

Approved June 4, 1975.

CHAPTER 437—H.F.No.1674

[Coded in Part]

An act relating to taxation; providing state relief to homeowners and renters for extraordinary property tax burdens; increasing the proportion of the costs of medical assistance hospitalization for the indigent, and general relief medical programs paid by the state; increasing and changing the means of calculation and distribution of local government aid to be paid for an extended period; changing the means of calculation and adjustment of levy limits; adjusting the farm loss deduction; exempting the federal income tax rebate from state taxation; extending the operation of the tax study commission; changing the method of reassessment and limitation on increase of valuation of real property; increasing the credit against tax granted to low income individuals; providing for a flexible homestead base value; imposing an additional tax on taconite and iron sulphide and providing for the distribution of the proceeds; establishing a grant program for the construction of water filtration system; increasing the agricultural mill rate differential; changing the period of redemption for tax forfeited lands; providing penalties; appropriating funds; amending Minnesota Statutes 1974, Sections 124.03; 256.01, Subdivision 2; 256.98; 256B.02, Subdivision 3; 256B.041, Subdivision 5; 256B.07; 256B.12; 256B.19, Subdivision 1; 256D.03, by adding a subdivision; 261.21; 261.22, Subdivision 2; 261.23; 270.16; 273.01; 273.011, Subdivisions 5 and 6; 273.012, Subdivision 2 and by adding a subdivision; 273.03, Subdivision 1; 273.061; 273.08; 273.11, Subdivisions 1, 2, and 5; 273.121; 273.13, Subdivisions 6, 7, and 14a; 273.135, Subdivisions 1 and 2; 273.138, Subdivision 6; 273.17, Subdivision 1; 275.50, Subdivision 5; 275.51, Subdivisions 1 and 4, and by adding subdivisions; 275.52, by adding a subdivision; 275.53, Subdivision 3; 275.59; 281.17; 290.012, Subdivision 4; 290.06, Subdivision 3d; 290.09, Subdivision 29; 298.27, as amended; and 477A.01, Subdivisions 1, 2, 3, and 4, and by adding subdivisions; and Chapters 261; 273; and 298, by adding sections; and Laws 1973, Chapter 601, Section 1, Subdivisions 2 and 8; repealing Minnesota Statutes 1974, Sections 273.11, Subdivision 3; 275.51, Subdivisions 3 and 3a; 298.242; 298.32; 477A.01, Subdivisions 5, 6, 7, 8, 9, 10, 11, 13, 14, 16, and 17.

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

ARTICLE I

Section 1. **[290A.01] TAXATION; OMNIBUS PROVISIONS; CITATION.** Sections 1 to 21 may be cited as the "State of Minnesota Income-Adjusted Homestead Credit Act."

Sec. 2. **[290A.02] PURPOSE.** The purpose of sections 1 to 21 is to provide property tax relief to certain persons who own or rent their homesteads.

Sec. 3. **[290A.03] DEFINITIONS. Subdivision 1. GENERALLY.** The following words, terms, and phrases when used in sections 1 to 21

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shall have the meaning ascribed to them in this section, except where the context indicates a different meaning.

Subd. 2. COMMISSIONER. "Commissioner" means the commissioner of revenue of the state of Minnesota.

Subd. 3. INCOME. "Income" means the sum of federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, 1974, additions to federal adjusted gross income as provided in Minnesota Statutes, Section 290.01, Subdivision 20, Clause (a)(1), (a)(2), (a)(3), (a)(4), (a)(8), and (a)(10), and all nontaxable income, including but not limited to the amount of recognized net long term capital gains excluded from adjusted gross income, cash public assistance and relief, the gross amount of any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, and veterans disability pensions), nontaxable interest received from the state or federal government or any instrumentality thereof, workmen's compensation, unemployment benefits, nontaxable strike benefits, and the gross amount of "loss of time" insurance. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. "Income" does not include gifts from non-governmental sources, surplus food or other relief in kind supplied by a governmental agency, or relief granted under sections 1 to 21 or section 273.012, subdivision 2.

Subd. 4. HOUSEHOLD. "Household" means a claimant and an individual related to the claimant as husband or wife who are domiciled in the same homestead.

Subd. 5. HOUSEHOLD INCOME. "Household income" means all income received by all persons of a household in a calendar year while members of the household.

Subd. 6. HOMESTEAD. "Homestead" means the dwelling occupied by a claimant as a place of residence and so much of the land surrounding it, not exceeding one acre, as is reasonably necessary for use of the dwelling as a home, except that this restriction shall not be applicable to agricultural land assessed as part of a homestead pursuant to section 273.13, subdivision 6. The homestead may be owned or rented and may be a part of a multi-dwelling or multi-purpose building and the land on which it is built. A mobile home, as defined in section 168.011, subdivision 8, assessed as personal property may be a dwelling for purposes of this subdivision.

Subd. 7. DEPENDENT. "Dependent" means any person who is under 18 years of age at the end of the calendar year who receives more than 50 percent of his support from the claimant, or who is between 18 and 21 years of age and is a full time student who receives more than 50 percent of his support from the claimant.

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Subd. 8. CLAIMANT. “Claimant” means a person who filed a claim authorized by sections 1 to 21 and who was domiciled in this state during the calendar year for which the claim for relief was filed. In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes are payable for not less than six months of the calendar year covered by the claim. In the case of a part year resident, the income and rental reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. Maximum credit allowed under this computation would be at a rate of one-twelfth of the maximum credit allowed pursuant to section 4 per month of residency computed to the nearest full month. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final.

If a homestead is occupied by two or more unrelated renters, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be his household income for purposes of computing the amount of credit to be allowed.

Subd. 9. DISABLED CLAIMANT. “Disabled claimant” means any claimant who has a disability.

Subd. 10. DISABILITY. “Disability” means:

(a) Inability to engage in any substantial gainful activity by reason of any medically determinable physical or mental impairment which can be expected to result in death or has lasted or can be expected to last for a continuous period of not less than 12 months, or

(b) Blindness; and the term “blindness” means central acuity of 20/200 or less in the better eye with the use of a correcting lens. An eye which is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees shall be considered as having a central visual acuity of 20/200 or less.

(c) An individual shall be determined to be under a disability only if his physical or mental impairment or impairments are of such severity that he is not only unable to do his previous work but cannot, considering his age, education, and work experience, engage in any other kind of substantial gainful work which exists in the state economy, regardless of whether the work exists in the immediate area in which he lives, or whether a specific job vacancy exists for him, or whether he would be hired if he applied for work. For purposes of the preceding sentence, “work which exists in the state economy” means work which exists in significant numbers either in the area where the indi-

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vidual lives or in several areas of the state.

(d) A "physical or mental impairment" is an impairment that results from anatomical, physiological, or psychological abnormalities which are demonstrable by medically acceptable clinical and laboratory diagnostic techniques.

Subd. 11. RENT CONSTITUTING PROPERTY TAXES. "Rent constituting property taxes" means 20 percent of the gross rent actually paid in cash, or its equivalent, in 1975 or any subsequent calendar year by a claimant solely for the right of occupancy of his Minnesota homestead in the calendar year, and which rent constitutes the basis, in the succeeding calendar year of a claim for relief under sections 1 to 21 by the claimant.

Subd. 12. GROSS RENT. "Gross rent" means rental paid solely for the right of occupancy, at arms-length, of a homestead, exclusive of charges for any utilities, services, furniture, furnishings or personal property appliances furnished by the landlord as a part of the rental agreement, whether expressly set out in the rental agreement or not. If the landlord and tenant have not dealt with each other at arms-length and the commissioner determines that the gross rent charged was excessive, he may adjust the gross rent to a reasonable amount for purposes of sections 1 to 21.

If the landlord does not supply the charges for any utilities, furniture, furnishings or personal property appliances furnished by him, or if the charges appear to be incorrect the commissioner may apply a percentage determined from samples of similar gross rents paid solely for the right of occupancy.

Subd. 13. PROPERTY TAXES PAYABLE. "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead before reductions made pursuant to Minnesota Statutes, Section 273.13, Subdivisions 6 and 7, but after deductions made pursuant to Minnesota Statutes, Section 273.135, in 1976 or any calendar year thereafter. For homesteads which are mobile homes as defined in Minnesota Statutes, Section 168.011, Subdivision 8, "property taxes payable" shall also include 20 percent of gross rent paid in the preceding year for the site on which the homestead is located, exclusive of charges for utilities or services. When a homestead is owned by two or more persons as joint tenants or tenants in common and one or more is not a claimant or spouse of a claimant, "property taxes payable" is that part of the property taxes payable on the homestead as reflects the percentage of ownership of the claimant and spouse. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

When a claimant and his spouse own their homestead part of the calendar year and rent it or a different homestead for part of the same year "property taxes payable" means only taxes payable on the home-

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stead which was owned and occupied as such by claimant and spouse on January 2 of the year in which the tax is payable, multiplied by the percentage of 12 months that the property was owned and occupied by the household as its homestead during the preceding year.

Sec. 4. **[290A.04] CREDIT ALLOWABLE. Subdivision 1.** A credit shall be allowed each claimant in the amount that property taxes payable or rent constituting property taxes exceed the percentage of the household income of the claimant specified in subdivision 2 in the year for which the taxes were levied or in the year in which the rent was paid. The maximum credit for any claimant who was disabled on June 1 or who attained the age of 65 prior to June 1 of the year following the year for which the taxes were levied or in which the rent was paid shall be \$200 above the maximum for which that claimant would otherwise be eligible according to his income.

Subd. 2. The credit shall be paid to claimants whose property taxes payable exceed the following percentages of their income, up to the designated maximum credit amounts:

For claimants earning:

\$ 0 to \$ 2,499,	1.0 percent,	up to \$475;
2,500 to 19,999,	1.5 percent,	up to \$475;
20,000 to 22,999,	1.6 percent,	up to \$475;
23,000 to 25,999,	1.8 percent,	up to \$425;
26,000 to 30,999,	2.0 percent,	up to \$375;
31,000 to 35,999,	2.2 percent,	up to \$350;
36,000 to 40,999,	2.4 percent,	up to \$325;
41,000 to 44,999,	2.6 percent,	up to \$325;
45,000 to 52,999,	2.8 percent,	up to \$325;
53,000 to 65,999,	3.0 percent,	up to \$325;
66,000 to 81,999,	3.2 percent,	up to \$325;
82,000 to 99,999,	3.5 percent,	up to \$325;
100,000 and over,	4.0 percent,	up to \$325;

provided that maximum credits for incomes above \$20,000 decline according to the following schedule:

between \$20,000 and \$26,000 decline \$16.67 per \$1,000; between \$26,000 and \$36,000 decline \$5 per \$1,000.

The credit shall be the amount calculated pursuant to this subdivision, less the homestead credit given pursuant to Minnesota Statutes, Section 273.13, Subdivisions 6 and 7.

Subd. 3. The commissioner of revenue shall construct and make available to taxpayers a comprehensive table showing the property taxes to be paid and credit allowed at various levels of income and assessment. The table shall follow the schedule of income percentages and maximums specified in subdivision 2, except that the commissioner may graduate the transition between income brackets.

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Sec. 5. [290A.05] COMBINED HOUSEHOLD INCOME. If a person occupies a homestead with another person or persons not related to the person as husband and wife, excluding dependent children, roomers or boarders on contract, and has property tax payable with respect to the homestead, the household income of the claimant or claimants for the purpose of computing the credit allowed by section 4 shall include the total income received by the other persons residing in the homestead. If a person occupies a homestead with another person or persons not related as husband and wife or as dependent children, the property tax payable or rent constituting property tax shall be reduced as follows:

If the other person or persons are residing at the homestead under rental or lease agreement, the amount of property tax payable or rent constituting property tax shall be that portion not covered by the rental agreement.

Sec. 6. [290A.06] FILING TIME LIMIT, LATE FILING. Any claim for property taxes payable shall be filed with the department of revenue on or before August 31 of the year in which the property taxes are due and payable, except that for homesteads which are mobile homes the claim shall be filed on or before October 31 of the year in which the property taxes are due and payable. The commissioner may extend the time for filing these claims for a period not to exceed six months in the case of sickness, absence, or other disability, or when in his judgment other good cause exists.

A claim filed after the original or extended due date shall be allowed, but the amount of credit shall be reduced by five percent of the amount otherwise allowable, plus an additional five percent for each month of delinquency, not exceeding a total reduction of 25 percent. In any event no claim shall be allowed if the claim is filed two years after the original due date for filing the claim.

Sec. 7. [290A.07] TIME FOR PAYMENT. Subdivision 1. Allowable claims filed pursuant to the provisions of this article shall be paid by the commissioner from the general fund.

Subd. 2. A claimant who is a renter or who had attained the age of 65 or had been disabled prior to June 1 of the year following the year for which the taxes were levied or in which the rent was paid shall receive full payment no later than 60 days after receipt of the application or may elect to take as a credit against his income tax the full amount.

Subd. 3. Any claimant not included in subdivision 2 shall receive full payment after September 30 and prior to October 15.

Subd. 4. Claims remaining unpaid 60 days after the dates provided in subdivisions 2 and 3, shall have interest added at six percent per annum from the later date until the date the claim is paid.

