of the board. If a proposed expenditure is not approved by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board, the funds must be deposited in the Taconite Environmental Protection Fund under sections 298.222 to 298.225. If a producer uses money which has been released from the fund prior to May 26, 2007 to procure haulage trucks, mobile equipment, or mining shovels, and the producer removes the piece of equipment from the taconite tax relief area defined in section 273.134 within ten years from the date of receipt of the money from the fund, a portion of the money granted from the fund must be repaid to the taconite economic development fund. The portion of the money to be repaid is 100 percent of the grant if the equipment is removed from the taconite tax relief area within 12 months after receipt of the money from the fund, declining by ten percent for each of the subsequent nine years during which the equipment remains within the taconite tax relief area. If a taconite production facility is sold after operations at the facility had ceased, any money remaining in the fund for the former producer may be released to the purchaser of the facility on the terms otherwise applicable to the former producer under this section. If a producer fails to provide matching funds for a proposed expenditure within six months after the commissioner approves release of the funds, the funds are available for release to another producer in proportion to the distribution provided and under the conditions of this section. Any portion of the fund which is not released by the commissioner within one year of its deposit in the fund shall be divided between the taconite environmental protection fund created in section 298.223 and the Douglas J. Johnson economic protection trust fund created in section 298.292 for placement in their respective special accounts. Two-thirds of the unreleased funds shall be distributed to the taconite environmental protection fund and one-third to the Douglas J. Johnson economic protection trust fund.

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

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

Sec. 18. Minnesota Statutes 2012, section 298.28, subdivision 9d, is amended to read:

Subd. 9d. **Iron Range higher education account.** Five cents per taxable ton must be allocated to the Iron Range Resources and Rehabilitation Board to be deposited in an Iron Range higher education account that is hereby created, to be used for higher education programs conducted at educational institutions in the taconite assistance area defined in section 273.1341. The Iron Range Higher Education committee under section 298.2214, and the Iron Range Resources and Rehabilitation Board ~~by an affirmative vote of at least seven Iron Range Resources and Rehabilitation Board members,~~ must approve all expenditures from the account.

Sec. 19. Minnesota Statutes 2012, section 298.292, subdivision 2, is amended to read:

Subd. 2. **Use of money.** Money in the Douglas J. Johnson economic protection trust fund may be used for the following purposes:

(1) to provide loans, loan guarantees, interest buy-downs and other forms of participation with private sources of financing, but a loan to a private enterprise shall be for a principal amount not to exceed one-half of the cost of the project for which financing is sought, and the rate of interest on a loan to a private enterprise shall be no less than the lesser of eight percent or an interest rate three percentage points less than a full faith and credit obligation of the United States government of comparable maturity, at the time that the loan is approved;

(2) to fund reserve accounts established to secure the payment when due of the principal of and interest on bonds issued pursuant to section 298.2211;

(3) to pay in periodic payments or in a lump-sum payment any or all of the interest on bonds issued pursuant to chapter 474 for the purpose of constructing, converting, or retrofitting heating facilities in connection with district heating systems or systems utilizing alternative energy sources;

(4) to invest in a venture capital fund or enterprise that will provide capital to other entities that are engaging in, or that will engage in, projects or programs that have the purposes set forth in subdivision 1. No investments may be made in a venture capital fund or enterprise unless at least two other unrelated investors make investments of at least $500,000 in the venture capital fund or enterprise, and the investment by the Douglas J. Johnson economic protection trust fund may not exceed the amount of the largest investment by an unrelated investor in the venture capital fund or enterprise. For purposes of this subdivision, an "unrelated investor" is a person or entity that is not related to the entity in which the investment is made or to any individual who owns more than 40 percent of the value of the entity, in any of the following relationships: spouse, parent, child, sibling, employee, or owner of an interest in the entity that exceeds ten percent of the value of all interests in it. For purposes of determining the limitations under this clause, the amount of investments made by an investor other than the Douglas J. Johnson economic protection trust fund is the sum of all investments made in the venture capital fund or enterprise during the period beginning one year before the date of the investment by the Douglas J. Johnson economic protection trust fund; and

(5) to purchase forest land in the taconite assistance area defined in section 273.1341 to be held and managed as a public trust for the benefit of the area for the purposes authorized in section 298.22, subdivision 5a. Property purchased under this section may be sold by the commissioner upon approval by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board. The net proceeds must be deposited in the trust fund for the purposes and uses of this section.

