

STATE OF MINNESOTA

SIXTY-NINTH SESSION - 1976

EIGHTY-FOURTH DAY

SAINT PAUL, MINNESOTA, MONDAY, MARCH 8, 1976

The House convened at 2:00 p.m. and was called to order by the Speaker.

Prayer was offered by the Chaplain.

The roll was called and the following members were present:

Abeln	Dieterich	Kahn	Moe	Setzepfandt
Adams, L.	Eckstein	Kaley	Munger	Sherwood
Adams, S.	Enebo	Kalis	Neisen	Sieben, H.
Albrecht	Erickson	Kelly, R.	Nelsen	Sieben, M.
Anderson, G.	Esau	Kelly, W.	Nelson	Sieloff
Anderson, I.	Evans	Kempe, A.	Niehaus	Simoneau
Arlandson	Ewald	Kempe, R.	Norton	Skoglund
Beauchamp	Faricy	Ketola	Novak	Smith
Begich	Fjoslien	Knickerbocker	Osthoff	Smogard
Berg	Forsythe	Knoll	Patton	Stanton
Berglin	Friedrich	Kostohryz	Pehler	Suss
Biersdorf	Fudro	Kroening	Peterson	Swanson
Birnstihl	Fugina	Kvam	Petrafeso	Tomlinson
Braun	George	Laidig	Philbrook	Ulland
Brinkman	Graba	Langseth	Pleasant	Vanasek
Byrne	Hanson	Lemke	Prahl	Vento
Carlson, A.	Haugerud	Lindstrom	Reding	Voss
Carlson, L.	Heinitz	Luther	Rice	Wenstrom
Carlson, R.	Hokanson	Mangan	St. Onge	Wenzel
Casserly	Jacobs	Mann	Samuelson	White
Clark	Jaros	McCarron	Sarna	Wieser
Clawson	Jensen	McCauley	Savelkoul	Wigley
Corbid	Johnson, C.	McCollar	Schreiber	Williamson
Dahl	Johnson, D.	McEachern	Schulz	Zubay
Dean	Jopp	Menning	Schumacher	Speaker Sabo
DeGroat	Jude	Metzen	Searle	

A quorum was present.

Doty, Eken and Volk were excused. Parish and Spanish were excused until 3:00 p.m.

The Chief Clerk proceeded to read the Journals of the preceding days. On the motion of Vanasek the further readings were dispensed with and the Journals were approved as corrected.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 2225, 2172, 2207, 2308, 608, 1801, 1897 and 2220 and S. F. Nos. 1838, 1862, 2124, 2223, 1223, 1493, 1924, 2051, 2155, 2237, 1273, 1156 and 1794 have been placed in the members' files.

S. F. No. 1924 and H. F. No. 1939, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Berg moved that S. F. No. 1924 be substituted for H. F. No. 1939 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1493 and H. F. No. 1677, which had been referred to the Chief Clerk for comparison, were examined and found to be identical, except that H. F. No. 1677, page 5, lines 12 to 14 read: "preserving minnows; (LOCAL) minnow (DEALER) *retailer*, \$2.50 plus \$10 for each vehicle used to transport minnows.

(2) To raise fish in a private hatchery, \$5."

Whereas, S. F. No. 1493, page 5, lines 12 and 13 read: "preserving minnows; (LOCAL) minnow (DEALER) *retailer*, \$2.50.

(2) To raise fish in a private hatchery, \$5."

Further, the title of H. F. No. 1677, line 4 reads: "Statutes 1974, Section 97.40, Subdivision 27;".

Whereas, line 4 of the title of S. F. No. 1493 reads: "Statutes 1974, Sections 97.40, Subdivision 27;".

SUSPENSION OF RULES

Hanson moved that the rules be so far suspended that S. F. No. 1493 be substituted for H. F. No. 1677 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communications were received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55155

March 5, 1976

The Honorable Martin Sabo
Speaker of the House

Sir:

I have the honor to inform you that I received, approved, signed and deposited in the office of the Secretary of State the following House Files:

H. F. No. 369, An act relating to the legislature; providing for the filing of state documents with the legislature; establishing duties of legislative reference library; amending Minnesota Statutes 1974, Sections 3.195; and 3.302, Subdivision 3.

H. F. No. 717, An act relating to optometric and osteopathic education; higher education coordinating board; providing for a study of the availability of educational opportunities in optometry and osteopathy for Minnesota students.

H. F. No. 719, An act relating to real estate; providing for the extent of a lien; amending Minnesota Statutes 1974, Section 514.03, Subdivision 3.

H. F. No. 933, An act relating to elections; requiring that uncontested nonpartisan officers appear at the end of the ballot; amending Minnesota Statutes, 1975 Supplement, Section 203A.33, by adding a subdivision.

H. F. No. 951, An act relating to education; state universities; authorizing the state university board to enter into reciprocity agreements with educational institutions in other states and foreign countries; amending Minnesota Statutes 1974, Section 136.111, Subdivisions 1 and 2.

H. F. No. 1104, An act relating to highway traffic regulations; equipment on certain vehicles; requiring tires on certain vehicles to meet requirements of the commissioner of public safety; prohibiting the sale, other than to a dealer, of certain vehicles with unsafe tires; and prescribing penalties.

H. F. No. 1191, An act relating to the city of Austin; membership of new police and firemen in the public employees retirement association.

Sincerely,

WENDELL R. ANDERSON
Governor

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
ST. PAUL 55155

March 8, 1976

The Honorable Martin Sabo
Speaker of the House

Sir:

I have the honor to inform you that I received, approved, signed and deposited in the office of the Secretary of State the following House Files:

H. F. No. 1527, An act relating to motor vehicles; providing for licensing and taxation; providing penalties; amending Minnesota Statutes.