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Sec. 8. [290A.08] ONE CLAIMANT PER HOUSEHOLD. Only one claimant per household per year is entitled to relief under sections 1 to 21.

Sec. 9. [290A.09] PROOF OF CLAIM. Every claimant shall supply to the department of revenue, in support of his claim, proof of eligibility under sections 1 to 21, including but not limited to amount of rent paid or property taxes accrued, name and address of owner or managing agent of property rented, changes in homestead, household membership, household income, size and nature of property claimed as a homestead.

Disabled persons filing claims shall submit proof of disability in the form and manner as the department may prescribe. The department may require examination and certification by the claimant's physician or by a physician designated by the department. The cost of any examination shall be borne by the claimant, unless the examination proves the disability, in which case the cost of the examination shall be borne by the department.

A determination of disability of a claimant by the social security administration under Title II or Title XVI of the Social Security Act shall constitute presumptive proof of disability.

Sec. 10. [290A.10] PROOF OF TAXES PAID. Every claimant who files a claim for relief for property taxes payable shall include with his claim a property tax statement indicating that there are no delinquent property taxes on the homestead. Indication on the property tax statement from the county treasurer that there are no delinquent taxes on the homestead shall be sufficient proof.

Sec. 11. [290A.11] OBJECTIONS TO CLAIMS. Subdivision 1. AUDIT OF CLAIM. When on the audit of any claim filed under sections 1 to 21 the department determines the amount thereof to have been incorrectly determined, the department shall redetermine the claim and notify the claimant of the redetermination and the reasons therefor. The redetermination shall be final unless appealed to the Minnesota tax court within 30 days of notice thereof.

Subd. 2. FRAUDULENT CLAIM; PENALTY. In any case in which it is determined that the claim is or was excessive and was filed with fraudulent intent, the claim shall be disallowed in full. If the claim has been paid, the amount disallowed shall be recovered by assessment and collection in the manner provided in chapter 290 for collection of income tax. The assessment shall bear interest from the date the claim is paid by the state until the date of repayment by the claimant, at the rate of six percent per annum. The claimant, and any person who assisted in the preparation of filing of the excessive claim or supplied information upon which the excessive claim was prepared, with fraudulent intent, is guilty of a misdemeanor.

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Subd. 3. EXCESSIVE OR NEGLIGENT CLAIM. If it is determined that a claim is excessive and was negligently prepared, ten percent of the corrected claim shall be disallowed. If the claim has been paid, the amount erroneously paid out plus penalty shall be recovered as provided in subdivision 2.

Subd. 4. INTEREST. Amounts to be repaid to the state shall bear interest at six percent per annum from the date the state paid the claim until the date of repayment by the claimant.

Sec. 12. [290A.12] APPEAL. Any person aggrieved by the denial, in whole or in part, of relief claimed under this article, except when the denial is based upon late filing of a claim for relief, may appeal the denial to the Minnesota tax court by filing a petition with the tax court within 30 days after the denial, as provided in chapter 271.

Sec. 13. [290A.13] NO RELIEF ALLOWED IN CERTAIN CASES. No claim for relief under sections 1 to 21 shall be allowed if the commissioner determines that the claimant received title or tenancy to his homestead primarily for the purpose of receiving benefits under sections 1 to 21 and not for bona fide residence purposes.

Sec. 14. [290A.14] PROPERTY TAX STATEMENT. The county treasurer shall prepare and send a sufficient number of copies of the property tax statement to the owner, and to his escrow agent if the taxes are paid via an escrow account, to enable him to comply with the filing requirements of this article and to retain one copy for his records. The property tax statement, in a form prescribed by the commissioner, shall indicate the manner in which the claimant may claim relief from the state, the amount of delinquent property taxes on the property in the preceding year, and the amount of the tax for which the applicant may claim relief.

Sec. 15. [290A.15] CLAIM APPLIED AGAINST OUTSTANDING LIABILITY. The amount of any claim otherwise payable under sections 1 to 21 may be applied by the commissioner against any delinquent tax liability of the claimant or spouse of the claimant payable to the department of revenue.

Sec. 16. [290A.16] INCOME TAX DEDUCTION PROHIBITED. Notwithstanding section 290.09, subdivision 4, the income tax deduction for property taxes paid shall not exceed the amount paid, reduced by the amount of credit allowed with respect to the tax pursuant to sections 1 to 21.

Sec. 17. [290A.17] PUBLICITY OF CLAIMS. It shall be unlawful for the commissioner or any other public official or employee to divulge or otherwise make known any particulars disclosed in any claim filed pursuant to sections 1 to 21. The provisions of section 290.61 relating to the confidential nature of income tax returns shall also be applicable to claims thus filed.

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Nothing herein shall be construed to prohibit the commissioner from making public the information concerning amounts of property tax accrued and the relief granted to taxpayers without including information which would identify individual taxpayers. The commissioner may examine income tax returns as he deems necessary and may utilize the information in legal and administrative proceedings to insure proper administration of sections 1 to 21, notwithstanding section 290.61.

Sec. 18. **[290A.18] RIGHT TO FILE CLAIM.** If a claimant entitled to relief under sections 1 to 21 dies prior to receiving relief, the surviving spouse or dependent child of the claimant shall be entitled to receive it. If there is no surviving spouse or dependent child, the right to the credit shall lapse.

Sec. 19. **[290A.19] LANDLORD TO FURNISH RENT CERTIFICATE; PENALTY.** The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent paid to each renter in the form prescribed by the commissioner. The certificate shall be made available to the renter not later than February 15 of the year following the year in which the rent was paid. Any owner or managing agent who willfully fails to furnish a certificate as provided herein shall be liable to the commissioner for a penalty of \$20 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax.

Sec. 20. **[290A.20] RULES AND REGULATIONS.** The commissioner shall promulgate rules and regulations which he deems appropriate for the administration of sections 1 to 21. He shall also make available forms with instructions for claimants as he deems necessary for the proper administration of sections 1 to 21. The claim shall be in the form the commissioner may prescribe.

Sec. 21. **[290A.21] EXCLUSIVE RELIEF.** Sections 290.981 to 290.992 and sections 290.0601 to 290.0616 and section 290.0618 shall not be effective with respect to any rent paid after December 31, 1974 or property taxes payable after December 31, 1975.

Sec. 22. Minnesota Statutes 1974, Section 273.011, Subdivision 5, is amended to read:

Subd. 5. **CURRENT TAX.** The term "current tax" means the ad valorem tax legally due and payable on "qualified property" in the year following the year of assessment, reduced by the amount of credit granted with respect to the tax pursuant to sections 1 to 21.

Sec. 23. Minnesota Statutes 1974, Section 273.012, Subdivision 2, is amended to read:

Subd. 2. Where the "current tax" on "qualified property" is in ex-
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cess of the "base tax" on such property, there shall be allowed to the "qualified home owner" thereof a credit ~~an equal amount~~ to the excess of current tax over base tax times the percentage specified in subdivision 3 as hereinafter provided under chapter 290. In the event that a "qualified home owner" entitled to the credit provided herein dies prior to the receipt thereof, his surviving spouse shall be entitled to such credit. If there be no spouse surviving him, the right to such credit shall lapse.

Sec. 24. Minnesota Statutes 1974, Section 273.012, is amended by adding a subdivision to read:

Subd. 3. The percentage of the excess of current tax over the base tax allowed as a credit shall be 100 percent for incomes up to and including \$10,000 and shall decline 5 percentage points for each additional \$500 of income or portion thereof over \$10,000. "Income" means income as defined in section 3, subdivision 3.

Sec. 25. Minnesota Statutes 1974, Section 273.13, Subdivision 14a, is amended to read:

Subd. 14a. BUILDINGS AND APPURTENANCES ON LAND NOT OWNED BY OCCUPANT. The property tax to be paid in respect of the value of all buildings and appurtenances thereto owned and used by the occupant as a permanent residence, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes except the payment of principal and interest on bonded indebtedness, shall be reduced by ~~25-~~45 percent of the amount of the tax in respect of said value as otherwise determined by law, but not by more than ~~\$250-~~\$325 .

Sec. 26. Minnesota Statutes 1974, Section 273.011, Subdivision 6, is amended to read:

Subd. 6. AD VALOREM TAX. The term "ad valorem tax" means the tax on "qualified property" exclusive of all special taxes payable thereon , reduced by the amount of credits granted with respect to the tax pursuant to Minnesota Statutes, Sections 273.13, Subdivisions 6 and 7, and 273.135 .

Sec. 27. Minnesota Statutes 1974, Section 273.13, Subdivision 6, is amended to read:

Subd. 6. CLASS 3b. Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead, shall constitute class 3b and shall be valued and assessed at 20 percent of the market value thereof. The property tax to be paid on class 3b property as otherwise determined by law not exceeding 120 acres less any reduction received pursuant to section 273.135 , regardless of whether or not the market value is in excess of ~~\$12,000~~ the homestead base value , for all purposes except the payment of principal and interest on non-

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school district bonded indebtedness, shall be reduced by 45 percent of the tax; provided that the amount of said reduction shall not exceed \$325. Valuation subject to relief shall be limited to 120 acres of land, most contiguous surrounding, or bordering the house occupied by the owner as his dwelling place, and, such other structures as may be included thereon utilized by the owner in an agricultural pursuit. If the market value is in excess of the ~~sum of \$12,000~~ homestead base value, the amount in excess of that sum shall be valued and assessed as provided for by class 3. The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

Agricultural land as used herein, and in section 124.03, shall mean contiguous acreage of ten acres or more, primarily used during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

Real estate of less than ten acres used principally for raising poultry, livestock, fruit, vegetables or other agricultural products, shall be considered as agricultural land, if it is not used primarily for residential purposes.

Sec. 28. Minnesota Statutes 1974, Section 273.13, Subdivision 7, is amended to read:

Subd. 7. **CLASS 3c, 3cc.** All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed at 25 percent of the market value thereof. The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of ~~\$12,000~~ the homestead base value, for all purposes except the payment of principal or interest on non-school district bonded indebtedness, shall be reduced by 45 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$325. If the market value is in excess of the sum of ~~\$12,000~~ the homestead base value, the amount in excess of that sum shall be valued and assessed at 40 percent of market value. The first \$12,000 market value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law. All real estate which is used for the purposes of a homestead by any blind person, as defined by section 256.12, if such blind person is the owner thereof or if such blind person and his or her spouse are the sole owners thereof; or by any person (hereinafter referred to as veteran) who served in the active military or naval service of the United States and who is entitled to compensation under the laws and regulations of the United States for permanent and total service-connected disability due

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to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheel chair, and who with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability; or by any person who is permanently and totally disabled and who is receiving aid from any state as a result of that disability, or who is receiving supplemental security income for the disabled, or who is receiving workmen's compensation based on a finding of total and permanent disability, or who is receiving social security disability, which aid is at least 90 percent of the total income of such disabled person from all sources, shall constitute class 3cc and shall be valued and assessed at five percent of the market value thereof. Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law, less any reduction received pursuant to section 273.135, regardless of whether or not the market value is in excess of ~~\$12,000~~ the homestead base value, for all purposes except the payment of principal or interest on non-school district bonded indebtedness, shall be reduced by 45 percent of the amount of such tax; provided that the amount of said reduction shall not exceed \$325. If the market value is in excess of the sum of \$24,000, the amount in excess of that sum shall be valued and assessed at 33 1/3 percent in the case of agricultural land used for a homestead and 40 percent in the case of all other real estate used for a homestead.

Sec. 29. Minnesota Statutes 1974, Section 276.04, is amended to read:

276.04 NOTICE OF RATES; PROPERTY TAX STATEMENTS. On receiving the tax lists from the county auditor, the county treasurer shall, if directed by the county board, give three weeks' published notice in a newspaper specifying the rates of taxation for all general purposes and the amounts raised for each specific purpose. He shall, whether or not directed by the county board; ~~in counties over 50,000 population according to the 1960 federal census~~, cause to be printed on all tax receipts and tax statements, or on an attachment, a tabulated statement of the dollar amount due to each taxing authority and the amount to be paid to the state of Minnesota from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the state, county, township or municipality and school district shall be separately stated but the amounts due other taxing districts, if any, may be aggregated. The county treasurer shall mail to taxpayers statements of their personal property taxes due, such statements to be mailed not later than February 15 (except in the case of Class 2a property), statements of the real property taxes due shall be mailed not later than May 15; provided, that the validity of the tax shall not be affected by failure of the treasurer to mail such statement.

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Such real and personal property tax statements shall contain the market value, as defined in section 272.03, subdivision 8, used in determining the tax. Such statements shall also contain the amount of any reduction in real property taxes applicable to homesteads as provided in section 273.13, subdivisions 6 and 7 and the reductions attributable to the agricultural mill rate differential provided in section 124.03, subdivision 3 . Such statement shall also include the base tax as defined in section 273.011, subdivision 4, for qualified property as defined in section 273.011 for which the credit provided for in section 273.012 is claimed. The statement shall show the amount attributable to section 124.03, subdivision 3 as "state paid agricultural credit" and the amount attributable to section 273.13, subdivisions 6 and 7 as "state paid homestead credit." The commissioner of revenue shall provide each county auditor with the names of those persons in the assessor's district who have filed and qualified for the property tax credit pursuant to sections 273.011 and 273.012 and shall inform the assessor of the base tax of those persons. If so directed by the county board, the treasurer shall visit places in the county as he deems expedient for the purpose of receiving taxes and the county board is authorized to pay the expenses of such visits and of preparing duplicate tax lists.