Money from the trust fund shall be expended only in or for the benefit of the taconite assistance area defined in section 273.1341.

Sec. 20. Minnesota Statutes 2012, section 298.294, is amended to read:

298.294 INVESTMENT OF FUND.

(a) The trust fund established by section 298.292 shall be invested pursuant to law by the State Board of Investment and the net interest, dividends, and other earnings arising from the investments shall be transferred, except as provided in paragraph (b), on the first day of each month to the trust and shall be included and become part of the trust fund. The amounts transferred, including the interest, dividends, and other earnings earned prior to July 13, 1982, together with the additional amount of $10,000,000 for fiscal year 1983, which is appropriated April 21, 1983, are appropriated from the trust fund to the commissioner of Iron Range resources and rehabilitation for deposit in a separate account for expenditure for the purposes set forth in section 298.292. Amounts appropriated pursuant to this section shall not cancel but shall remain available unless expended.

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

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

Sec. 21. Minnesota Statutes 2012, section 298.296, subdivision 1, is amended to read:

Subdivision 1. **Project approval.** The board and commissioner shall by August 1 of each year prepare a list of projects to be funded from the Douglas J. Johnson economic protection trust with necessary supporting information including description of the projects, plans, and cost estimates. These projects shall be consistent with the priorities established in section 298.292 and shall not be approved by the board unless it finds that:

(a) the project will materially assist, directly or indirectly, the creation of additional long-term employment opportunities;

(b) the prospective benefits of the expenditure exceed the anticipated costs; and

(c) in the case of assistance to private enterprise, the project will serve a sound business purpose.

Each project must be approved by ~~at least eight Iron Range Resources and Rehabilitation Board~~ over one-half of all of the members of the board and the commissioner of Iron Range resources and rehabilitation. The list of projects shall be submitted to the governor, who shall, by November 15 of each year, approve or disapprove, or return for further consideration, each project. The money for a project may be expended only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.

Sec. 22. Minnesota Statutes 2012, section 298.296, subdivision 2, is amended to read:

Subd. 2. **Expenditure of funds.** (a) Before January 1, 2028, funds may be expended on projects and for administration of the trust fund only from the net interest, earnings, and dividends arising from the investment of the trust at any time, including net interest, earnings, and dividends that have arisen prior to July 13, 1982, plus $10,000,000 made available for use in fiscal year 1983, except that any amount required to be paid out of the trust fund to provide the property tax relief specified in Laws 1977, chapter 423, article X, section 4, and to make school bond payments and payments to recipients of taconite production tax proceeds pursuant to section 298.225, may be taken from the corpus of the trust.

(b) Additionally, upon recommendation by the board, up to $13,000,000 from the corpus of the trust may be made available for use as provided in subdivision 4, and up to $10,000,000 from the corpus of the trust may be made available for use as provided in section 298.2961.

(c) Additionally, an amount equal to 20 percent of the value of the corpus of the trust on May 18, 2002, not including the funds authorized in paragraph (b), plus the amounts made available under section 298.28, subdivision 4, and Laws 2002, chapter 377, article 8, section 17, may be expended on projects. Funds may be expended for projects under this paragraph only if the project:

(1) is for the purposes established under section 298.292, subdivision 1, clause (1) or (2); and

(2) is approved by two-thirds of all of the members of the board ~~upon an affirmative vote of at least ten of its members~~.

No money made available under this paragraph or paragraph (d) can be used for administrative or operating expenses of the Iron Range Resources and Rehabilitation Board or expenses relating to any facilities owned or operated by the board on May 18, 2002.

(d) Upon recommendation by a unanimous vote of all members of the board, amounts in addition to those authorized under paragraphs (a), (b), and (c) may be expended on projects described in section 298.292, subdivision 1.

(e) Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the net interest, dividends, and earnings arising from the trust in the preceding fiscal year.

(f) Principal and interest received in repayment of loans made pursuant to this section, and earnings on other investments made under section 298.292, subdivision 2, clause (4), shall be deposited in the state treasury and credited to the trust. These receipts are appropriated to the board for the purposes of sections 298.291 to 298.298.