H. F. No. 1995, An act relating to education; eye protection requirements for certain industrial and scientific courses; defining industrial quality eye protective devices; amending Minnesota Statutes 1974, Section 126.20, Subdivision 6.

H. F. No. 2170, An act relating to towns; election of officers; submittal of optional plans of town government to electors; amending Minnesota Statutes, 1975 Supplement, Sections 367.03, Subdivision 1; and 367.31, Subdivision 1.

Sincerely,

WENDELL R. ANDERSON
Governor

REPORTS OF STANDING COMMITTEES

Eken from the Committee on Agriculture to which was referred:

S. F. No. 1238, A bill for an act relating to Lincoln county; authorizing Lincoln county to perform or contract for the performance of weather modification activities.

Reported the same back with the following amendments:

Strike everything after the enacting clause and insert in lieu thereof the following:

"Section 1. [DEFINITIONS.] Subdivision 1. For the purposes of sections 1 to 16, the terms defined in this section have the meanings given them.

Subd. 2. "Weather modification" means any activity performed in connection with placing or attempting to place any substance in the atmosphere of clouds within the atmosphere, including fog, with the intention of and for the purpose of producing artificial changes in the composition, motions and resulting behavior of the atmosphere or clouds within the atmosphere, including fog.

Subd. 3. "Person" means any person, firm, association, organization, partnership, company, corporation, private or public, county, city, trust or other public agency.

Subd. 4. "Operation" means the performance of weather modification activities entered into for the purpose of producing, or attempting to produce, a certain modifying effect within one geographical area over one continuing time interval not exceeding one year.

Subd. 5. "Board" means the Minnesota weather modification control board established by section 3.

Sec. 2. [SOVEREIGN RIGHT CLAIMED BY STATE.] It is declared that the state of Minnesota claims its sovereign right to use for the best interest of its residents the moisture contained in the clouds and atmosphere within its sovereign state boundaries.

Sec. 3. [WEATHER MODIFICATION CONTROL BOARD; CREATION.] Subdivision 1. There is established within the department of agriculture a board to be known as the Minnesota weather modification control board. The board shall be composed of 11 members. The board shall include as permanent members one representative each from the departments of agriculture and natural resources. They shall be appointed by the commissioners of their respective departments, and shall be ex officio members and serve for indefinite terms. The ex officio members shall not serve as chairman but shall otherwise have the same rights and duties as the other members, including, but not limited to, the right to vote. The governor shall appoint nine members, at least three who are scientists and/or conversant with weather modification problems, and at least three members who are representative of the agricultural community.

The members shall first be appointed for the following terms: three for one year, three for two years, and three for three years. All appointments thereafter shall be for a term of three years and until their successors shall qualify, except that in the case of a vacancy the appointment shall be made to fill the unexpired term.

Subd. 2. The board may employ, within the financial resources available to it, an administrative officer in the unclassified service and technical experts, professional personnel, and other agents

and employees, permanent and temporary, as it may require, and shall determine their qualifications, duties, and compensation. The board may call upon the attorney general for such legal services as it may require. It shall have authority to prescribe the powers and duties of its officers and employees, and to delegate to its chairman or to one or more of its other officers or members or administrative officer such of its own powers and duties as it may deem proper. The administrative officer shall serve at the pleasure of the board and may be dismissed only upon the advice and recommendation of the board.

Subd. 3. The board shall annually designate its chairman. A member of the board shall hold office so long as he shall retain the office by virtue of which he shall be serving on the board. A majority of the board shall constitute a quorum. The ex officio members of the board shall receive no compensation for their services on the board, but shall be entitled to expenses, including traveling expenses, necessarily incurred in the discharge of their duties on the board. The other members of the board shall receive \$35 per day for each day while engaged in the performance of their official duties and shall be reimbursed for all expenses, including traveling expenses necessarily incurred in connection with their duties as members of the board.

Subd. 4. The commissioner of administration shall provide and make available within the department of agriculture suitable and adequate office facilities and space for the board.

Sec. 4. [POWERS AND DUTIES.] Subdivision 1. The board, pursuant to Minnesota Statutes, Chapter 15, may adopt whatever rules and regulations are necessary to implement the license and permit program established pursuant to sections 1 to 16.

Subd. 2. The board may carry on research related to weather modification including evaluation of the effects of weather modification activities within the state by staff members, or by contract. Evaluation of weather modification programs shall, if practical and within limits of available funding, include components of economic and environmental analysis which delineate the economic and environmental implications of the programs.

Subd. 3. The board shall utilize to the extent possible the facilities and technical resources of public and private institutions in the state.

Subd. 4. The board may enter into contracts or memoranda of agreement and do all things necessary to cooperate with the United States government, and to qualify for, accept and disburse any private grant intended for the administration of sections 1 to 16. Notwithstanding any other law the board is designated the state agency to apply for, accept and disperse federal

funds made available to the state for the purposes of sections 1 to 16.

Subd. 5. The board may cooperate with other states to jointly carry out research and planning in weather modification.

Subd. 6. The board may advise persons, groups, and local units of government on weather modification and distribute informational material relating to weather modification. The board may review and comment on all county programs of weather modification.

Subd. 7. On or before January 15 of each year, the board shall submit a report to the legislature and governor describing the weather modification operations within the state during the preceding year and the social, economic and environmental impact of the operations. The report shall also include the board's recommendations for legislative action and any other information the board may consider useful to the legislature.

Subd. 8. The board by rule and regulation adopted pursuant to Minnesota Statutes, Chapter 15, shall require persons engaged in weather modification to submit reports of their activities and operations and any other information deemed necessary by the board.