Sec. 30. Minnesota Statutes 1974, Section 276.01, is amended to read;

276.01 DELIVERY OF LISTS TO TREASURER. On or before the first Monday in January in each year, the county auditor shall deliver the lists of the several districts of the county to the county treasurer, taking therefor his receipt, showing the total amount of taxes due upon the lists and showing, for qualified property, as defined in section 273.011, for which the credit provided for in section 273.012 is claimed, the base tax, as defined in section 273.011 . Where the names of taxpayers appear in the property tax lists, the county auditor shall show the addresses of such taxpayers. Such lists shall be authority for the treasurer to receive and collect taxes therein levied.

In counties in which the auditor has elected to come under the provisions of section 273.03, subdivision 2, he shall, during the year in which such lists as provided for in section 275.28, subdivision 3, are in the possession of the county treasurer, have access thereto for the purposes of changing true and full valuations and the classifications of real estate contained therein which he would have been required to change or otherwise amend in the assessment books provided for in section 273.03, subdivision 1, except for his election to discontinue the preparation of such assessment books. The county auditor shall be the official custodian of such lists after the year during which they are in the county treasurer's possession.

Sec. 31. Minnesota Statutes 1974, Section 273.012, is amended by adding a subdivision to read:

Subd. 4. The county auditor shall determine the base tax for qual-

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ified property for which the credit provided for in this section is claimed in the manner provided by the commissioner of revenue and the county auditor shall notify the county assessor of each qualified property for which the credit provided for in this section is claimed.

Sec. 32. Minnesota Statutes 1974, Section 273.061, is amended by adding a subdivision to read:

Subd. 11. ADDITIONAL SPECIFIC DUTIES. The county assessor shall notify the county auditor when qualified property, as defined in section 273.011, for which the credit provided for in section 273.012 is claimed loses its status as qualified property.

ARTICLE II

Section 1. Minnesota Statutes 1974, Section 256.01, Subdivision 2, is amended to read:

Subd. 2. **SPECIFIC POWERS.** Subject to the provisions of Minnesota Statutes 1967, Section 241.021, Subdivision 2, the commissioner of public welfare shall:

(1) Administer and supervise all forms of public assistance provided for by state law and ~~such~~ other welfare activities or services as may from time to time be vested in the commissioner. Nothing herein shall transfer from the veterans home board any of its present rights, powers, or duties, all of which shall continue to be exercised by said board.

(2) Administer and supervise all child welfare activities; promote the enforcement of laws protecting defective, illegitimate, dependent, neglected and delinquent children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(3) Administer and supervise all non-institutional service to handicapped persons, including the blind, the deaf, the tuberculous, the crippled, and otherwise handicapped persons. The authority and power conferred by this subdivision shall include the authority and power to provide and contract for the care and treatment of qualified indigent children, as defined in section 250.02, in facilities other than those located and available at state hospitals when it is not feasible to provide ~~such the~~ service in state hospitals.

(4) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, Chapter 431 ; ~~including the establishment of an efficient working relationship with the director of institutions relating to the care and supervision of individuals both~~

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~~prior to and after departure from institutions under the supervision of said director of institutions .~~

(5) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, Chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, Chapter 431, and including the promulgation of rules and regulations making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(6) Establish and maintain ~~such any~~ administrative units as ~~may~~ reasonably be necessary for the performance of administrative functions common to all divisions of the department.

(7) Administer and supervise ~~such any~~ additional welfare activities and services as may, from time to time, hereafter be vested by law in the state department.

(8) The commissioner is hereby specifically constituted as guardian of both the estate and the person of all the wards of the state of Minnesota and other persons the guardianship of whom has been heretofore vested in the state board of control, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as feebleminded or epileptic. All of said guardianships, and the funds and property of the same, are hereby transferred to and vested in said commissioner, and said commissioner is hereby constituted a legal entity and is hereby empowered to act as guardian under any laws of this state heretofore conferring such powers upon the state board of control.

(9) All the powers and duties vested in or imposed upon the director of public institutions with reference to the Minnesota state sanatorium are hereby transferred to, vested in, and imposed upon the commissioner of public welfare. The commissioner of public welfare shall appoint the superintendent of the Minnesota state sanatorium, but shall not have the power to fix his salary.

(10) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(11) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(12) Establish county, regional, or state-wide schedules of maximum fees and charges which may be paid by ~~county welfare boards~~

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for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under ~~the medical assistance program~~ all programs of medical care provided by the state .

(13) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of public welfare is authorized to waive the enforcement of existing specific statutory program requirements, regulations, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed two years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The proposed comprehensive plan including estimated project costs and the proposed order establishing the waiver shall be filed with the Secretary of the Senate and Chief Clerk of the House of Representatives at least 60 days prior to its effective date.

(b) The secretary of health, education, and welfare of the United States has agreed, for the same project, to waive state plan requirements relative to state-wide uniformity.

(c) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory committee and filed with the commissioner of administration.

(14) In accordance with federal requirements establish procedures to be followed by ~~county-local~~ welfare boards in creating citizen advisory committees , including procedures for selection of committee members.

(15) Promulgate, by rule and regulation, standards of administration to be applied by local welfare boards administering state and county financed programs of medical assistance pursuant to chapter 256B, general relief medical care pursuant to section 256D.02, subdivision 4 and medical, hospital, and surgical care for persons eligible for general assistance pursuant to chapter 256D, or for indigent persons whose costs of hospitalization are paid pursuant to sections 261.21 to 261.231 and section 12 of this article. The rules and regulations shall specify a uniform standard of performance and a tolerated error rate, but shall not specify the minimum number of personnel to be employed by a local agency if the agency operates at the specified standard of performance or at or below the tolerated error rate. The commissioner may deduct from the earned administrative reimbursements of a county a penalty for the county's failure to comply with the standards of administration. The penalty shall be fixed by the commis-

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sioner as a percentage of the overexpenditure caused by improper administration, beyond an initial tolerated amount of overexpenditure. In the event that fiscal sanctions are imposed by the federal government because of improper administration of the programs, one half of the amount of the sanctions attributable to local agency performance shall be deducted from administrative reimbursement otherwise due the county.

(16) Develop a plan and report to the legislature during its 1976 session on methods by which the payment and administration of all income maintenance programs could be assumed by the state department of public welfare.

Sec. 2. Minnesota Statutes 1974, Section 256.98, is amended to read:

256.98 WRONGFULLY OBTAINING ASSISTANCE; THEFT. Whoever obtains, or attempts to obtain, or aids or abets any person to obtain by means of a wilfully false statement or representation, or by impersonation or other fraudulent device, assistance to which he is not entitled, or assistance greater than that to which he is entitled, or knowingly aids or abets in buying or in any way disposing of the property of a recipient of assistance without the consent of the ~~county-local~~ agency with intent to defeat the purposes of Minnesota Statutes 1971, Sections 256.451 to 256.475, 256.13 to 256.43, 256.49 to 256.71, 256.72 to 256.87, or chapter 256B, shall be guilty of theft and punished in accordance with section 609.52, subdivision 3, clauses (1), (2) and (5). The amount of any assistance paid incorrectly by way of the aforementioned means and established by judicial determination shall be recoverable from the recipient or his estate by the county or the state as a debt due the county or the state or both in proportion to the contribution of each . Any amounts recovered shall be paid to the appropriate units of government in the same manner as provided in section 256.863. To prosecute or to recover assistance wrongfully obtained under this section, the attorney general or the appropriate county attorney, acting independently or at the direction of the attorney general, may institute a criminal or civil action.

Sec. 3. Minnesota Statutes 1974, Section 256B.02, Subdivision 3, is amended to read:

Subd. 3. "County of financial responsibility" means :

(a) ~~For an applicant who resides in this state, the county in which he last resided for one year of unexcluded time. If he does not have one year of unexcluded time, the county in which he resided for the longest period of unexcluded time.~~

(b) ~~For an applicant who has not resided in this state for a full year, the county in which he has resided the longest period of unexcluded time.~~

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(e) For an applicant who has not resided in this state for any period of unexcluded time, the county in which he the applicant resides at the time of making application.

(d) ~~The above provisions notwithstanding, the county of financial responsibility for medical assistance shall always be the same county as that from which a recipient is receiving a maintenance grant or money payment under the aid to families with dependent children program.~~

Sec. 4. Minnesota Statutes 1974, Section 256B.041, Subdivision 5, is amended to read:

Subd. 5. If required by federal law or rules promulgated thereunder, or by authorized regulation of the state agency, each county shall pay to the state treasurer the portion of medical assistance paid by the state for which it is responsible. The county's share of cost shall be 50~~ten~~ percent of that portion not met by federal funds.

Sec. 5. Minnesota Statutes 1974, Section 256B.07, is amended to read:

256B.07 EXCEPTIONS IN DETERMINING RESOURCES. A county local agency may, within the scope of regulations set by the commissioner of public welfare, waive the requirement of liquidation of excess assets when the liquidation would cause undue hardship. Household goods and furniture in use in the home, wearing apparel, insurance policies with cash surrender value not in excess of \$1,000 per insured person, personal property used as a regular abode by the applicant or recipient, and a lot in a burial plot shall not be considered as resources available to meet medical needs.

Sec. 6. Minnesota Statutes 1974, Section 256B.12, is amended to read:

256B.12 LEGAL REPRESENTATION. The attorney general or the appropriate county attorney appearing at the direction of the attorney general shall be the attorney for the state agency, and the county attorney of ~~each~~the appropriate county shall be the attorney for the county-local agency of ~~such~~ county in all matters pertaining hereto.

Sec. 7. Minnesota Statutes 1974, Section 256B.19, Subdivision 1, is amended to read:

256B.19 DIVISION OF COST. Subdivision 1. The cost of medical assistance paid by each county of financial responsibility shall be borne as follows: Payments shall be made by the state to the county for that portion of medical assistance paid by the federal government and the state on or before the 20th day of each month for the succeeding month upon requisition from the county showing the amount required for the succeeding month. Ninety percent of the expense of as-

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sistance not paid by federal funds available for that purpose shall be shared equally paid by the state and county; except that where the recipient is a child who has been surrendered for adoption pursuant to section 260.25, or has been committed to the guardianship of a licensed child placing agency pursuant to section 260.241, and a bona fide dispute regarding the county of residence of the child exists, the commissioner of public welfare, pursuant to rules and regulations adopted by him, may pay the entire expense of assistance not paid by federal funds from state funds. The director of the child placing agency or his appointed agent shall be designated as the applicant for medical assistance benefits on behalf of the child and ten percent shall be paid by the county of financial responsibility.

Sec. 8. Minnesota Statutes 1974, Section 256D.03, is amended by adding a subdivision to read:

Subd. 3. State aid shall be paid to local agencies or counties for 90 percent of the cost of general relief medical care paid by the local agency or county pursuant to section 256D.02, subdivision 4 on behalf of persons eligible according to standards established by the commissioner of welfare in accordance with the rates established by rule of the commissioner. The local agency or county may select the vendor for the delivery of the medical care. Any local agency or county may, from its own resources, make payments for medical care for persons not otherwise eligible for the care pursuant to standards established by the commissioner.

The commissioner of public welfare shall promulgate rules and regulations to establish administrative and fiscal procedures for payment of the state share of the medical costs incurred by the counties under section 256D.02, subdivision 4. The rules and regulations may include:

(a) procedures by which state liability for the costs of medical care incurred pursuant to section 256D.02, subdivision 4 may be deducted from county liability to the state under any other public assistance program authorized by law;

(b) procedures for processing claims of counties for reimbursement by the state for expenditures for medical care made by the counties pursuant to section 256D.02, subdivision 4;

(c) procedures by which the local agencies may contract with the commissioner of public welfare for state administration of general relief medical payments; and

(d) standards of eligibility and utilization of services.

Sec. 9. Minnesota Statutes 1974, Section 261.21, is amended to read:

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261.21 HOSPITALIZATION FOR INDIGENT PERSONS. Subdivision 1. The county board of any county in this state is hereby authorized to provide for the hospitalization in hospitals within the county or elsewhere of indigent residents of such county who are afflicted with a malady, injury, deformity, or ailment of a nature which can probably be remedied by hospitalization and who are unable financially to secure and pay for such hospitalization or, in the case of an *unemancipated minor, whose parent, guardian, trustee, or other person having lawful custody of his person, as the case may be, is unable to secure or provide such hospitalization.*

Subd. 2. The county board may select the hospital at which the indigent person shall receive care.