(g) Additionally, notwithstanding section 298.293, upon the ~~affirmative vote of at least seven Iron Range Resources and Rehabilitation Board members~~ approval of the board, money from the corpus of the trust may be expanded to purchase forest lands within the taconite assistance area as provided in sections 298.22, subdivision 5a, and 298.292, subdivision 2, clause (5).

Sec. 23. Minnesota Statutes 2012, section 298.2961, subdivision 2, is amended to read:

Subd. 2. **Projects; approval.** (a) Projects funded must be for:

(1) environmentally unique reclamation projects; or

(2) pit or plant repairs, expansions, or modernizations other than for a value added iron products plant.

(b) To be proposed by the board, a project must be approved by ~~at least eight Iron Range Resources and Rehabilitation Board members~~ the board. The money for a project may be spent only upon approval of the project by the governor. The board may submit supplemental projects for approval at any time.

(c) The board may require that it receive an equity percentage in any project to which it contributes under this section.

Sec. 24. Minnesota Statutes 2012, section 298.2961, subdivision 4, is amended to read:

Subd. 4. **Grant and loan fund.** (a) A fund is established to receive distributions under section 298.28, subdivision 9b, and to make grants or loans as provided in this subdivision. Any grant or loan made under this subdivision must be approved by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board, established under section 298.22.

(b) Distributions received in calendar year 2005 are allocated to the city of Virginia for improvements and repairs to the city's steam heating system.

(c) Distributions received in calendar year 2006 are allocated to a project of the public utilities commissions of the cities of Hibbing and Virginia to convert their electrical generating plants to the use of biomass products, such as wood.

(d) Distributions received in calendar year 2007 must be paid to the city of Tower to be used for the East Two Rivers project in or near the city of Tower.

(e) For distributions received in 2008, the first $2,000,000 of the 2008 distribution must be paid to St. Louis County for deposit in its county road and bridge fund to be used for relocation of St.

Louis County Road 715, commonly referred to as Pike River Road. The remainder of the 2008 distribution must be paid to St. Louis County for a grant to the city of Virginia for connecting sewer and water lines to the St. Louis County maintenance garage on Highway 135, further extending the lines to interconnect with the city of Gilbert's sewer and water lines. All distributions received in 2009 and subsequent years are allocated for projects under section 298.223, subdivision 1.

Sec. 25. Minnesota Statutes 2012, section 298.2961, subdivision 5, is amended to read:

Subd. 5. **Public works and local economic development fund.** For distributions in 2007 only, a special fund is established to receive 38.4 cents per ton that otherwise would be allocated under section 298.28, subdivision 6. The following amounts are allocated to St. Louis County acting as the fiscal agent for the recipients for the specific purposes:

(1) 13.4 cents per ton for the Central Iron Range Sanitary Sewer District for construction of a combined wastewater facility and notwithstanding section 298.28, subdivision 11, paragraph (a), or any other law, interest accrued on this money while held by St. Louis County shall also be distributed to the recipient;

(2) six cents per ton to the city of Eveleth to redesign and design and construct improvements to renovate its water treatment facility;

(3) one cent per ton for the East Range Joint Powers Board to acquire land for and to design a central wastewater collection and treatment system;

(4) 0.5 cents per ton to the city of Hoyt Lakes to repair Leeds Road;

(5) 0.7 cents per ton to the city of Virginia to extend Eighth Street South;

(6) 0.7 cents per ton to the city of Mountain Iron to repair Hoover Road;

(7) 0.9 cents per ton to the city of Gilbert for alley repairs between Michigan and Indiana Avenues and for repayment of a loan to the Minnesota Department of Employment and Economic Development;

(8) 0.4 cents per ton to the city of Keewatin for a new city well;

(9) 0.3 cents per ton to the city of Grand Rapids for planning for a fire and hazardous materials center;

(10) 0.9 cents per ton to Aitkin County Growth for an economic development project for peat harvesting;

(11) 0.4 cents per ton to the city of Nashwauk to develop a comprehensive city plan;

(12) 0.4 cents per ton to the city of Taconite for development of a city comprehensive plan;

(13) 0.3 cents per ton to the city of Marble for water and sewer infrastructure;

(14) 0.8 cents per ton to Aitkin County for improvements to the Long Lake Environmental Learning Center;

(15) 0.3 cents per ton to the city of Coleraine for the Coleraine Technology Center;