Sec. 5. [COUNTY PROGRAMS OF WEATHER MODIFICATION.] Counties may, only after approval of the board, and subject to the requirements of sections 1 to 16, conduct programs of weather modification and levy taxes therefor, not in excess of limitations provided by law. Counties may participate and conduct programs with the state or jointly with other states. No program may be conducted within the county without prior approval by the county board.

Sec. 6. [LICENSES.] Subdivision 1. No person shall engage in weather modification without a license issued by the board. Applications for weather modification licenses shall be on forms prescribed and furnished by the board and shall be accompanied by a fee of \$35. The board shall issue licenses pursuant to its regulations and only to applicants who demonstrate to the satisfaction of the board good character, adequate education and sufficient competence in the field of meteorology and cloud physics to engage in weather modification and who pay a fee of \$100. If the applicant is an organization, the competence must be demonstrated by the individuals who are to supervise and conduct the weather modification. The license shall be valid for one year. The board may waive the license fee in situations it deems appropriate.

Subd. 2. The board may renew a license annually if the applicant has the qualifications necessary for issuance of an original license and pays a fee of \$100.

Subd. 3. The moneys collected as fees shall be deposited with the state treasurer in the general fund.

Sec. 7. [SUSPENSION; REVOCATION; REFUSAL TO RENEW LICENSE.] The board may suspend, revoke, or refuse to renew a license for any one or any combination of the following causes:

- (1) Incompetency;
- (2) Dishonest practice;
- (3) False or fraudulent representation in obtaining a license or permit under sections 1 to 16 or rules and regulations promulgated thereunder;
- (4) Failure to comply with any of the provisions of sections 1 to 16 or of rules and regulations promulgated thereunder; or
- (5) Aiding other persons who fail to comply with any of the provisions of sections 1 to 16 or rules and regulations promulgated thereunder.

Sec. 8. [INVESTIGATION.] The board may investigate any operation or research and development activities of any person applying for a license and of any person holding or claiming to hold a license or permit.

Sec. 9. [PERMITS.] Subdivision 1. No person shall conduct an operation without a permit issued by the board. Applications for permits shall be on forms prescribed and furnished by the board. The board shall issue permits pursuant to its regulations on terms and conditions as the board deems necessary. Permits shall be issued only to applicants who hold a valid weather modification license, pay a fee of \$100 and furnish proof of financial responsibility pursuant to subdivision 2. Prior to conducting an operation, the permittee shall publish notice of the operation as the board shall require by regulation, and shall give written notice to the county boards of the counties over which the operation is to be conducted and counties contiguous thereto. The permit shall be valid for one year or until the operation terminates, whichever first occurs.

Subd. 2. The applicant shall demonstrate to the satisfaction of the board that he has the ability to respond in damages for liability which might reasonably result from the operation for which the permit is sought.

Subd. 3. The fees collected for permits shall be deposited with the state treasurer in the general fund.

Subd. 4. To the extent the board deems necessary, emergency weather modification operations for the purpose of controlling fire, frost, sleet, hail, fog, or wind shall be exempt from the permit requirements.

Subd. 5. The board may renew a permit annually if the applicant has the qualifications necessary for issuance of an original permit and pays a fee of \$100.

Sec. 10. [SUSPENSION; REVOCATION AND REFUSAL TO RENEW PERMIT.] Subdivision 1. The board may suspend or revoke a permit if it appears that the permittee no longer has the qualifications necessary for the issuance of an original permit or has violated any provision of sections 1 to 16 or of any rules or regulations promulgated thereunder.

Subd. 2. The board may refuse to renew a permit if it appears from the operational records and reports of the permittee that an original permit would not be issuable for the operation, or if the permittee has violated any provisions of sections 1 to 16 or of any rules or regulations promulgated thereunder.

Sec. 11. [MODIFICATION OF PERMIT.] Subdivision 1. The board may revise the conditions and limits of a permit if:

(a) The permittee is given notice and a hearing on whether there is a need for the revision and the board finds that a modification of the conditions and limits of a permit is necessary to protect the public health, safety or welfare, or the environment.

(b) If it appears to the board that an emergency situation exists or is impending which could endanger the public safety, health or welfare, or the environment, the board may without prior notice or a hearing, immediately modify the conditions and limits of a permit, or order temporary suspension of the permit. The order shall include notice of a hearing to be held within ten days thereafter on the question of permanently modifying the conditions and limits, continuing the suspension of the permit, removing the changes or lifting the suspension.

Subd. 2. Failure to comply with an order temporarily suspending an operation or modifying the conditions and limits of a permit shall be grounds for immediate revocation of the permit and of the license of the person controlling the operation.

Subd. 3. The permittee shall notify the board of any emergency which can reasonably be foreseen, or of any existing emergency situations which might be caused or affected by the operation. Failure by the permittee to so notify the board may be grounds, at the discretion of the board, for revocation of the permit and of the license of the person controlling the operation.

Sec. 12. [PENALTY FOR VIOLATIONS.] Any person violating any of the provisions of sections 1 to 16 or of any valid rule or regulation promulgated thereunder is guilty of a misdemeanor, and each day such violation continues constitutes a separate offense.

Sec. 13. [JUDICIAL REVIEW.] All final administrative decisions of the board are subject to judicial review pursuant to the provisions of Minnesota Statutes, Chapter 15. The proceedings for judicial review shall be commenced in the district court of the county in which the party applying for review resides. If such party is not a resident of Minnesota, the venue shall be in the district court of Ramsey county.

Sec. 14. [IMMUNITY.] Nothing in sections 1 to 16 shall be construed to impose or accept any liability or responsibility by the state, the officers and employees of the state and the board for any injury caused by activities undertaken under sections 1 to 16 by persons granted licenses or permits under sections 1 to 16 or exempt from the permit requirement.