Sec. 10. Minnesota Statutes 1974, Section 261.22, Subdivision 2, is amended to read:

Subd. 2. DUTIES OF COUNTY BOARD. If upon filing of such report and a full investigation of the application the county board shall be satisfied that the case is one which could be remedied by hospital treatment and that such afflicted person is financially unable to secure or provide the same for himself and that the persons legally charged with the support and maintenance of such person, if any there be, are financially unable to provide such hospitalization, the county board may grant or approve said application. If the county board is not so satisfied, it may take additional testimony or make such further investigation as it shall deem proper and it shall reject any application if it finds that the facts do not merit the expenditure of public money for the relief of such afflicted person. Upon the approving and granting such application and the relief therein prayed for, the chairman of such county board shall arrange for the hospitalization of such afflicted person, in a hospital selected by the county. If the county board shall find that the applicant or the person legally responsible for his support and maintenance is not able to pay in full but is able to pay in part for such hospitalization at such hospital, the county board may approve such application of such afflicted person on such terms of division of hospital charges and costs as it may deem equitable and just. The county board shall provide for taking such afflicted person to the hospital. When a physician certifies that an emergency exists in any case and that he believes that the person suffering is unable to pay for hospitalization such person shall be admitted to any such hospital upon the order of the chairman of the county board or upon the order of the county commissioner of the district in which such alleged indigent person resides; and thereafter an investigation shall be made in the manner hereinbefore provided. When a physician certifies in a case of an injury (or an emergency) that immediate surgical or medical treatment is necessary, the patient shall forthwith be admitted to any such hospital upon said certificate for a period not to exceed 72 hours; and thereafter an investigation shall be certified and made in the manner provided in sections 261.21 to 261.23.

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Sec. 11. Minnesota Statutes 1974, Section 261.23, is amended to read:

261.23 COSTS OF HOSPITALIZATION. The costs of hospitalization of such indigent persons exclusive of medical and surgical care and treatment shall not exceed in amount the full rates fixed and charged by the Minnesota general hospital under the provisions of sections 158.01 to 158.11 for the hospitalization of such indigent patients. Ninety percent of the cost of the hospitalization of indigent persons under the provisions of sections 261.21 to ~~261.23-261.231~~ and section 12 of this article shall be paid by the state and ten percent of the cost of hospitalization shall be paid by the county of the residence of such indigent persons at such times as may be provided for in such contract; and in case of an injury or emergency requiring immediate surgical or medical treatment, for a period not to exceed 72 hours, 90 percent of the cost shall be paid by the state and ten percent of the cost shall be paid by the county from which such patient, if indigent, is certified. If the county of residence of the patient is not the county in which the patient has legal settlement for the purposes of poor relief, then the county of residence may seek reimbursement from the county in which the patient has settlement for the purposes of poor relief for all costs it has necessarily incurred and paid in connection with the hospitalization of said patient.

Sec. 12. Minnesota Statutes 1974, Chapter 261, is amended by adding a section to read:

[261.232] DUTIES OF THE COMMISSIONER OF PUBLIC WELFARE. The commissioner of public welfare shall promulgate rules and regulations to establish administrative and fiscal procedures for payment of the state share of the costs incurred by the counties under Minnesota Statutes, Sections 261.21 to 261.231. The rules and regulations may include:

(a) procedures by which state liability for the costs of hospitalization of indigent persons may be deducted from county liability to the state under any other public assistance program authorized by law;

(b) procedures for processing claims of counties for reimbursement by the state for expenditures made by the counties for the hospitalization of indigent persons; and

(c) standards for eligibility and utilization of medical care.

Sec. 13. **[261.233] APPROPRIATION.** There is annually appropriated from the general fund in the state treasury to the commissioner of public welfare, a sum sufficient to discharge the duties imposed by this article.

Sec. 14. **EFFECTIVE DATE.** This article shall be effective January 1, 1976.

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ARTICLE III

Section 1. Minnesota Statutes 1974, Section 477A.01, Subdivision 1, is amended to read:

477A.01 LOCAL GOVERNMENT AID. Subdivision 1. ~~Except in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington,~~ The state shall distribute ~~\$35-\$42~~ for each person residing in the territory comprising each county for the calendar year ~~1974-1976~~ and ~~\$36~~ for the calendar year ~~1975-\$45~~ for calendar year 1977 to the several taxing authorities, except school districts, with authority to impose taxes on property located in the county's territory. For the purposes of subdivisions 1, 3, 4, 4a and 4b, the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington shall be considered a single county.

Sec. 2. Minnesota Statutes 1974, Section 477A.01, Subdivision 2, is amended to read:

Subd. 2. ~~The Every county government except that of a county containing a city of the first class shall receive 85 percent of the same percentage of the distributions pursuant to subdivision 1; that a distribution equal to the distribution it was entitled to receive in 1971 of the total distributions to the several taxing authorities in the county's territory-1975 pursuant to Minnesota Statutes 1969, Sections 273.60 and 297A.51 to 297A.60, except that distributions to school districts under those laws shall be disregarded in making the calculation-1974, Section 477A.01 .~~

Sec. 3. Minnesota Statutes 1974, Section 477A.01, Subdivision 3, is amended to read:

Subd. 3. Each taxing authority in each county, other than the county, the school districts and the cities and towns, shall receive in ~~1974 and 1975-1976 and 1977~~ a distribution equal to the distribution it was entitled to receive in 1971 pursuant to Minnesota Statutes 1969, Section 273.69.

Sec. 4. Minnesota Statutes 1974, Section 477A.01, Subdivision 4, is amended to read:

Subd. 4. The balance of the distributions in ~~1974 1976~~ pursuant to subdivision 1, shall be divided among the several cities and towns in the county's territory in the proportion that the dollar amount of the ~~levy limitation and special levies of each city and town for taxes payable in 1973 bears to the total dollar amount of the levy limitations and special levies of all the cities and towns for taxes payable in 1973.~~

The balance of the distribution in 1975 pursuant to subdivision 1, shall be divided among the several cities and towns in the county's ter-

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ritory in the proportion that the dollar amount of the levy limitation and special levies of each city and town for taxes payable in 1974 bears to the total dollar amount of the levy limitations and special levies of all cities and towns for taxes payable in 1974.

For the purposes of this subdivision, the levy limitation of a city or town with statutory city powers for taxes payable in 1973 or 1974 shall be the limitation established for such governmental unit pursuant to sections 275.50 to 275.56, as determined by the department of revenue. For the purposes of this subdivision, the special levies of a city or town with statutory city powers for taxes payable in 1973 or 1974 shall be the amounts of the governmental unit's tax levy payable in 1973 or 1974 which the department of revenue determines to be qualified special levies pursuant to section 275.50, subdivision 5, before the reduction pursuant to Minnesota Statutes 1971, Section 477A.02, Clause (c). Furthermore, cities and towns with statutory city powers under 500 population, according to the latest state or federal census, and towns without statutory city powers, shall receive distributions in 1974 and 1975, pursuant to this subdivision, based on their levies payable in 1973 and 1974, respectively in the proportion that the product of

the city or town's 1970 federal census population; times

the sum of its average city or town mill rate for the three immediately preceding years divided by three; times

its city or town 1974 aggregate sales ratio as determined by the commissioner of revenue bears to the sum of the product of that calculation for all cities and towns in the territory.

The balance of the distributions in 1977 pursuant to subdivision 1 shall be divided among the several cities and towns in the county's territory in the proportion that the product of

the city or town's 1970 federal census population; times

the sum of its average city or town mill rate for the three immediately preceding years divided by three; times

its city or town 1975 aggregate sales ratio as determined by the commissioner of revenue bears to the sum of the product of that calculation for all cities and towns in the territory .

Sec. 5. Minnesota Statutes 1974, Section 477A.01, is amended by adding a subdivision to read:

Subd. 4a. If the amount distributed to a city or town pursuant to subdivision 4 is less than the aids the city or town received in 1975, before corrections for prior year aid payments, pursuant to Minnesota Statutes 1974, Section 477A.01, the amount distributed to it shall be

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raised to the amount the city or town received in 1975, before corrections for prior year aid payments, and the distributions to the other cities and towns within the county's territory shall be proportionately reduced as necessary to supply the difference.

Sec. 6. Minnesota Statutes 1974, Section 477A.01, is amended by adding a subdivision to read:

Subd. 4b. The commissioner of revenue shall make all necessary calculations and make payments directly to the affected taxing authorities in four equal parts on March 15, July 15, September 15, and November 15 in 1976 and 1977.

Sec. 7. [477A.03] APPROPRIATION. A sum sufficient to discharge the duties imposed by this article is annually appropriated from the general fund to the commissioner of revenue.

Sec. 8. Minnesota Statutes 1974, Section 477A.01, Subdivisions 5, 6, 7, 8, 9, 10, 11, 13, 14, 16 and 17 are repealed effective January 1, 1976.

ARTICLE IV

Section 1. Minnesota Statutes 1974, Section 275.50, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1975 payable in 1976 and thereafter, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

(a) satisfy judgments rendered against the governmental subdivision by a court of competent jurisdiction in any action other than an action on an express contract or default on an express contract, or to pay the costs of settlements out of court against the governmental subdivision in any action other than an action on an express contract when substantiated by a stipulation for the dismissal of the action filed with the court of competent jurisdiction and signed by both the plaintiff and the legal representative of the governmental subdivision, but only to the extent of the increase in levy for such judgments and out of court settlements over levy year 1970, taxes payable in 1971;

(b) pay the costs of complying with any written lawful order issued by the state of Minnesota, or the United States, or any agency or subdivision thereof, which is authorized by law, statute, special act or ordinance and is enforceable in a court of competent jurisdiction, or any stipulation agreement or permit for treatment works or disposal system for pollution abatement in lieu of a lawful order signed by the governmental subdivision and the state of Minnesota, or the United States, or any agency or subdivision thereof which is enforceable in a court of competent jurisdiction. The commissioner of revenue shall in

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consultation with other state departments and agencies, develop a suggested form for use by the state of Minnesota, its agencies and subdivisions in issuing orders pursuant to this subdivision;

(c) pay the costs of complying with any law enacted by the ~~1971-1975~~ legislature or a ~~prior or~~ subsequent year's legislature which specifically and directly requires a new or altered activity after levy year ~~1970-1974~~, taxes payable in ~~1971-1975~~, but only to the extent of the increased cost for such activity after levy year ~~1970-1974~~, taxes payable in ~~1971-1975~~;

(d) pay the costs of an expanded county court system to the extent of the increase in costs over the amount levied in support of a county court or a probate court in levy year ~~1970-1974~~, taxes payable in ~~1971-1975~~;

(e) pay amounts required by any public pension plan to the extent that operation of the laws of the state of Minnesota or the United States governing such fund directly causes the level of governmental financial support to exceed the level of such support prior to July 1, 1971, provided that such increases are not the result of amendment by any means to the benefit plan after July 1, 1971 which required the approval of the governing body of the governmental subdivision;

(f) pay amounts required to be levied in support of a volunteer firemen's relief association if resulting from the operation of sections 69.772 and 69.773;

(g) pay the costs to a governmental subdivision for their share of any program otherwise authorized by law, including the administrative costs of social services and of county welfare systems, for which matching funds have been appropriated by the state of Minnesota or the United States, but only to the extent that the costs to the governmental subdivision for the program exceed those expended in calendar year 1970, subject to rules promulgated by the commissioner of revenue pursuant to the administrative procedures act;

(h) pay expenses reasonably and necessarily incurred in preventing, preparing for or repairing the effects of natural disaster. "Natural disaster" as used herein means the occurrence or threat of widespread or severe damage, injury or loss of life or property resulting from natural causes, including and limited to fire, flood, earthquake, wind storm, wave action, oil spill, or other water contamination requiring action to avert danger or damage, volcanic activity, drought or air contamination. The emergency services division of the state department of public safety shall formulate standards by which an occurrence of any of the aforementioned natural phenomena would be deemed a natural disaster by reason of the level of damage, injury or loss of life or property that has occurred or would occur if preventative action was not taken;

(i) pay the costs not reimbursed by the state or federal govern-

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ment, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law;

(j) pay the costs of principal and interest on bonded indebtedness, or, effective for taxes levied in 1973 and years thereafter, to reimburse for the amount of liquor store revenues used to pay the principal and interest due in the year preceding the year for which the levy limit is calculated on municipal liquor store bonds;

(k) pay the costs of principal and interest on certificates of indebtedness, except tax anticipation or aid anticipation certificates of indebtedness, issued for any corporate purpose except current expenses or funding an insufficiency in receipts from taxes or other sources or funding extraordinary expenditures resulting from a public emergency;

(l) fund the payments made to the Minnesota state armory building commission pursuant to section 193.145, subdivision 2, to retire the principal and interest on armory construction bonds;

(m) provide for the bonded indebtedness portion of payments made to another political subdivision of the state of Minnesota;

(n) pay the amounts required to compensate for a decrease in revenues from public service enterprises, municipal liquor stores, licenses, permits, fines and forfeits and no other, to the extent that the aggregate of revenues from these sources in the calendar year preceding the year of levy are less than the aggregate of revenues from these sources in calendar year 1971. "Revenues" from a public service enterprise or a municipal liquor store shall mean the net income or loss of such public service enterprise or municipal liquor store, determined by subtracting total expenses from total revenues, and before any contribution to or from the governmental subdivision. "Fines" for a municipal court means the net amount remaining after subtracting total municipal court expenses from total collections of municipal court fines. A governmental subdivision shall qualify for this special levy only if the decrease in aggregate revenues as computed herein and divided by the population of the governmental subdivision in the preceding levy year is equal to or greater than two percent of the per capita levy limitation for the preceding levy year;