(16) 0.5 cents per ton to the Economic Development Authority of the city of Grand Rapids for planning for the North Central Research and Technology Laboratory;

(17) 0.6 cents per ton to the city of Bovey for sewer and water extension;

(18) 0.3 cents per ton to the city of Calumet for infrastructure improvements; and

(19) ten cents per ton to the commissioner of Iron Range Resources and Rehabilitation for deposit in a Highway 1 Corridor Account established by the commissioner, to be distributed by the commissioner to any of the cities of Babbitt, Cook, Ely, or Tower, for economic development projects approved by ~~at least seven Iron Range Resources and Rehabilitation Board members~~ the board; notwithstanding section 298.28, subdivision 11, paragraph (a), or any other law, interest accrued on this money while held by St. Louis County or the commissioner shall also be distributed to the recipient."

Page 3, after line 20 insert:

"Sec. 27. **REPEALER.**

Minnesota Statutes 2012, section 298.22, subdivision 2, is repealed.

Sec. 28. **EFFECTIVE DATE.**

This act is effective the day following final enactment."

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

Senator Ortman questioned whether the amendment was germane.

The President ruled that the amendment was germane.

CALL OF THE SENATE

Senator Limmer imposed a call of the Senate for the balance of the proceedings on H.F. No. 6. The Sergeant at Arms was instructed to bring in the absent members.

Senator Ortman moved to amend the Skoe amendment to H.F. No. 6 as follows:

Page 1, delete section 2

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

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

Senator Bakk moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 28 and nays 36, as follows:

Those who voted in the affirmative were:

Anderson	Fischbach	Kiffmeyer	Ortman	Senjem
Benson	Gazelka	Limmer	Osmek	Thompson
Bonoff	Hall	Miller	Pederson, J.	Weber
Brown	Hann	Nelson	Petersen, B.	Westrom
Chamberlain	Housley	Newman	Pratt	
Dahms	Ingebrigtsen	Nienow	Ruud	

Those who voted in the negative were:

Bakk	Eaton	Kent	Saxhaug	Tomassoni
Carlson	Eken	Koenen	Scalze	Torres Ray
Champion	Franzen	Latz	Schmit	Wiger
Clausen	Goodwin	Lourey	Sheran	Wiklund
Cohen	Hawj	Marty	Sieben	
Dahle	Hayden	Metzen	Skoe	
Dibble	Hoffman	Reinert	Sparks	
Dziedzic	Johnson	Rest	Stumpf	

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

The question recurred on the adoption of the Skoe amendment. The motion prevailed. So the amendment was adopted.

Senator Ortman moved to amend H.F. No. 6 as follows:

Page 2, after line 26, insert:

"Sec. 2. Minnesota Statutes 2012, section 290.01, subdivision 19a, is amended to read:

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

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

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

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

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

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

(2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined

in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code, minus any addition that would have been required under clause (21) if the taxpayer had claimed the standard deduction. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed;

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

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

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

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

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

(8) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

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

(10) for taxable years beginning before January 1, 2013, the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

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

(12) for taxable years beginning before January 1, 2010, the amount deducted for qualified tuition and related expenses under section 222 of the Internal Revenue Code, to the extent deducted from gross income;

(13) for taxable years beginning before January 1, 2010, the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted from gross income;

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

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

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

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

(18) changes to federal taxable income attributable to a net operating loss that the taxpayer elected to carry back for more than two years for federal purposes but for which the losses can be carried back for only two years under section 290.095, subdivision 11, paragraph (c);

(19) to the extent included in the computation of federal taxable income in taxable years beginning after December 31, 2010, the amount of disallowed itemized deductions, but the amount of disallowed itemized deductions plus the addition required under clause (2) may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code, and reduced by any addition that would have been required under clause (21) if the taxpayer had claimed the standard deduction:

(i) the amount of disallowed itemized deductions is equal to the lesser of:

(A) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or

(B) 80 percent of the amount of the itemized deductions otherwise allowable to the taxpayer under the Internal Revenue Code for the taxable year;

(ii) the term "applicable amount" means $100,000, or $50,000 in the case of a married individual filing a separate return. Each dollar amount shall be increased by an amount equal to:

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof;

(iii) the term "itemized deductions" does not include:

(A) the deduction for medical expenses under section 213 of the Internal Revenue Code;

(B) any deduction for investment interest as defined in section 163(d) of the Internal Revenue Code; and