Sec. 15. [LIABILITY.] Subdivision 1. An operation or research and development activity conducted under the license and permit requirements of sections 1 to 16 or exempt from them is not an ultrahazardous or an abnormally dangerous activity.

Subd. 2. Dissemination of weather modification agents into the atmosphere or clouds within the atmosphere, including fog, by a licensee or a person exempt from the license and permit requirements of sections 1 to 16, acting within the scope of the permit or exemption, shall not in itself give rise to a cause of action.

Subd. 3. Except as expressly provided in sections 1 to 16, nothing in sections 1 to 16 shall prevent any person adversely affected by a weather modification operation or research and development activity from recovering damages resulting from intentional harmful actions or negligent conduct by a person conducting the weather modification operation or research and development activity.

Subd. 4. Failure to obtain a license and permit, when required by sections 1 to 16, before conducting an operation or operational activities when one knows the operation or activities constitute a violation of the conditions or limits of permits, shall constitute negligence per se and shall give rise to liability for all harm caused thereby.

Subd. 5. Other than in legal actions charging failure to obtain a license and permit, the fact that a person holds a license or was issued a permit under sections 1 to 16, or that a person has complied with the rules and regulations made by the board pursuant

to sections 1 to 16, is not admissible as a defense in any legal action which may be brought under this section against such person.

Sec. 16. [INJUNCTION.] The board may, in its discretion, in addition to the other remedies provided in sections 1 to 16, apply to a district court having venue and jurisdiction, for an injunction to restrain repetitious violations of the provisions of sections 1 to 16 and of any valid rule or regulation promulgated thereunder.

Sec. 17. [APPROPRIATION.] The sum of \$49,000 is appropriated to the Minnesota weather modification control board from the general fund for the following purposes:

- (a) To cover administrative costs of running the board;
- (b) To cover the cost of hiring personnel or consultants to promulgate the rules and regulations relating to weather modification prescribed by sections 1 to 16; and
- (c) To begin developing an evaluation system for determining downwind effects of weather modification activities.

Notwithstanding Minnesota Statutes, Section 16A.28 or other law, this appropriation shall not lapse but remain available for expenditure until the purposes for which the appropriation was made have been accomplished or abandoned.”

Further, strike the title in its entirety and insert:

“A bill for an act relating to weather modification; creating the Minnesota weather modification control board; prescribing its powers and duties; providing for weather modification research; requiring the obtaining of licenses and permits prior to engaging in weather modification; prescribing penalties; appropriating money.”

With the recommendation that when so amended the bill do pass and be re-referred to the Committee on Governmental Operations.

The report was adopted.

Johnson, D., from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1581, A bill for an act relating to licensing of electricians; fees for license and license renewal; amending Minnesota Statutes 1974, Section 326.242, Subdivision 8.

Reported the same back with the following amendments:

Page 1, line 18, delete "\$10" and insert "\$15".

Page 1, line 19, strike "\$20" and insert "\$10".

Page 1, line 22, delete "\$35" and insert "\$60".

With the recommendation that when so amended the bill do pass.

The report was adopted.

Johnson, D., from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1883, A bill for an act relating to telephone companies; requiring telephone companies engaged in certain operations to receive a permit from the public service commission; requiring the companies to notify the public service commission before terminating or suspending operation; providing for a hearing; permitting the public service commission to issue orders and rules.

Reported the same back with the following amendments:

Page 1, line 14, after "equipment," insert "with a retail value of \$150 or more,".

Page 1, line 16, after "systems" insert "to other than regulated telephone companies".

Page 1, delete lines 24 and 25.

Page 2, delete line 1.

Renumber following subdivisions in sequence.

With the recommendation that when so amended the bill do pass.

The report was adopted.

Johnson, D., from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 2048, a bill for an act relating to highways; authorizing the use by certain local business and religious establishments of certain advertising devices on certain highways; amending Minnesota Statutes 1974, Sections 160.283, by adding a subdivision; and 160.284.

Reported the same back with the following amendments:

Page 1, line 14, delete "*The*".

Page 1, delete lines 15 to 17.

Page 1, line 18, delete "*services known to highway travelers.*".

With the recommendation to when so amended the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Johnson, D., from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 2389, A bill for an act relating to intoxicating liquor; restrictions upon places of sale; amending Minnesota Statutes 1974, Sections 340.07, Subdivision 13; and 340.353, Subdivision 1.

Reported the same back with the following amendments:

Page 1, line 17, delete "*mechanical*" and insert "*coin operated*".

Page 2, line 11, delete "*mechanical*" and insert "*coin operated*".

With the recommendation that when so amended the bill do pass.

The report was adopted.

Johnson, C., from the Committee on Education to which was referred:

H. F. No. 1997, A bill for an act relating to education; expanding reimbursement program for community school programs; authorizing state reimbursement for programs for children in state institutions; appropriating money; amending Minnesota Statutes, 1975 Supplement, Sections 124.271, Subdivision 2; and 124.32, Subdivision 3a; repealing Minnesota Statutes 1974, Section 275.39.

Reported the same back with the following amendments:

Strike everything after the enacting clause and insert the following:

"Section 1. [121.90] [DEFINITIONS.] "*Receivables*", "*liabilities*", "*fund balances*", "*revenues*" and "*expenditures*" have the meanings specified in the Uniform Financial Accounting and Reporting System for Minnesota School Districts.