(o) pay the amounts required to compensate for a decrease in mobile homes property tax receipts to the extent that the governmental subdivision's portion of the total levy in the current levy year, pursuant to section 273.13, subdivision 3, as amended, is less than the distribution of the mobile homes tax to the governmental subdivision pursuant to section 273.13, subdivision 3, in calendar year 1971;

(q) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission in levy year 1971 or a subsequent levy year, but only to the extent that when added to the

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preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(r) pay amounts required to correct for an error of omission in the levy certified to the appropriate county auditor or auditors by the governing body of a city or town with statutory city powers in levy year 1971 or a subsequent levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

(s) pay the increased cost of municipal services as the result of an annexation or consolidation ordered by the Minnesota municipal commission in levy year 1971 or a subsequent levy year, but only to the extent and for the levy years as provided by the commission in its order pursuant to section 414.01, subdivision 15 . Special levies authorized by the commission shall not exceed 50 percent of the levy limit base of the governmental subdivision and may not be in effect for more than three years after the commission's order ;

(t) pay the increased costs of municipal services provided to new private industrial and nonresidential commercial development, to the extent that the extension of such services are not paid for through bonded indebtedness or special assessments, and not to exceed the amount determined as follows. The governmental subdivision may calculate the aggregate of:

(1) The increased expenditures necessary in preparation for the delivering of municipal services to new private industrial and nonresidential commercial development, but limited to one year's expenditures one time for each such development;

(2) The amount determined by dividing the overall levy limitation established pursuant to sections 275.50 to 275.56, and exclusive of special levies and special assessments, by the total taxable value of the governmental subdivision, and then multiplying this quotient times the total increase in assessed value of private industrial and nonresidential commercial development within the governmental subdivision. For the purpose of this clause, the increase in the assessed value of private industrial and nonresidential commercial development is calculated as the increase in assessed value over the assessed value of the real estate parcels subject to such private development as most recently determined before the building permit was issued. In the fourth levy year subsequent to the levy year in which the building permit was issued, the increase in assessed value of the real estate parcels subject to such private development shall no longer be included in determining the special levy.

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The aggregate of the foregoing amounts, less any costs of extending municipal services to new private industrial and nonresidential commercial development which are paid by bonded indebtedness or special assessments, equals the maximum amount that may be levied as a "special levy" for the increased costs of municipal services provided to new private industrial and nonresidential commercial development :

(u) recover a loss or refunds in tax receipts incurred in non-special levy funds resulting from abatements or court action in the previous year pursuant to section 275.48.

Sec. 2. Minnesota Statutes 1974, Section 275.51, Subdivision 1, is amended to read:

275.51 LEVY LIMITS. Subdivision 1. Notwithstanding any provisions of law or municipal charter to the contrary which authorize ad valorem levies in excess of the limitations established by sections 275.50 to 275.56, but subject to section 275.56, the provisions of this section shall apply to the levies by governmental subdivisions in the years ~~1971, 1972-1975,~~ 1976 and subsequent years for all purposes other than those for which special levies and special assessments are made.

Sec. 3. Minnesota Statutes 1974, Section 275.51, is amended by adding a subdivision to read:

Subd. 3b. The property tax levy limitation for governmental subdivisions in 1975 payable in 1976 shall be calculated as follows:

(a) The sum of (1) the property tax permitted to be levied in 1974 payable in 1975 computed pursuant to Minnesota Statutes 1974, Section 275.51, Subdivisions 3 or 3a plus (2) the amount of any state aids the governmental subdivision was entitled to receive in calendar year 1975 pursuant to sections 477A.01, 298.26, 298.282, 298.28, subdivisions 1 and 1a, 298.281, subdivision 1, 298.32 and 294.26, plus (3) the amount levied in 1974 payable in 1975 pursuant to Minnesota Statutes 1974, Section 275.50, Subdivision 5, Clauses (c) and (d) plus (4) the amount of any increase authorized pursuant to section 6 plus (5) the amount of any increase allowed pursuant to Laws 1974, Chapter 490.

(b) The sum derived in clause (a) shall be divided by the population of the governmental subdivision as determined pursuant to section 275.53 for calendar year 1974.

(c) The resultant quotient shall be increased pursuant to section 275.52, subdivision 2 to derive the levy limit base per capita for taxes levied in 1975 payable in 1976.

(d) The levy limit base per capita for 1975 payable 1976 shall be multiplied by the population of the governmental subdivision as deter-

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mined pursuant to section 275.53 for calendar year 1975. This is the levy limit base for 1975 payable in 1976.

In cities and townships the levy limit base shall be reduced by 82.5 percent of the amount of state formula aids to be paid in 1976 pursuant to Minnesota Statutes, Section 477A.01, and the taconite aids to be paid in 1976 pursuant to Minnesota Statutes, Sections 294.26, 298.26, 298.28, Subdivision 1, 298.282, and 298.32 and article XI of this act. In the case of counties the levy limit base shall be reduced by the total amount of state formula aids to be paid in 1976 pursuant to Minnesota Statutes, Section 477A.01 and the taconite aids to be paid in 1976 pursuant to Minnesota Statutes, Sections 294.26, 298.26, 298.28, Subdivisions 1 and 1a, 298.281, Subdivision 1, and 298.32 and article XI of this act. The resulting figure is the amount of property taxes which a governmental subdivision may levy in 1975 payable in 1976 for all purposes other than those for which special levies and special assessments are made.

Sec. 4. Minnesota Statutes 1974, Section 275.51, is amended by adding a subdivision to read:

Subd. 3c. The property tax levy limitation for governmental subdivisions in 1976 payable in 1977 shall be calculated as follows:

(a) In cities and townships, the sum of the levy limit base computed pursuant to subdivision 3b plus 17.5 percent of the local government aids received in calendar year 1976 pursuant to Minnesota Statutes, Section 477A.01 plus any increases authorized by section 6 shall be determined. This sum shall be divided by the population of the city or township as determined in accordance with section 275.53 for calendar year 1975. The resultant quotient shall be increased pursuant to section 275.52, subdivision 2 to derive the levy limit base per capita for the city or town for taxes levied in 1976 payable in 1977.

(b) In the case of counties, the levy limit base computed pursuant to subdivision 3b plus any increase pursuant to section 6 plus any increase allowed pursuant to Laws 1974, Chapter 490 shall be divided by the population of the county for calendar year 1976 as determined pursuant to section 275.53. The resultant quotient shall be increased pursuant to section 275.52, subdivision 2 to derive the levy limit base per capita for the county for taxes levied in 1976 payable in 1977.

(c) In all governmental subdivisions the levy limit base per capita for 1976 payable 1977 shall be multiplied by the population of the governmental subdivision as determined pursuant to section 275.53 for calendar year 1976. This is the levy limit base for 1976 taxes payable in 1977.

The levy limit base shall be reduced by the full amount of state formula aids to be paid in 1977 pursuant to Minnesota Statutes, Section 477A.01, and taconite aids to be paid in 1977 pursuant to Minne-

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sota Statutes, Sections 294.26, 298.26, 298.28, Subdivisions 1 and 1a, 298.281, Subdivision 1, 298.282, and 298.32 and article XI of this act. The resulting figure is the amount of property taxes which a governmental subdivision may levy in 1976 payable in 1977 for all purposes other than those for which special levies and special assessments are made.

Sec. 5. Minnesota Statutes 1974, Section 275.51, Subdivision 4, is amended to read:

Subd. 4. If in 1974 the levy made by any governmental subdivision exceeds the limitation provided in this section, except when such excess levy is due to the rounding of the mill rates of the governmental subdivision in accordance with section 275.26; subsequent distributions of formula aids pursuant to sections 298.282 and 477A.01, as amended, shall be reduced 10 cents for each full dollar that the levy exceeds the limitation imposed by this section. If in any year subsequent to 1971-1973 the levy made by a governmental subdivision exceeds the limitation provided in sections 275.50 to 275.56, except when such excess levy is due to the rounding of the mill rates of the governmental subdivision in accordance with section 275.28, subsequent distributions required to be made by the commissioner of finance from any formula aids pursuant to sections 298.282 and 477A.01, as amended-Minnesota Statutes, Section 477A.01, shall be reduced 33 cents for each full dollar the levy exceeds the limitation; provided that a governmental subdivision may determine to levy in excess of the limitation provided in sections 275.50 to 275.56 by not to exceed five percent by passing a resolution setting forth the amount by which the levy limit is proposed to be exceeded. Thereafter the resolution shall be published for two successive weeks in the official newspaper of the governmental subdivision or if there be no official newspaper, in a newspaper of general circulation therein, together with a notice fixing a date for a public hearing on the proposed increase which hearing shall be held not less than two weeks nor more than four weeks after the first publication of the resolution. Following the public hearing, the governing body may determine to take no further action, or in the alternative, adopt a resolution authorizing the levy as originally proposed, or adopt a resolution approving a levy in such lesser amount as it so determines. The resolution authorizing a levy in excess of the limitation imposed by sections 275.50 to 275.56 shall be published in the official newspaper of the governmental subdivision or if there be no official newspaper, in a newspaper of general circulation therein. If within 30 days thereafter, a petition signed by voters equal in number to five percent of the votes cast in the governmental subdivision in the last general election or 2,000 voters, whichever is less, requesting a referendum on the proposed resolution is filed with the clerk or recorder of the governmental subdivision if the governmental subdivision is a city or town, or with the county auditor if the governmental subdivision is a county, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The com-

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missioner of revenue is directed to prepare a suggested form of question to be presented at any such referendum. A levy approved at any such referendum held at a special or general election held prior to October 1 in any levy year increases the allowable levy in that same levy year and provides a permanent adjustment to the levy limit base per capita of the governmental subdivision for future levy years, and there shall be no reduction in distributions of formula aids to the governmental subdivision as a result of such levy. If no referendum is requested, the excess levy authorized by the resolution, if the resolution is adopted prior to October 1 in any year, may be levied in that same levy year and subsequent distributions required to be made by the commissioner of finance from any formula aids pursuant to ~~Extra Session Laws 1971, Chapter 31—Minnesota Statutes, Section 477A.01~~ , shall be reduced 15 cents for each full dollar the levy exceeds the limitation. ~~A levy made in 1971 prior to the effective date of Extra Session Laws 1971, Chapter 31 shall be reviewed and may be modified by the appropriate authority of the governmental subdivision for the purpose of reducing such levy to conform to the limitations imposed by this section. Any reduction in such levy made prior to December 15, 1971, shall be given the same effect as though such reduction had been made prior to the expiration of the time allowed by law for making the levy.~~ The provisions of this subdivision shall apply to the levy of a metropolitan county before the reduction required pursuant to section 163.051, subdivision 5.

Sec. 6. Minnesota Statutes 1974, Section 275.52, is amended by adding a subdivision to read:

Subd. 4. For taxes levied in 1975 payable in 1976 and subsequent years the levy limit base of a governmental subdivision may be increased upon approval by the levy limit review board established in section 275.551, for the following reasons:

(a) Any governmental subdivision which spent money from its surplus funds for nonspecial levy purposes in calendar year 1971 may have its levy limit base increased by an amount not to exceed the amount of revenue it used from surplus funds for nonspecial levy purposes in calendar year 1971.

(b) Any governmental subdivision which has been required to provide new services because of changes in state law, whether or not the changed law directly mandates new services, may have its levy limit base increased by an amount not to exceed the amount required to finance the services, provided that the services may not be financed by special levies or special assessments.

(c) Any governmental subdivision which has been required to provide new or expanded services because of annexations, consolidations, mergers or new incorporations since 1971 may have its levy limit base increased by an amount not to exceed the amount required to finance the general operating costs involved in such services.

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Any governmental subdivision which desires to have its levy limit base adjusted under the provisions of this subdivision shall apply to the commissioner of revenue, who shall submit all applications to the levy limit review board established in section 275.551. Applications shall be in the form and accompanied by the data required by the levy limit review board. Adjustments authorized by the levy limit review board shall become a permanent part of the levy limit base for the governmental subdivision. The levy limit review board may authorize only one levy limit base adjustment for any governmental subdivision under this subdivision.

Sec. 7. Minnesota Statutes 1974, Section 275.53, Subdivision 3, is amended to read:

Subd. 3. (a) In lieu of passing a resolution pursuant to subdivision 2, the governing body of a governmental subdivision may pass by June 1 of any year a resolution containing an estimate of the current population of the subdivision. The resolution shall describe ~~with specificity~~ the criteria upon which the estimate is based, and shall state that the estimate is made for purposes of increasing that subdivision's tax levy pursuant to sections 275.50 to 275.56. The resolution shall be in the form and accompanied by the data required by the state planning agency.