(C) the deduction under section 165(a) of the Internal Revenue Code for casualty or theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue Code or for losses described in section 165(d) of the Internal Revenue Code;

(20) to the extent included in federal taxable income in taxable years beginning after December 31, 2010, the amount of disallowed personal exemptions for taxpayers with federal adjusted gross income over the threshold amount:

(i) the disallowed personal exemption amount is equal to the dollar amount of the personal exemptions claimed by the taxpayer in the computation of federal taxable income multiplied by the applicable percentage;

(ii) "applicable percentage" means two percentage points for each $2,500 (or fraction thereof) by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting "$1,250" for "$2,500." In no event shall the applicable percentage exceed 100 percent;

(iii) the term "threshold amount" means:

(A) $150,000 in the case of a joint return or a surviving spouse;

(B) $125,000 in the case of a head of a household;

(C) $100,000 in the case of an individual who is not married and who is not a surviving spouse or head of a household; and

(D) $75,000 in the case of a married individual filing a separate return; and

(iv) the thresholds shall be increased by an amount equal to:

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof; and

(21) to the extent deducted in the computation of federal taxable income, for taxable years beginning after December 31, 2010, and before January 1, ~~2013~~ 2012, the difference between the standard deduction allowed under section 63(c) of the Internal Revenue Code and the standard deduction allowed for 2011 and 2012 under the Internal Revenue Code as amended through December 1, 2010.

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

Page 3, after line 5, insert:

"Sec. 4. Minnesota Statutes 2012, section 290.0671, subdivision 1, is amended to read:

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

(b) For individuals with no qualifying children, the credit equals 1.9125 percent of the first $4,620 of earned income. The credit is reduced by 1.9125 percent of earned income or adjusted gross income, whichever is greater, in excess of $5,770, but in no case is the credit less than zero.

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

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

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

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

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

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

(h) For tax years beginning after December 31, 2010, and before January 1, ~~2012~~ 2013, the $5,770 in paragraph (b), the $15,080 in paragraph (c), and the $17,890 in paragraph (d), after being adjusted for inflation under subdivision 7, are each increased by $5,000 for married taxpayers filing joint returns. For tax years beginning after December 31, 2010, and before January 1, ~~2012~~ 2013, the commissioner shall annually adjust the $5,000 by the percentage determined pursuant to the provisions of section 1(f) of the Internal Revenue Code, except that in section 1(f)(3)(B), the word "2008" shall be substituted for the word "1992." For 2011, the commissioner shall then determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2010. For 2012, the commissioner shall determine the percent change from the 12 months ending on August 31, 2008, to the 12 months ending on August 31, 2011. The earned income thresholds as adjusted for inflation must be rounded to the nearest $10. If the amount ends in $5, the amount is rounded up to the nearest $10. The determination of the commissioner under this subdivision is not a rule under the Administrative Procedure Act.

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

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

Sec. 5. Minnesota Statutes 2012, section 290.0675, subdivision 1, is amended to read:

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

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

(1) earned income as defined in section 32(c)(2) of the Internal Revenue Code;

(2) income received from a retirement pension, profit-sharing, stock bonus, or annuity plan; and

(3) Social Security benefits as defined in section 86(d)(1) of the Internal Revenue Code.

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

(d) "Earned income of lesser-earning spouse" means the earned income of the spouse with the lesser amount of earned income as defined in paragraph (b) for the taxable year minus the sum of (i) the amount for one exemption under section 151(d) of the Internal Revenue Code and (ii) one-half the amount of the standard deduction under section 63(c)(2)(A) and (4) of the Internal Revenue Code minus, for taxable years beginning after December 31, 2010, and before January 1, 2013, one-half of any addition required under section 290.01, subdivision 19a, clause (21), and one-half of the addition that would have been required under section 290.01, subdivision 19a, clause (21), if the taxpayer had claimed the standard deduction.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

Senator Bakk moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 27 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Osmek	Thompson
Benson	Hall	Miller	Pederson, J.	Weber
Brown	Hann	Nelson	Petersen, B.	Westrom
Chamberlain	Housley	Newman	Pratt	
Dahms	Ingebrigtsen	Nienow	Ruud	
Fischbach	Kiffmeyer	Ortman	Senjem	

Those who voted in the negative were:

Bakk	Cohen	Eken	Jensen	Lourey
Bonoff	Dahle	Franzen	Johnson	Marty
Carlson	Dibble	Goodwin	Kent	Metzen
Champion	Dziedzic	Hawj	Koenen	Reinert
Clausen	Eaton	Hoffman	Latz	Rest

Saxhaug	Sheran	Sparks	Torres Ray
Scalze	Sieben	Stumpf	Wiger
Schmit	Skoe	Tomassoni	Wiklund

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

Senator Ortman moved to amend H.F. No. 6 as follows:

Page 2, after line 26, insert:

"Sec. 2. Minnesota Statutes 2012, section 290.01, subdivision 19a, is amended to read:

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

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

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

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

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

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

(2) the amount of income, sales and use, motor vehicle sales, or excise taxes paid or accrued within the taxable year under this chapter and the amount of taxes based on net income paid, sales and use, motor vehicle sales, or excise taxes paid to any other state or to any province or territory of Canada, to the extent allowed as a deduction under section 63(d) of the Internal Revenue Code, but the addition may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code, minus any addition that would have been required under clause (21) if the taxpayer had claimed the standard deduction. For the purpose of this paragraph, the disallowance of itemized deductions under section 68 of the Internal Revenue Code of 1986, income, sales and use, motor vehicle sales, or excise taxes are the last itemized deductions disallowed;

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

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

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

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

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

(8) 80 percent of the amount by which the deduction allowed by section 179 of the Internal Revenue Code exceeds the deduction allowable by section 179 of the Internal Revenue Code of 1986, as amended through December 31, 2003;

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

(10) for taxable years beginning before January 1, 2013, the exclusion allowed under section 139A of the Internal Revenue Code for federal subsidies for prescription drug plans;

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

(12) for taxable years beginning before January 1, 2010, the amount deducted for qualified tuition and related expenses under section 222 of the Internal Revenue Code, to the extent deducted from gross income;

(13) for taxable years beginning before January 1, 2010, the amount deducted for certain expenses of elementary and secondary school teachers under section 62(a)(2)(D) of the Internal Revenue Code, to the extent deducted from gross income;

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

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

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

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

(18) changes to federal taxable income attributable to a net operating loss that the taxpayer elected to carry back for more than two years for federal purposes but for which the losses can be carried back for only two years under section 290.095, subdivision 11, paragraph (c);

(19) to the extent included in the computation of federal taxable income in taxable years beginning after December 31, 2010, and before January 1, 2012, the amount of disallowed itemized deductions, but the amount of disallowed itemized deductions plus the addition required under clause (2) may not be more than the amount by which the itemized deductions as allowed under section 63(d) of the Internal Revenue Code exceeds the amount of the standard deduction as defined in section 63(c) of the Internal Revenue Code, disregarding the amounts allowed under sections 63(c)(1)(C) and 63(c)(1)(E) of the Internal Revenue Code, and reduced by any addition that would have been required under clause (21) if the taxpayer had claimed the standard deduction:

(i) the amount of disallowed itemized deductions is equal to the lesser of:

(A) three percent of the excess of the taxpayer's federal adjusted gross income over the applicable amount; or

(B) 80 percent of the amount of the itemized deductions otherwise allowable to the taxpayer under the Internal Revenue Code for the taxable year;

(ii) the term "applicable amount" means $100,000, or $50,000 in the case of a married individual filing a separate return. Each dollar amount shall be increased by an amount equal to:

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof;

(iii) the term "itemized deductions" does not include:

(A) the deduction for medical expenses under section 213 of the Internal Revenue Code;

(B) any deduction for investment interest as defined in section 163(d) of the Internal Revenue Code; and

(C) the deduction under section 165(a) of the Internal Revenue Code for casualty or theft losses described in paragraph (2) or (3) of section 165(c) of the Internal Revenue Code or for losses described in section 165(d) of the Internal Revenue Code;

(20) to the extent included in federal taxable income in taxable years beginning after December 31, 2010, and before January 1, 2012, the amount of disallowed personal exemptions for taxpayers with federal adjusted gross income over the threshold amount:

(i) the disallowed personal exemption amount is equal to the dollar amount of the personal exemptions claimed by the taxpayer in the computation of federal taxable income multiplied by the applicable percentage;