Sec. 2. [121.91] [ADVISORY COUNCIL ON UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS.] Subdivision 1. *There is created an advisory council on uniform financial accounting and reporting standards, composed of 13 members appointed as follows:*

(a) *Two employees of the state department of education appointed by the commissioner of education;*

(b) *An employee of the office of state auditor appointed by the state auditor;*

(c) *One licensed certified public accountant appointed by the state board of education;*

(d) *Nine persons who are public school employees whose positions involve activities related to school financing and accounting, appointed by the state board.*

Professional associations composed of persons eligible to be appointed under clauses (c) and (d) may recommend nominees from their associations to the state board.

Subd. 2. *The council shall expire, and the terms, compensation and removal of members shall be as provided in section 15.059. The state board shall determine the length of terms of the initial members consistent with section 15.059.*

Subd. 3. *The council shall annually select a chairman and secretary from its membership. Meetings shall be held at the call of the chairman or any three members.*

Sec. 3. [121.92] [UNIFORM FINANCIAL ACCOUNTING AND REPORTING STANDARDS.] Subdivision 1. *The council shall recommend to the state board uniform financial accounting and reporting standards for school districts. Prior to October 1, 1976, the state board shall adopt uniform financial accounting and reporting standards to be used by school districts in the state which are consistent with this act and with generally accepted accounting principles and practices. The standards so adopted shall be known as the Uniform Financial Accounting and Reporting System for Minnesota School Districts.*

Subd. 2. *The state board shall meet the requirements of chapter 15 in the initial adoption of these standards. In periodically revising these standards, the board need not meet the requirements of chapter 15, but these revisions shall not be effective until 20 days after their publication in the state register. Any interested person may petition the state board for revision of these standards pursuant to the procedures set forth in section 15.0415.*

Sec. 4. [121.93] [REVENUE RECOGNITION.] *Subdivision 1. School district revenues shall be recognized and reported on the district books of account in accordance with this section.*

Subd. 2. Revenues shall be recorded in a manner which will clearly indicate that they are applicable to a specific accounting period and fund.

Subd. 3. Receivables shall be recorded in a manner which clearly reflects amounts of money due to a particular fund from public and private sources at the date of each accounting statement.

Subd. 4. All current levies of local taxes, including portions assumed by the state, shall be recognized as receivable at the beginning of the calendar year during which collection normally takes place. Such receivables shall be reserved for use in the subsequent fiscal year. Payments of current taxes including but not limited to March personal property tax settlements, received prior to July 1, shall be recorded as revenue to be earned as of July 1 with appropriate adjustments to the receivables and the reserves for such taxes. All current taxes received prior to July 1 plus the balance of the reserves shall be recognized as revenue of July 1.

Subd. 5. Foundation aid, endowment fund apportionment, and guarantee aid shall be recognized as revenue of the fiscal year for which the aids are designated by statute.

Subd. 6. Transportation aids, including depreciation aid, and any categorical aids not otherwise provided for in this section shall be recognized as revenue of the fiscal year for which these aids are designated by statute.

Subd. 7. Summer school aid shall be recognized as revenues and recorded as receivables during the fiscal year in which the summer school session ends; provided that nothing in this subdivision shall be construed to provide for a different rate of aid than that provided in section 124.20.

Subd. 8. "Categorical reimbursement" aids are those aids for which the expenditures of the prior fiscal year are used only for determination of the amount. These aids shall be recognized as revenues and recorded as receivables in the fiscal year designated for payment.

Subd. 9. Interest shall be recognized in the fiscal year during which earned, and shall be allocated proportionally to the funds from which the resources were invested.

Subd. 10. Federal aids or grants shall be recognized as revenues and recorded as receivables in the fiscal year during which the eligible expenditures are recognized.

Subd. 11. State aids or grants, that are paid as a matching of the expenditure, shall be recognized as revenues and recorded as receivables in the fiscal year during which the eligible expenditures are recognized.

Subd. 12. Other revenues not specified in this section shall be recognized as revenue and shall be recorded in the fiscal year earned.

Subd. 13. Deviations from the principles set forth in this section shall be evaluated and explained in footnotes to audited financial statements.

Subd. 14. The state board shall specify the fiscal year or years to which the revenue from any aid or tax levy is applicable if Minnesota Statutes do not so specify.

Sec. 5. [121.94] [EXPENDITURE RECOGNITION.] *Subdivision 1. School district expenditures shall be recognized and reported on the district books of account in accordance with this section.*

Subd. 2. There shall be fiscal year-end recognition of expenditures and the related offsetting liabilities recorded in each fund in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts.

Subd. 3. Purchase orders, itemized in detail, for other than inventory supply items, which are issued to outside vendors and based on firm prices shall be recorded as expenditures in the fiscal year designated at the time of the issuance of the order.

Subd. 4. Inventory supply items may be recorded as expenditures at the time of the issuance of the purchase order or at the time of delivery to the school district's subordinate unit or other consumer of the item.

Subd. 5. Salaries and wages shall be recorded as expenditures in the fiscal year in which the personal services are performed.

Subd. 6. Other payable items shall be recorded in the fiscal year in which the liability is incurred.

Subd. 7. Deviations from the principles set forth in this section shall be evaluated and explained in footnotes to audited financial statements.

Sec. 6. [121.95] [REQUIREMENT FOR ACCOUNTING, BUDGETING AND REPORTING.] *Subdivision 1. On or before June 30, 1977, each Minnesota school district shall adopt the Uniform Financial Accounting and Reporting System for Minnesota School Districts provided for in section 3 of this act.*

Subd. 2. [UNAUDITED FINANCIAL STATEMENTS.] Each Minnesota school district shall submit to the commissioner by August 15, 1977 and August 15 of each year thereafter, an unaudited financial statement for the preceding fiscal year. This statement shall be submitted on forms prescribed by the commissioner after consultation with the advisory council on uniform financial accounting and reporting standards.