(b) The resolution shall then be submitted to the state planning agency. The agency shall determine, and ~~so~~ inform the subdivision in writing within 30 days of receipt of the resolution, whether the criteria and process described therein do or do not provide a reasonable basis for the population estimate. ~~No determination by the agency made pursuant to this subdivision shall constitute, nor shall it be represented as constituting, a determination of actual population. The estimate prepared by the subdivision shall be reviewed by the state planning agency with reference to county population estimates prepared by the state demographer. The state demographer's county population estimates will be used as a county control .~~

(c) If the agency determines that the criteria and process used by the subdivision do not provide a reasonable basis for the population estimate, the resolution shall be of no effect. If the agency determines that the criteria do provide a reasonable basis for the population estimate, the resolution shall be published at least once in a legal newspaper of general circulation in said subdivision. Said estimate may be used for computing the amount of ad valorem taxes the subdivision may levy, unless within 30 days following the publication of the resolution, 10 percent or more of the registered voters of the subdivision, or if the subdivision does not require voter registration, then 10 percent or more of its voters, who voted at the subdivision's last election, sign a petition demanding a special census, and submit the petition to the governing body of the subdivision.

(d) Attached to the petition shall be an affidavit executed by the

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circulator or circulators thereof, stating that he or they personally circulated the petition, the number of signatures thereon, that all signatures were affixed in his or their presence and that he or they believe them to be genuine signatures of the persons whose names they purport to be. Each signature need not be notarized.

(e) Upon the receipt of a petition conforming to this subdivision, the governing body shall pass a resolution requesting the secretary of state to take a special census of the governmental subdivision. The census shall be taken and financed pursuant to the provisions of subdivision 2. Any population estimate made by the governing body of any governmental subdivision shall be superseded by any subsequent state or federal census taken pursuant to sections 275.50 to 275.56 or any other law, or by a population estimate made by the metropolitan council or the state demographer. The governing body of a governmental subdivision may not avail itself of the provisions of this subdivision during any year for which any state or federal census has been taken or for which the metropolitan council has made a population estimate of the subdivision.

Sec. 8. Minnesota Statutes 1974, Section 275.59, is amended to read:

275.59 GOVERNMENTAL SUBDIVISIONS UNDER 2,500 POPULATION; EXEMPTION FROM LEVY LIMITS. Commencing with levy year ~~1973~~ 1975 and thereafter, taxes payable in ~~1974~~ 1976 and thereafter, the provisions of sections 275.50 to 275.56 shall not apply to any city, statutory city or town with statutory city powers whose population according to the latest state or federal census is under ~~500~~ 2,500.

Sec. 9. Minnesota Statutes 1974, Section 273.138, Subdivision 6, is amended to read:

Subd. 6. If a county government, city or township is subject to the provisions of sections 275.50 to 275.56, the amount of aid calculated for such taxing district pursuant to subdivision 2 for ~~1974 or a subsequent year~~ 1976 shall be deducted from the taxing district's ~~current levy year's~~ levy year 1975, taxes payable 1976 levy limit base determined pursuant to ~~section 275.51, subdivision 3 in determining section 3 and the amount of aid calculated for such taxing district pursuant to subdivision 2 for 1977 shall be deducted from the taxing district's~~ levy year 1976, taxes payable 1977 ~~levy limit base determined pursuant to section 4 for the purpose of calculating the taxing district's~~ levy limitation for taxes payable in 1974 or such subsequent year 1976 or 1977 as the case may be. The amount of aid calculated for a school district pursuant to subdivision 3, clauses (2), (3), (4), (5) and (6) for 1975 or a subsequent year shall be deducted from the school district's maintenance levy limitation established pursuant to section 275.125, subdivision 2a, in determining the amount of taxes the school district may levy for general and special purposes for taxes payable in 1975 or a subsequent year.

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Sec. 10. **REPEALER.** Minnesota Statutes 1974, Section 275.51, Subdivisions 3 and 3a, are repealed.

ARTICLE V

Section 1. Minnesota Statutes 1974, Section 290.09, Subdivision 29, is amended to read:

Subd. 29. **DEDUCTIONS ATTRIBUTABLE TO FARMING.** (a) **DEFINITION.** For purposes of ~~Laws 1973, Chapter 737~~ this subdivision, income and gains and expenses and losses shall be considered as "arising from a farm" if such items are received or incurred in connection with cultivating the soil, or in connection with raising or harvesting any agricultural or horticultural commodity, including the raising, shearing, feeding, caring for, training, and management of livestock, bees, poultry, and fur-bearing animals and wildlife, and all operations incident thereto, including but not limited to the common use of "hedging".

(b) **DEDUCTIONS LIMITED.** Except as provided in ~~Laws 1973, Chapter 737~~ this subdivision, expenses and losses, except for interest and taxes, arising from a farm shall not be allowed as deductions in excess of income and gains arising from a farm.

(c) **DEDUCTIONS ALLOWED; CARRYOVER DEDUCTIONS.** For taxable years beginning on or after January 1, 1974, expenses and losses arising from a farm or farms shall be allowed as deductions up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the amount of non-farm gross income, or taxable net income in the case of a corporation, not to exceed the amount of \$10,000 reduced by the amount by which such non-farm income exceeds the amount of \$10,000. Any remaining balance of such deductions shall be carried back three years and carried forward five years, in chronological order—first \$15,000 of non-farm gross income, or non-farm taxable net income in the case of a corporation, provided however that in any case where non-farm income exceeds \$15,000, the maximum allowable amount of \$15,000 shall be reduced by twice the amount by which the non-farm income exceeds the amount of \$15,000. Any remaining balance of the deductions shall be carried back three years and carried forward five years, in chronological order.

Current expenses and losses shall be utilized as deductions in any taxable year, to the extent herein allowable, prior to the application of any carryback or carryover deductions. In any event, the combined amounts of such current expenses and losses and carryback or carryover deductions shall be allowed as deductions up to the amount of the income and gains arising from a farm or farms in any taxable year, plus the amount of non-farm gross income, or taxable net income in the case of a corporation, not to exceed the amount of \$10,000 reduced by the amount by which such non-farm income exceeds the amount of \$10,000—first \$15,000 of non-farm gross income, or non-farm taxable

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net income in the case of a corporation, provided however that in any case where non-farm income exceeds \$15,000, the maximum allowable amount of \$15,000 shall be reduced by twice the amount by which the non-farm income exceeds the amount of \$15,000 .

(d) For purposes of ~~Laws 1973, Chapter 737~~ this subdivision, individual shareholders of an electing small business corporation shall be considered separate entities.

(e) **SPECIAL PERIOD OF LIMITATION WITH RESPECT TO FARM LOSS LIMITATION CARRYBACKS.** For the purposes of sections 290.46 and 290.50, if the claim for refund relates to an overpayment attributable to a farm loss limitation carryback under this subdivision, in lieu of the period of limitation prescribed in sections 290.46 and 290.50, the period of limitation shall be that period which ends with the expiration of the 15th day of the 46th month (or the 45th month, in the case of a corporation) following the end of the taxable year of the farm loss which results in the carryback. No deduction or refund shall be allowed on 1974 returns for farm losses which have been previously carried back to earlier years and for which a tax refund or reduction has been allowed.

(f) **INTEREST ON CLAIMS.** In any case in which a taxpayer is entitled to a refund in a carryback year due to the carryback of a farm loss, interest shall be computed only from the end of the taxable year in which the loss occurs.

Sec. 2. **EFFECTIVE DATE.** The provisions of this article shall be applicable to taxable years beginning on or after January 1, 1974.

ARTICLE VI

Section 1. **EXEMPTION FOR FEDERAL INCOME TAX REBATE.** All amounts received by individual taxpayers pursuant to Title I of Public Law 94-12 of the Tax Reduction Act of 1975, shall be exempt from taxation as income as provided by Minnesota Statutes, Chapter 290.

ARTICLE VII

Section 1. Laws 1973, Chapter 601, Section 1, Subdivision 2, is amended to read:

Subd. 2. **INCOME TAX AND SALES TAXES.** The commission shall examine the individual and corporate income tax and sales taxes as they relate to real estate taxes with the purpose of determining more equitable individual and corporate tax burdens.

Sec. 2. Laws 1973, Chapter 601, Section 1, Subdivision 8, is amended to read:

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Subd. 8. **APPROPRIATION.** There is hereby appropriated for the biennium ending June 30, ~~1975-1977~~, from the general fund the sum of ~~\$150,000~~ ~~\$200,000~~ to pay the expenses incurred by the commission. The amount appropriated by this subdivision is in addition to such sums of money which may be heretofore appropriated to the "Tax Study Commission."

ARTICLE VIII

Section 1. Minnesota Statutes 1974, Section 270.16, is amended to read:

270.16 PROPERTY OMITTED OR UNDERVALUED; REASSESSMENT. Subdivision 1. When it shall be made to appear to the commissioner of revenue, by complaint or by the finding of a court or of the legislature, or either body of the legislature, or any committee of the legislature, or any city council or county board, that any considerable amount of property has been improperly omitted from the tax list or assessment roll of any district or county for any year, or, if assessed, that the same has been undervalued or overvalued, as compared with like property in the same county or in the state so that the assessment for such year in such district or county is grossly unfair and inequitable, whether or not the same has been equalized by the county board of equalization or the commissioner of revenue, the commissioner of revenue shall examine into the facts in the matter and, if satisfied therefrom that it would be for the best interests of the state that a reassessment of such property be made, he shall appoint a special assessor and such deputy assessors as may be necessary and cause a reassessment to be made of all or any of the real and personal property, or either, in any such district or county as he may deem best, to the end that all property in such district or county shall be assessed equitably as compared with like property in such district or county.

Subd. 2. When an assessor has failed to appraise or has improperly appraised at least one quarter of the parcels of property in a district or county for two consecutive years, the commissioner of revenue shall appoint a special assessor and deputy assessor as necessary and cause a reappraisal to be made of the property due for reassessment pursuant to that section.

Sec. 2. Minnesota Statutes 1974, Section 273.01, is amended to read:

273.01 LISTING AND ASSESSMENT, TIME. All real property subject to taxation shall be listed and assessed every odd numbered at least one fourth of the parcels listed shall be appraised each year with reference to its ~~its~~ their value on January 2 preceding the assessment ; and so that each parcel shall be reappraised at maximum intervals of four years. All real property becoming taxable in any intervening year shall be listed ~~and assessed~~ with reference to its value on January 2 of that year. Except for the corrections permitted herein, all real property

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assessments shall be completed two weeks prior to the date scheduled for the local board of review or equalization and no valuations entered thereafter shall be of any force and effect. In the event a valuation and classification is not placed on any real property by the dates scheduled for the local board of review or equalization the valuation and classification determined in the preceding assessment shall be continued in effect and the provisions of section 273.13 shall, in such case, not be applicable, except with respect to real estate which has been constructed since the previous assessment. The county assessor or any assessor in any city of the first class may either before or after the dates specified herein correct any errors in valuation of any parcels of property, that may have been incurred in the assessment; provided, that in the case of such correction it increases the valuation of any parcel of property, the assessor shall notify the owner of record or the person to whom the tax statement is mailed. Not more than two percent of the total number of parcels in his jurisdiction may be corrected after the dates specified herein and in the event of any corrections in excess of the authorized number of such corrections, all corrections shall be void. Real property containing iron ore, the fee to which is owned by the state of Minnesota, shall, if leased by the state after January 2 in any year, be subject to assessment for that year on the value of any iron ore removed under said lease prior to January 2 of the following year. Personal property subject to taxation shall be listed and assessed annually with reference to its value on January 2; and, if acquired on that day, shall be listed by or for the person acquiring it.

Sec. 3. Minnesota Statutes 1974, Section 273.03, Subdivision 1, is amended to read:

273.03 REAL ESTATE; ASSESSMENT; METHOD. Subdivision 1. The county auditor shall annually provide the necessary assessment books and blanks at the expense of the county, for and to correspond with each assessment district. He shall make out, in the real property assessment book, complete lists of all lands or lots subject to taxation, showing the names of the owners, if to him known; and, if unknown, so stated opposite each tract or lot, the number of acres, and the lots or parts of lots or blocks, included in each description of property. The list of real property becoming subject to assessment and taxation ~~every odd-numbered year~~ may be appended to the personal property assessment book. The assessment books and blanks for real and personal property shall be in readiness for delivery to the assessors on or before the first Monday in December of each year.

The assessors and at least one member of each local board of review shall meet at the office of the county auditor on a day to be fixed by the commissioner of revenue for the purpose of receiving instructions as to their duties under the laws of the state. Each assessor and board of review member attending such meetings shall receive as compensation for such service the sum of \$10 per day for each day necessarily consumed in attending such meeting, and mileage at the rate of 7 1/2 cents per mile for each mile necessarily traveled in going from

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his home to and returning from the county seat, to be computed by the usually traveled route, and paid out of the county treasury upon the warrant of the county auditor.