(ii) "applicable percentage" means two percentage points for each $2,500 (or fraction thereof) by which the taxpayer's federal adjusted gross income for the taxable year exceeds the threshold amount. In the case of a married individual filing a separate return, the preceding sentence shall be applied by substituting "$1,250" for "$2,500." In no event shall the applicable percentage exceed 100 percent;

(iii) the term "threshold amount" means:

(A) $150,000 in the case of a joint return or a surviving spouse;

(B) $125,000 in the case of a head of a household;

(C) $100,000 in the case of an individual who is not married and who is not a surviving spouse or head of a household; and

(D) $75,000 in the case of a married individual filing a separate return; and

(iv) the thresholds shall be increased by an amount equal to:

(A) such dollar amount, multiplied by

(B) the cost-of-living adjustment determined under section 1(f)(3) of the Internal Revenue Code for the calendar year in which the taxable year begins, by substituting "calendar year 1990" for "calendar year 1992" in subparagraph (B) thereof; and

(21) to the extent deducted in the computation of federal taxable income, for taxable years beginning after December 31, 2010, and before January 1, 2013, the difference between the standard deduction allowed under section 63(c) of the Internal Revenue Code and the standard deduction allowed for 2011 and 2012 under the Internal Revenue Code as amended through December 1, 2010.

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

Renumber the sections in sequence and correct the internal references

Amend the title accordingly

The question was taken on the adoption of the amendment.

Senator Bakk moved that those not voting be excused from voting. The motion prevailed.

The roll was called, and there were yeas 27 and nays 37, as follows:

Those who voted in the affirmative were:

Anderson	Gazelka	Limmer	Osmek	Thompson
Benson	Hall	Miller	Pederson, J.	Weber
Brown	Hann	Nelson	Petersen, B.	Westrom
Chamberlain	Housley	Newman	Pratt	
Dahms	Ingebrigtsen	Nienow	Ruud	
Fischbach	Kiffmeyer	Ortman	Senjem	

Those who voted in the negative were:

Bakk	Cohen	Eken	Hoffman	Latz
Bonoff	Dahle	Franzen	Jensen	Lourey
Carlson	Dibble	Goodwin	Johnson	Marty
Champion	Dziedzic	Hawj	Kent	Metzen
Clausen	Eaton	Hayden	Koenen	Reinert

Rest	Schmit	Sparks	Torres Ray
Saxhaug	Sieben	Stumpf	Wiger
Scalze	Skoe	Tomassoni	Wiklund

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

H.F. No. 6 was read the third time, as amended, and placed on its final passage.

The question was taken on the passage of the bill, as amended.

The roll was called, and there were yeas 66 and nays 0, as follows:

Those who voted in the affirmative were:

Anderson	Eaton	Johnson	Osmek	Skoe
Bakk	Eken	Kent	Pappas	Sparks
Benson	Fischbach	Kiffmeyer	Pederson, J.	Stumpf
Bonoff	Franzen	Koenen	Petersen, B.	Thompson
Brown	Gazelka	Latz	Pratt	Tomassoni
Carlson	Goodwin	Limmer	Reinert	Torres Ray
Chamberlain	Hall	Lourey	Rest	Weber
Champion	Hann	Marty	Ruud	Westrom
Clausen	Hawj	Metzen	Saxhaug	Wiger
Cohen	Hayden	Miller	Scalze	Wiklund
Dahle	Hoffman	Nelson	Schmit	
Dahms	Housley	Newman	Senjem	
Dibble	Ingebrigtsen	Nienow	Sheran	
Dziedzic	Jensen	Ortman	Sieben	

So the bill, as amended, was passed and its title was agreed to.

MEMBERS EXCUSED

Senator Stumpf was excused from the Session of today from 11:30 a.m. to 12:30 p.m. Senator Westrom was excused from the Session of today from 12:20 to 12:35 p.m. Senator Rosen was excused from the Session of today at 12:40 p.m. Senator Pappas was excused from the Session of today from 12:40 to 1:50 p.m. Senator Jensen was excused from the Session of today from 1:05 to 1:15 p.m. Senator Sheran was excused from the Session of today from 1:35 p.m. to 1:45 p.m.

ADJOURNMENT

Senator Bakk moved that the Senate do now adjourn until 11:00 a.m., Monday, February 18, 2013. The motion prevailed.

JoAnne M. Zoff, Secretary of the Senate