Subd. 3. [AUDITED FINANCIAL STATEMENTS.] Prior to June 30 of the calendar year following the submission of the unaudited financial statement, the school district shall provide to the commissioner and state auditor audited financial statements prepared in a form which will allow comparison with and correction of the unaudited statement.

Subd. 4. [BUDGET REPORTING.] Each Minnesota school district shall submit to the department by August 15, 1977, and by August 15 of each year thereafter, on forms prescribed by the commissioner, the revenue and expenditure budgets adopted for that fiscal year.

Subd. 5. All governmental units formed by joint powers agreements entered into by school districts pursuant to sections 123.351 or 471.59 or any other law shall be subject to the provisions of this section.

Sec. 7. [121.96] [CASH FLOW; SCHOOL DISTRICT REVENUES; BORROWING FOR CURRENT OPERATING COSTS.] *Subdivision 1. The commissioner of finance shall remit all payments of state aids to school districts in conformance with the dates provided by law or, when not so provided, with a schedule of aid payments to be established by the commissioner of education in consultation with other affected state agencies.*

Subd. 2. The auditors or finance officers of Minnesota counties shall remit all payments of taxes to the school districts in conformance with the provisions of section 276.11. School districts which have need for tax remittance advances may secure them from the counties by making formal requests in conformance with section 276.11.

Subd. 3. Minnesota school districts may issue tax and aid anticipation certificates in conformance with the provisions of sections 124.71 to 124.781, with the additional provision that the proceeds of such borrowing or any other method of borrowing shall be recorded as liabilities of the funds for which the taxes were levied, or for which the aids are receivable. Nothing

in this subdivision shall provide authority for borrowing against the tax levies and aids of one school district fund for the purpose of increasing the available cash balance of another fund.

Subd. 4. Unless otherwise provided by law, no district shall, for the purpose of increasing the available cash balance of another fund, borrow or transfer funds from the building construction fund, debt redemption fund, trust and agency fund, or from any sinking fund for outstanding bonds issued for any purpose. For the purpose of insuring fund integrity, separate bank accounts shall be maintained for building construction funds, debt redemption funds, trust and agency funds, and sinking funds for outstanding bonds. Nothing in this subdivision shall be construed to prohibit the use of common bank accounts for other funds unless prohibited by law.

Sec. 8. [121.97] [STATUTORY OPERATING DEBT.]

Subdivision 1. The "statutory operating debt" of a school district means the net negative fund balances in all school district funds, other than capital expenditure and building construction, debt service, trust and agency, and post-secondary vocational-technical education funds, calculated as of June 30 of each year in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts.

Subd. 2. The commissioner shall establish a uniform auditing or other verification procedure for school districts to determine whether a statutory operating debt exists in any Minnesota school district as of June 30, 1977. If a school district applies to the commissioner for a statutory operating debt verification or if the unaudited financial statement for the school year ending June 30, 1977 reveals that a statutory operating debt might exist, the commissioner shall require a verification of the amount of the statutory operating debt which actually does exist.

Subd. 3. If an audit or other verification procedure conducted pursuant to subdivision 2 determines that a statutory operating debt exists and does not come within the provisions of subdivision 4, a district shall follow the procedures established pursuant to section 11 of this act to eliminate this operating debt.

Subd. 4. If the amount of the statutory operating debt verified pursuant to subdivision 2 is less than five percent of the most recent fiscal year's expenditure amount for the funds considered under subdivision 1, the net negative fund balance shall not qualify as statutory operating debt to be eliminated in accordance with the procedures established pursuant to section 11 of this act.

Subd. 5. The commissioner of education shall certify the amount of statutory operating debt for each school district. Prior to June 30, 1979, the commissioner may, on the basis of corrected figures, adjust the total amount of statutory operating debt certified for any district.

Subd. 6. On January 15, 1998, the commissioner of education shall report to the legislature on the districts for which the procedures established pursuant to section 11 of this act have been insufficient to eliminate the statutory operating debt of the district, determined as of June 30, 1977.

Subd. 7. This section and the procedures established pursuant to section 11 of this act shall be applicable only to common, independent, and special school districts and districts formed pursuant to Laws 1967, Chapter 822, as amended, and Laws 1969, Chapters 775 and 1060, as amended. This section and the procedures established pursuant to section 11 of this act shall not apply to Independent School District No. 625.

Subd. 8. Any district eligible to eliminate its statutory operating debt in accordance with the procedures established pursuant to section 11 of this act shall disclose its statutory operating debt retirement plan by footnote to the audited financial statement.

Subd. 9. The commissioner shall establish a uniform reporting procedure for school districts to determine whether a statutory operating debt exists in any Minnesota school district as of June 30, 1976, and to estimate the amount of such statutory operating debt. The commissioner shall report his findings to the legislature by January 1, 1977.

Sec. 9. [121.98] [EXPENDITURE LIMITATIONS.] Subdivision 1. Beginning in fiscal year 1978 and each year thereafter, a district which is eligible to eliminate its statutory operating debt in accordance with the procedures established pursuant to section 11 of this act shall limit its expenditures in each fiscal year to the amount of revenue recognized in the same fiscal year in accordance with the Uniform Financial Accounting and Reporting System for Minnesota School Districts. The expenditures of the district for each fiscal year shall be limited so that the statutory operating debt calculation made pursuant to section 8 of this act for that fiscal year does not result in a statutory operating debt greater than the statutory operating debt certified as of June 30, 1977 and adjusted by the commissioner, increased by two and one half percent of the district's operating expenditures for the previous fiscal year.

Subd. 2. Beginning in fiscal year 1978 and each year thereafter, any district not subject to subdivision 1 shall limit its expenditures so that its appropriate fund balances shall not constitute operating debt as defined and limited in section 8, subdivision 4, of this act.