Sec. 4. Minnesota Statutes 1974, Section 273.11, Subdivision 1, is amended to read:

273.11 VALUATION OF PROPERTY. Subdivision 1. Except as provided in ~~subdivision 2~~ subdivision 2, ~~or section 273.17, subdivision 1,~~ all property shall be valued at its market value. In estimating and determining such value, the assessor shall not adopt a lower or different standard of value because the same is to serve as a basis of taxation, nor shall he adopt as a criterion of value the price for which such property would sell at auction or at a forced sale, or in the aggregate with all the property in the town or district; but he shall value each article or description of property by itself, and at such sum or price as he believes the same to be fairly worth in money. In assessing any tract or lot of real property, the value of the land, *exclusive of structures and improvements*, shall be determined, and also the value of all structures and improvements thereon, and the aggregate value of the property, including all structures and improvements, excluding the value of crops growing upon cultivated land. In valuing real property upon which there is a mine or quarry, it shall be valued at such price as such property, including the mine or quarry, would sell for a fair, voluntary sale, for cash. In valuing real property which is vacant, the fact that such property is platted shall not be taken into account. An individual lot of such platted property shall not be assessed in excess of the assessment of the land as if it were unplatted until the lot is improved with a permanent improvement all or a portion of which is located upon the lot, or for a period of three years after final approval of said plat whichever is shorter. When a lot is sold or construction begun, the assessed value of that lot or any single contiguous lot fronting on the same street shall be eligible for reassessment. All property, or the use thereof, which is taxable under sections 272.01, subdivision 2, or 273.19, shall be valued at the market value of such property and not at the value of a leasehold estate in such property, or at some lesser value than its market value.

Sec. 5. Minnesota Statutes 1974, Section 273.11, Subdivision 2, is amended to read:

Subd. 2. ~~In the case of property described in section 273.13, subdivisions 6, 7, 7B, 10, 12, 17, 17b, and 19, plus all agricultural property and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes; The assessor after determining the value of any such property shall compare the value with that determined in the preceding assessment. If the increase exceeds five percent of the preceding valuation; The amount of the increase entered in the current assessment shall not exceed five-ten percent of the value in the preceding assessment or one-fourth of the total amount of the increase in valuation whichever is greater; the excess ~~(not exceeding five per-~~~~

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cent of the latest assessors market valuation) ~~may shall~~ be entered in the following years assessment—a subsequent year or years. However, no increase shall be greater than ten percent of the preceding valuation or one fourth of the total amount of increase in valuation, whichever is greater, notwithstanding the provisions of section 273.17.

Sec. 6. Minnesota Statutes 1974, Section 273.11, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other provision of law to the contrary, the limitation contained in subdivisions 1 to ~~3-5~~ shall also apply to the authority of the local board of review as provided in section 274.01, the county board of equalization as provided in section 274.13, the state board of equalization and the commissioner of taxation as provided in section 270.11, 270.12 and 270.16, and any increase effected by these boards ; ~~the cumulative effect of which may increase property above the five percent permissible increase shall be invalid over the valuation currently being used in computing taxes shall be added to the previous assessed valuation in annual increments as provided in subdivision 2 .~~

Sec. 7. Minnesota Statutes 1974, Section 273.121, is amended to read:

273.121 VALUATION OF REAL PROPERTY, NOTICE. Any county assessor or city assessor having the powers of a county assessor, valuing taxable real property shall in each ~~assessment~~ year notify ~~the person those persons whose property is~~ to be assessed that year if the person's address is known to the assessor, otherwise the occupant of the property. The notice shall be in writing and shall be sent by ordinary mail at least ten days before the meeting of the local board of review or equalization. It shall contain the amount of the valuation in terms of market value, the assessor's office address, and the dates, places, and times set for the meetings of the local board of review or equalization and the county board of equalization. If such valuation is limited by section 273.11, the notice shall also contain the valuation as limited therein and an explanation, in terms prescribed by the commissioner, of the annual increase in the assessed valuation which may take place pursuant to valuation according to that section . If the assessment roll is not complete, the notice shall be sent by ordinary mail at least ten days prior to the date on which the board of review has adjourned. The assessor shall attach to the assessment roll a statement that the notices required by this section have been mailed. Any such assessor who is not provided sufficient funds from his governing body to provide such notices, may make application to the commissioner of revenue to finance such notices. The commissioner of revenue shall conduct an investigation and if he is satisfied that the assessor does not have the necessary funds, issue his certification to the commissioner of finance of the amount necessary to provide such notices. The commissioner of finance shall issue a warrant for such amount and shall deduct such amount from any state payment to such county or

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municipality. The necessary funds to make such payments are hereby appropriated. Failure to receive the notice shall in no way affect the validity of the assessment, the resulting tax, the procedures of any board of review or equalization, or the enforcement of delinquent taxes by statutory means.

Sec. 8. Minnesota Statutes 1974, Section 273.17, Subdivision 1, is amended to read:

273.17 ASSESSMENT OF REAL PROPERTY. Subdivision 1. In every ~~even-numbered~~ year, on January 2, the assessor shall also assess all real property that may have become subject to taxation since the last previous assessment, including all real property platted since the last real estate assessment ~~in the odd-numbered year~~, and all buildings or other structures of any kind, whether completed or in process of construction, of over ~~\$100-\$1,000~~ in value, the value of which has not been previously added to or included in the valuation of the land on which they have been erected. The newly assessed property shall be valued initially at the average level of assessment which exists at that time in its assessment district. The assessment shall be increased to market value in annual increments as provided in section 273.11, subdivision 2 until such time as the property is reassessed. He shall make return thereof to the county auditor, with his return of personal property, showing the tract or lot on which each structure has been erected and the market value added thereto by such erection. Every assessor shall list, without revaluing, in each ~~even-numbered~~ year, on a form to be prescribed by the commissioner of revenue, all parcels of land that shall have become homesteads or shall have ceased to be homesteads for taxation purposes since the last real estate assessment.

The county auditor shall note such change in the assessed valuation upon the tax lists, caused by a change in classification, and shall calculate the taxes for such ~~even-numbered~~ year on such changed valuation. In case of the destruction by fire, flood, or otherwise of any building or structure, over \$100 in value, which has been erected previous to the last valuation of the land on which it stood, or the value of which has been added to any former valuation, the assessor shall determine, as nearly as practicable, how much less such land would sell for at private sale in consequence of such destruction, and make return thereof to the auditor.

Sec. 9. Minnesota Statutes 1974, Section 273.08, is amended to read:

273.08 ASSESSOR'S DUTIES. The assessor shall perform his duties in the manner following. In 1976 and thereafter, he shall actually view, when practicable, and determine the true and full-market value of each tract or lot of real property listed for taxation, and shall enter the value thereof, including the value of all improvements and structures thereon, opposite each description at maximum intervals of four years and shall enter the value thereof according to the provisions

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of this article .

Sec. 10. **REPEALER.** Minnesota Statutes 1974, Section 273.11, Subdivision 3, is repealed.

Sec. 11. **EFFECTIVE DATE.** This article shall be in effect for taxes levied in 1975 to be paid in 1976 and thereafter. Increases in value due to reassessment in the 1975 assessment shall be limited as provided in sections 5 and 6.

ARTICLE IX

Section 1. Minnesota Statutes 1974, Section 290.012, Subdivision 4, is amended to read:

Subd. 4. "Income" means the sum of (a) gross income as defined in section 290.01, subdivision 20, (b) net income from sources outside the state, (c) alimony, (d) support money, and (e) relief, ~~not~~ including relief granted under unemployment compensation, (f) the gross amount of any pension or annuity, including railroad retirement benefits, all payments received under the federal social security act, and veterans disability pensions, (g) nontaxable interest received from the state or federal governments or any of their instrumentalities, (h) the gross amount of "loss of time" insurance and (i) cash public assistance and relief, not including relief granted under sections 290.0601 to 290.0618. It does not include gifts from nongovernmental sources, or surplus food or other relief in kind supplied by a governmental agent.

Sec. 2. Minnesota Statutes 1974, Section 290.06, Subdivision 3d, is amended to read:

Subd. 3d. **CREDITS AGAINST TAX.** The taxes due as computed in accordance with section 290.06, subdivisions 2c and 3c shall be credited with the following amounts:

(1) A credit equal to his tax liability in the case of:

(a) An unmarried claimant with an income of ~~\$3,200~~ \$4,400 or less;

(b) A claimant with one dependent, with an income of ~~\$3,800-~~ \$5,200 or less;

(c) A claimant with two dependents, with an income of ~~\$4,600-~~ \$6,000 or less;

(d) A claimant with three dependents, with an income of ~~\$5,400-~~ \$6,700 or less;

(e) A claimant with four dependents, with an income of ~~\$6,000-~~ \$7,300 or less; and

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(f) A claimant with five or more dependents, with an income of ~~\$6,400~~ \$7,800 or less.

(2) In the case of a claimant with an income in excess of that set forth in the appropriate category of clause (1), he may pay a tax equal to 15 percent of that portion of his income that is in excess of the amount set forth in the appropriate category of clause (1), or his tax obligation as it would have been in the absence of section 290.012 and this subdivision, whichever is less.

(3) The total income of the claimant and his spouse, if any, shall be the figure employed for the purposes of this subdivision. No dependent-individual dependent upon and receiving his chief support from any other individual may be a claimant under section 290.012 and this subdivision. The commissioner of revenue shall prescribe the additional forms or alterations in existing forms as necessary to comply with the provisions of section 290.012 and this subdivision. All claimants shall submit their returns on these forms.

Sec. 3. EFFECTIVE DATE. This article is effective for taxable years commencing after December 31, 1974.

ARTICLE X

Section 1. Minnesota Statutes 1974, Chapter 273, is amended by adding a section to read:

[273.122] FLEXIBLE HOMESTEAD BASE VALUE. Subdivision 1. HOMESTEAD BASE VALUE. For 1975 and prior years, the homestead base value shall mean \$12,000 of market value of any property which qualifies as homestead property for assessment purposes. The homestead base value shall be increased in any subsequent assessment year as provided in subdivision 2.

Subd. 2. HOMESTEAD BASE VALUE INDEX. In assessment years subsequent to 1975, the homestead base value shall be adjusted pursuant to the homestead base value index. The homestead base value index shall be computed by the equalization aid review committee for each year immediately preceding an assessment year. This index is computed in the following manner. The annual statewide average market value of homestead property as indicated by bona fide real estate sales during the year shall be divided by the statewide average market value of all homestead property sold in 1974. This quotient is multiplied by 100. For each increase of a full three and one half points in the index the homestead base value shall be increased \$500 in the following assessment year. On or before December 1 of any year preceding an assessment year the commissioner of revenue shall certify the homestead base value for that year.

Article XI

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Section 1. Minnesota Statutes 1974, Chapter 298, is amended by adding a section to read:

[298.243] SUPPLEMENTARY ADDITIONAL TAX ON TACONITE AND IRON SULPHIDES. In addition to the tax imposed under Minnesota Statutes, Sections 298.24, Subdivision 1, and 298.241, there is hereby imposed upon taconite and iron sulphides and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of 39 cents per gross ton of merchantable iron ore concentrate as produced therefrom. The tax imposed herein shall be collected and paid pursuant to the provisions of Minnesota Statutes, Section 298.27.

Sec. 2. Minnesota Statutes 1974, Chapter 298, is amended by adding a section to read:

[298.244] DIVISION OF PROCEEDS OF SUPPLEMENTARY TAX ON TACONITE AND IRON SULPHIDES. Subdivision 1. The proceeds of the tax collected under section 1 shall be distributed by the commissioner of revenue, to various taxing districts and to the general fund in the following manner:

(1) Ten cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton", on which the tax is imposed in section 1, shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to clause (1a). The commissioner shall follow the apportionment formula prescribed in Minnesota Statutes, Section 298.28, Subdivision 1. The commissioner of revenue shall make all the necessary calculations and certify these calculations to the county auditor of each qualifying county. Payments provided herein shall be deducted in determining the county government's levy limitations under Minnesota Statutes, Sections 275.50 to 275.56.

(1a) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per gross ton of the tax distributed to the counties pursuant to clause (1) and imposed on and collected from such taxpayer shall be distributed by the commissioner of revenue to the county in which the power plant is located.

(2) Twenty cents per taxable ton, less any amount distributed under clause (2a), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by Minnesota Statutes, Section 273.134 or in which is located property which is entitled to the reduction of tax pursuant to section 273.135. The 20 cents, less any amount distributed un-

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der clause (2a), shall be distributed in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its permitted levy for the prior year, computed pursuant to Minnesota Statutes, Section 275.125, comprises of the sum of permitted levies for the prior year for all qualifying districts, computed pursuant to Minnesota Statutes, Section 275.125. That portion of the amount so distributed to a school district which is not deducted from state aids in Minnesota Statutes, Section 124.212, Subdivision 8a, shall be included in computing the permissible levies under Minnesota Statutes, Section 275.125.

(2a) In 1976 and each year thereafter, there shall be distributed to any school district the amount which the school district was entitled to receive under Minnesota Statutes, Section 298.32, in 1975 provided that the school district included the amount in computing its permissible levy under Minnesota Statutes, Section 275.125 in 1975, payable in 1976.

(3) One cent per taxable ton shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation commission account in the special revenue fund and is hereby appropriated for the purposes of Minnesota Statutes, Section 298.22. This money is to be used to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 60 issued on June 12, 1970, which does not contain a municipality qualifying pursuant to Minnesota Statutes, Section 273.134.

(4) Eight cents per taxable ton shall be paid to the property tax relief account in the apportionment fund in the state treasury and shall be distributed as provided in Minnesota Statutes, Sections 273.134 to 273.136.

Subd. 2. (a) For the purposes of this subdivision, the following terms shall have the meanings given them.

(1) "Agency" means the state board of health.

(2) "Municipality" means any city or any other governmental subdivision having the power or duty to provide drinking water and using Lake Superior as the source of the drinking water.