Subd. 3. If a school district does not limit its expenditures in accordance with this section, the commissioner shall so notify the appropriate committees of the legislature by no later than January 1 following the end of the fiscal year.

Sec. 10. [121.99] [PARTICIPATION IN COMPUTER SYSTEMS.] *Subdivision 1. On or before July 1, 1980, all Minnesota school districts shall convert financial accounting reporting operations to a computer based financial management accounting and reporting system utilizing regional or other computing facilities. Multi-dimensional accounts and records shall be required as defined in the Uniform Financial Accounting and Reporting System for Minnesota School Districts.*

Subd. 2. After July 1, 1980, participation in a computer based financial management accounting and reporting system shall be mandatory. The form of this participation shall be appealable to the commissioner.

Sec. 11. [121.991] [ELIMINATION OF STATUTORY OPERATING DEBT.] *The purpose of this section is to provide for the establishment of procedures to eliminate statutory operating debt for all Minnesota school districts. No later than January 1, 1977, the commissioner shall report to the legislature his recommendations for procedures to eliminate statutory operating debt for all Minnesota school districts. This report shall include any information available to the commissioner regarding possible increases in statutory operating debt for school districts between June 30, 1976 and June 30, 1977, and justifications for these increases. It is the intention of the legislature to establish procedures for the elimination of statutory operating debt during the 1977 session.*

No later than January 1, 1978, the commissioner shall submit a final report to the legislature on the increases in statutory operating debt for school districts between June 30, 1976 and June 30, 1977.

Sec. 12. Minnesota Statutes 1974, Section 120.17, is amended by adding a subdivision to read:

Subd. 9. After July 1, 1977, no resident of a district who is eligible for special instruction and services pursuant to this section shall be denied provision of this instruction and service on a shared time basis because of attendance at a nonpublic school as defined in section 123.932, subdivision 3.

Sec. 13. Minnesota Statutes 1974, Section 120.73, Subdivision 1, is amended to read:

120.73 [AUTHORIZED FEES.] Subdivision 1. A school board is authorized to require payment of fees in the following areas:

(a) In any program where the resultant product, in excess of minimum requirements and at the pupil's option, becomes the personal property of the pupil;

(b) Admission fees or charges for extra curricular activities, where attendance is optional;

(c) A security deposit for the return of materials, supplies, or equipment;

(d) Personal physical education and athletic equipment and apparel, although any pupil may provide his own if it meets reasonable requirements and standards relating to health and safety established by the school board;

(e) Items of personal use or products which a student may purchase at his own option such as student publications, class rings, annuals, and graduation announcements;

(f) Fees specifically permitted by any other statute;

(g) Field trips considered supplementary to a district educational program;

(h) Any authorized voluntary student health and accident benefit plan;

(i) For the use of musical instruments owned or rented by the district, a reasonable rental fee not to exceed either the rental cost to the district or the annual depreciation plus the actual annual maintenance cost for each instrument ;

(j) Transportation of pupils to and from extra-curricular activities conducted at locations other than school, where attendance is optional;

(k) Behind-the-wheel automobile, behind-the-wheel motorcycle, and motorcycle classroom education courses outside of the regular school hours provided the charge shall not exceed the actual cost of these courses to the school district.

Sec. 14. Minnesota Statutes 1974, Section 120.74, Subdivision 1, is amended to read:

120.74 [PROHIBITED FEES.] Subdivision 1. A school board is not authorized to charge fees in the following areas:

(a) Textbooks, workbooks, art materials, laboratory supplies, towels;

(b) Supplies necessary for participation in any instructional course except as authorized in sections 120.73 and 120.75;

(c) Field trips which are required as a part of a basic education program or course;

(d) Graduation caps, gowns, any specific form of dress necessary for any educational program, and diplomas;

(e) Instructional costs for necessary school personnel employed in any course or educational program required for graduation;

(f) Library books required to be utilized for any educational course or program;

(g) Admission fees, dues, or fees for any activity the pupil is required to attend;

(h) Any admission or examination cost for any required educational course or program;

(i) Locker rentals ;

(j) Transportation of pupils (1) to and from school as authorized pursuant to section 123.39 or (2) for which state transportation aid is authorized pursuant to section 124.223.

Sec. 15. Minnesota Statutes 1974, Section 121.21, is amended by adding a subdivision to read:

Subd. 4a. No district shall expend funds from any source for construction of, additions to or expansion of facilities of an area vocational-technical school without the approval of the state board if the construction, addition or expansion requires the expenditure of an amount equal to or greater than \$75 per pupil unit in average daily membership in the school or changes the perimeter walls of an existing facility. No construction, addition or expansion which requires the expenditure of less than \$75 per pupil unit and does not change a perimeter wall shall be carried out without the approval of the commissioner of education.

Sec. 16. Minnesota Statutes, 1975 Supplement, Section 122.23, Subdivision 15, is amended to read:

Subd. 15. If no district is divided by virtue of the proceedings, all of the assets, real and personal, of the districts involved and all legally valid and enforceable claims and contract obligations of the districts pass to the new district. If a district is divided by virtue of the proceedings, upon receipt of the order of the commissioner, the auditor of the county containing the greatest land area of the new district shall present a copy of the plat and supporting statement and orders issued in the proceedings to the (COUNTY BOARD AT ITS NEXT REGULAR MEETING) commissioner, together with such information as is available to him concerning the assets and liabilities not secured by bonds of each district, any part of which is included in the newly created district. Thereafter within 30 days the (COUNTY BOARD)

commissioner shall issue (ITS) his order, approved by the state board, providing for a division of the assets and liabilities of the districts involved and apportioning and dividing these assets and liabilities according to such terms as (IT) he may deem just and equitable. In making this division of assets and liabilities, the (COUNTY BOARD) commissioner may consider the amount of bonded debt to be assumed by property in each area under the provisions of this section. If the order of consolidation transfers any real estate interest to the new district or to another district, the order apportioning assets and liabilities may impose a dollar claim on the district receiving the real estate in favor of any other district involved in an amount not exceeding the reasonable value of the real estate interest involved, which claim shall be paid in the manner provided by law for the enforcement of judgments.