(3) "Eligible cost" includes all costs incurred by a municipality including acquisition of necessary real and personal property, engineering, system cleaning, construction, alteration, improvements, inspection, supervision of construction and all other costs related to the construction and establishment of a permanent water filtration or purification system. Such costs shall be eligible even if incurred prior to the effective date of this subdivision.

(4) "Municipal water purification system" includes all properties,

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real or personal, determined by a municipality and the state to be necessary for the elimination of polluting or potentially injurious substances from water used for municipal water supply purposes.

(b) There is hereby appropriated from the general fund to the state board of health the sum of \$2,500,000 for a grant program for the construction of water filtration and purification systems for those communities using Lake Superior as a drinking water source. The board of health shall establish a grant program to implement the provisions of this subdivision. This program shall include the disbursement of funds hereinafter described for the construction of the facilities, the creation of guidelines designed to assure that the funds will be disbursed in accord with the purposes of this subdivision, the continued surveillance of the effectiveness of constructed facilities in cooperation with other related state agencies, and other duties of administration necessary to accomplish the purpose of this subdivision. Grants shall be made in accordance with the guidelines created under authority of this subdivision and shall not exceed 33 percent of the eligible project cost.

(c) A Lake Superior water filtration and purification fund is created as a separate bookkeeping account in the general books of account of the state, to record receipts of the proceeds of monies appropriated to the fund and disbursements of money appropriated from the fund to municipalities for the acquisition and betterment of public land, buildings, and improvements of a capital nature needed for the construction of water filtration and purification systems, in accordance with the purpose of this subdivision. It is determined that state financial assistance for the construction of water filtration and purification facilities needed to fulfill the purposes of this subdivision is a public purpose and a proper function of state government.

(d) No recipient of financial assistance may receive more than 80 percent of the total amount of funds appropriated in this subdivision. Any recipient of financial assistance shall pursue its remedies under the permits granted to the discharges or subrogate to the state those remedies for purposes of obtaining reimbursement of the state funds expended for the purposes of this subdivision. The board of health shall at the time of any disbursement of funds under this subdivision enter into necessary agreements for reimbursement. Any amounts recovered pursuant to this subdivision shall be credited to and disbursed as provided in subdivision 1, clause (1) of this section.

(e) Prior to July 1, 1977, \$2,500,000 of the proceeds of the tax collected under section 1 shall be paid to the general fund of the state treasury from those funds distributed to the counties, except from the portion distributed to Itasca county, pursuant to subdivision 1, clause (1) of this section.

(f) This subdivision is effective on the day following its final enactment. The funds appropriated pursuant to this subdivision are available as of July 1, 1975.

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Sec. 3. Minnesota Statutes 1974, Section 273.135, Subdivision 1, is amended to read:

273.135 HOMESTEAD PROPERTY TAX RELIEF. Subdivision 1. The property tax to be paid in respect to property taxable within a tax relief area on class 3b property not exceeding 80 acres, on class 3c property, and on class 3cc property, as otherwise determined by law and regardless of the market value of the property, for all purposes ~~except the payment of principal or interest on bonded indebtedness~~, shall be reduced in the amount prescribed by subdivision 2, subject to the limitations contained therein.

Sec. 4. Minnesota Statutes 1974, Section 273.135, Subdivision 2, is amended to read:

Subd. 2. The amount of the reduction authorized by subdivision 1 shall be

(a) in the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, ~~27-60~~ percent of the amount of such tax provided that the amount of said reduction shall not exceed ~~\$100~~ \$350.

(b) in the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, ~~21-52~~ percent of the amount of such tax, provided that the amount of said reduction shall not exceed ~~\$150~~ \$300

(c) in the case of property located within a school district which does not meet the qualifications of Minnesota Statutes, Section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area, and provided that at least 90 percent of the area of the school district which does not meet the qualifications of Minnesota Statutes, Section 273.134 lies within such county, 52 percent of the amount of the tax on qualified property located in the school district that does not meet the qualifications of Minnesota Statutes, Section 273.134, provided that the amount of said reduction shall not exceed \$300. The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

Sec. 5. Minnesota Statutes 1974, Section 298.27, as amended by Laws 1975, Chapter 46, Section 7, is amended to read:

298.27 COLLECTION AND PAYMENT OF TAX. The taxes provided by sections 298.24 and 298.241 and section 1 of this article shall be collected and paid in the same manner as provided by law for the

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payment of the occupation tax, except that the report required by section 298.05 shall be filed on or before February 15 together with a remittance equal to 90 percent of the estimated tax required to be paid hereunder on or before April 15. On or before February 25, the commissioner of revenue shall make distribution of such estimated payment in the manner provided by section 298.28 and section 2 of this article . The commissioner of revenue shall determine the amount of tax due on or before March 15. The tax found to be due shall be paid on or before April 15 following the production year . Reports shall be made and hearings held upon the determination of the tax in accordance with procedures established by the commissioner of revenue. The commissioner of revenue shall have authority to make reasonable regulations as to the form and manner of filing reports necessary for the determination of the tax hereunder, and by such regulations may require the production of such information as may be reasonably necessary or convenient for the determination and apportionment of the tax. All the provisions of the occupation tax law with reference to the assessment, determination, and collection of the occupation tax, including all provisions for appeals from or review of the orders of the commissioner of revenue relative thereto, are hereby made applicable to the taxes imposed by sections 298.24 and 298.241 and section 1 of this article , except in so far as inconsistent herewith. If any person subject to sections 298.24 and 298.241 and section 1 of this article shall fail to make the report provided for in this section at the time and in the manner herein provided, the commissioner of revenue shall in such case, upon such information as he may possess or obtain, ascertain the kind and amount of ore mined or produced and thereon find and determine the amount of the tax due from such person. There shall be added to the amount of tax due a penalty for failure to report on or before February 15, which penalty shall equal ten percent of the tax imposed and be treated as a part thereof.

If any person required to make an estimated tax payment at the time and in the manner herein provided, and fails to do so, there shall be imposed a penalty equal to ten percent of the amount so due, which penalty shall be treated as part of the tax due.

In the case of any underpayment of the estimated tax payment required herein, there may be added and be treated as part of the tax due a penalty equal to ten percent of the amount so underpaid.

If any portion of the tax provided for in sections 298.24 and 298.241 and section 1 of this article is not paid before the fifteenth day of April of the year in which due and payable, a penalty of ten percent of such unpaid portion shall immediately accrue, and thereafter one percent per month shall be added to such tax and penalty while such tax remains unpaid.

Sec. 6. APPROPRIATION. There is appropriated from the general fund in the state treasury an amount sufficient to make the payments authorized by section 2, subdivision 1.

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Sec. 7. REPEALER. Minnesota Statutes 1974, Sections 298.242 and 298.32 are repealed.

Sec. 8. The provisions of section 1 of this article shall be effective for all iron ore concentrate produced in any year beginning after December 31, 1974. Except as otherwise provided in this article the provisions of sections 2, 3, 4, 5, and 7 shall be effective for all years after December 31, 1975.

Article XII

Section 1, Minnesota Statutes 1974, Section 124.03, is amended to read:

124.03 AGRICULTURAL LAND TAX DIFFERENTIAL RATIO.
Subdivision 1. The rate of taxation for school maintenance purposes in districts maintaining a graded elementary or secondary school and for the unorganized territory of counties is limited as follows:

(a) In counties containing 20 or more common districts the rate on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, shall not exceed by more than ten percent the average rate for school maintenance purposes on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, in districts not maintaining graded elementary or secondary schools in the same county.

(b) In counties containing less than 20 common districts the rate on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, shall not exceed one-half the rate for school maintenance purposes on non-agricultural lands in the same district or unorganized territory.

(c) In independent districts organized under the reorganization or consolidation statutes or containing at least 18 sections of land the rate on property receiving the homestead credit provided in section 273.13, subdivision 6, shall not exceed 40 percent of the rate for school maintenance on other taxable property in the same district and the rate on other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, and upon personal property having a taxable situs on farms shall not exceed one-half the rate for school maintenance on other taxable property in the same district.

(d) In independent districts organized under the consolidation or reorganization statutes or which contain at least 18 sections of land, and which district contains a statutory city located entirely within the boundaries of the district, and if the assessed valuation of the statutory

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city does not exceed ten percent of the total assessed valuation of the property within the district, the rate on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, in the district shall not exceed the average rate for school maintenance on agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, in common districts of the county in which the district is located by more than 100 percent.

Subd. 2. The limitation imposed on the tax ratio by this section does not apply to the additional tax levy for maintenance made in excess of either of the following amounts:

(a) In any district formed under the reorganization or consolidation statutes or having an area of at least 18 sections or having acquired the rights and privileges of a consolidated district: The total amount of revenue available to the district, including state aid, that will be raised by a ~~5.553~~ 1-3-20 mill levy on all taxable property other than agricultural land, and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, together with the proceeds from the maximum levy on agricultural land and personal property having a taxable situs on farms and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes; and

(b) In any district not included in (a): The total amount of revenue available to the district, including state aid, that will be raised by a ~~4.44~~ 1-3-20 mill levy on all taxable property other than agricultural land, and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, together with the proceeds from the maximum levy on agricultural land and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes.

Subd. 3. (a) The county auditor shall compute the tax levy that would be produced by applying a rate of ~~8.3~~ 1-3 mills to the valuation determined on the ~~January 2, 1971~~ assessment and ~~2.76~~ 2-3 mills on the ~~January 2, 1972~~ assessment and subsequent assessments on all the 12 mills on the property receiving the homestead credit provided by section 273.13, subdivision 6, and 10 mills on all other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, within the several school districts for which the tax levy is required to be certified to him. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue by November 15 of each year for verification.

(b) If the commissioner of revenue agrees with the computation,

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he shall deliver to the commissioner of finance his certificate to that effect. In the event that the commissioner deems the computation to be erroneous, he may make the necessary corrections and deliver to the commissioner of finance his certificate reflecting the amounts he deems to be correct. The county auditor or any school district aggrieved thereby may appeal the commissioner's revised certification to the Minnesota tax court in accordance with chapter 271.

(c) On or before May 31, 1972, the commissioner of finance shall issue his warrant upon the state treasurer in favor of the school district in an amount equal to one half the amount certified by the commissioner shown to be due to the district. On or before October 31, 1972, the commissioner of finance shall issue his warrant upon the state treasurer in favor of the school district distributing the remainder of the amount certified by the commissioner shown to be due to the school district for the year 1972. The commissioner of finance in the same manner shall make distribution for the year 1973 in the same manner with respect to amounts shown to be due in accordance with the commissioner's certification. For the year 1974 and subsequent years, the commissioner of finance shall issue his warrant in an amount equal to one-half the amount certified on or before July 15, but no earlier than July 1. The remainder shall be distributed as provided herein.

(d) In the event that a final judicial determination is not in agreement with the amount certified by the commissioner, the commissioner of finance shall either increase or decrease the amount of the following payment required to be made to the school district in accordance with such judicial determination.

(e) There is hereby appropriated to the school districts entitled to such payments from the general fund, an amount sufficient to make the payments.

(f) The county auditor shall reduce the dollars levied for school maintenance by each district by the amount determined in (a) and (b). The amounts paid to the county treasurer pursuant to (c) shall be transmitted by the county treasurer to the school district at the same time the real estate settlement is made.

Article XIII

Section 1. Minnesota Statutes 1974, Section 281.17, is amended to read:

281.17 PERIOD FOR REDEMPTION. ~~The stated period of redemption of all lands bid in for the state at tax judgment sales heretofore held for taxes for the years 1926, 1927, 1928, and 1929, where such lands have not heretofore been sold or assigned to actual purchasers, is hereby extended to and including July 1, 1936; provided, that if any parcel of such land is actually occupied on such date by any person~~

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who has any crop then growing thereon, or theretofore grown thereon during such year, such occupant may remain in possession of such parcel for the purpose of removing such crop, until and including December 1, 1936.

Except as provided in this section, the stated period of redemption of all lands sold to actual purchasers or bid in for the state at tax judgment sales heretofore held shall be as provided by existing laws.

The stated period of redemption of all lands sold to actual purchasers or bid in for the state at any tax judgment sale hereafter held shall be five years from the date of sale. The stated period of redemption for all lands sold to an actual purchaser or bid in for the state at a tax judgment sale held after December 31, 1975, shall be three years from the date of sale if the land is within an incorporated area unless it is: (a) homesteaded land as defined in section 273.13, subdivision 7, (b) agricultural land as defined in section 273.13, subdivision 6, or (c) seasonal recreational land as defined in section 273.13, subdivision 4, in which event the stated period of redemption is five years from the date of sale.

Article XIV

Section 1. There is hereby appropriated from the general fund in the state treasury to the commissioner of revenue for the administration of this act the sum of \$400,000 for the fiscal year 1975-1976. Notwithstanding the provisions of Minnesota Statutes, Section 16A.28, or any other law relating to the cancellation of appropriations, any amounts unexpended at the end of that fiscal year shall not cancel but may be expended by the commissioner of revenue in the following fiscal year. There is hereby appropriated from the general fund in the state treasury to the commissioner of revenue for the administration of this act in the fiscal year 1976-1977 an additional amount of \$600,000.

Approved June 6, 1975.