Sec. 17. Minnesota Statutes, 1975 Supplement, Section 122.45, Subdivision 1, is amended to read:

122.45 [DISTRIBUTION AND DIVISION OF ASSETS AND LIABILITIES; TAXATION.] Subdivision 1. Title to all the property, real and personal, of any district dissolved under the provisions of sections 122.41 to 122.52 and all legally valid and enforceable claims and contract obligations, pass to the district to which such dissolved district is attached. If a district is divided by virtue of the proceedings, the (COUNTY BOARD) *commissioner shall issue (ITS) his subsequent order, approved by the state board, providing for the division of the assets and liabilities according to such terms as (IT) he may deem just and equitable.*

Sec. 18. Minnesota Statutes 1974, Section 122.45, Subdivision 2, is amended to read:

Subd. 2. As of the effective date of the attachment, all the taxable property in the newly enlarged district is taxable for the payment of any bonded debt theretofore incurred by any component district or territory in the proportion which the assessed valuation of that part of a preexisting district which is included in the newly enlarged district bears to the assessed valuation of the entire preexisting district as of the time of the attachment. This apportionment shall be made by the county auditor and shall be incorporated as an annex to the order of the (COUNTY BOARD) *commissioner* dividing the assets and liabilities of the component parts. This subdivision shall not relieve any property from any tax liability for payment of any bonded obligation but taxable property in the newly enlarged district becomes primarily liable for the payment of bonded debts to the extent of the proportion stated.

Sec. 19. Minnesota Statutes 1974, Section 122.45, Subdivision 3a, is amended to read:

Subd. 3a. (a) Liabilities of a dissolved district existing at the time of the attachment other than bonded debt within the purview of subdivision 2 shall be obligations of the consolidated district after attachment (in the amount and kind determined by the (COUNTY BOARD) *commissioner* according to subdivision 1, where a dissolved district is divided), for the payment of which the consolidated district has a right to reimbursement by special levy or levies. The amount of reimbursement will be equal to the liabilities of the dissolved district for which the consolidated district is obligated less the aggregate of the following which has been or will be received by the consolidated district at or after the time of attachment from or as a result of the dissolution and attachment of the dissolved district:

(1) All taxes inuring to the consolidating district upon levies made by the dissolved district;

(2) All cash, bank accounts, investments, and other current assets;

(3) Earned state aids of the dissolved districts;

(4) Returns from the sale of property of the dissolved district.

(b) The amount of such special levy so computed shall be certified to the county auditor with the other tax requirements of the consolidated district but separately stated and identified. The auditor shall add the amount of special levy so certified to the school rate for the territory in the consolidated district which came from the dissolved district and include it in the levy on the taxable property in that territory; provided, the county auditor shall not spread more of the amount certified for special levy in any year than will amount to 20 percent of the school levy without the special levy, leaving the remaining part of the certified amount for levy in successive years without further certification. Any amount of reimbursement to which it is entitled omitted by the consolidated district from its initial certification for special levy may be certified in a subsequent year for levy in the same manner as the levy upon initial certification.

The levy authorized by this subdivision shall be in addition to those otherwise authorized by (EXTRA SESSION LAWS 1971, CHAPTER 31, ARTICLE 20) *section 275.125*.

Sec. 20. Minnesota Statutes, 1975 Supplement, Section 124.04, is amended to read:

124.04. [CAPITAL EXPENDITURE TAXING AUTHORITY.] In addition to the tax levy prescribed by law for general and special school purposes, the board of any district may levy annually an amount such that the sum of the levy and attached

machinery aid for capital outlay purposes calculated pursuant to section 273.138, subdivision 3, clause (1), shall not exceed \$70 per pupil unit, or in districts where the pupil unit count is increased pursuant to section 124.17, subdivision 1, clause (7), \$75 per pupil unit. *For purposes of computing allowable levies under this section, pupil units shall include only those units identified in section 124.17, subdivision 1, clauses (1), (2), (4), (5), (6) and (7).* No levy under this section shall exceed 10 mills on each dollar of assessed valuation of the taxable property in the district as adjusted for the preceding year by the equalization aid review committee notwithstanding the provisions of sections 272.64 and 275.49 (, PROVIDED THAT SAID LEVY MAY NOT EXCEED BY MORE THAN TWO MILLS (THREE MILLS IF THE DISTRICT ADDS UNITS PURSUANT TO SECTION 124.17, SUBDIVISION 1, CLAUSE (7)) THE LEVY UNDER THIS SECTION IN THE PREVIOUS YEAR AND PROVIDED FURTHER THAT ANY DISTRICT WHICH DID NOT LEVY PURSUANT TO THIS SECTION IN 1972 MAY CERTIFY A MAXIMUM LEVY OF SIX MILLS NOT TO EXCEED \$65 PER PUPIL UNIT IN 1974). The tax so levied shall be collected in the manner provided by law for the collection of school taxes. The proceeds of the tax may be used only to acquire land, (IMPROVE) and (REPAIR SCHOOL SITES,) to equip(,) and reequip (, REPAIR AND IMPROVE) buildings and permanent attached fixtures, and to pay leasing fees for (COMPUTERS AND) computer (SERVICES) systems hardware, computer terminals and telecommunications equipment, and related property software. *The proceeds of this tax may also be used for capital improvement and repair of school sites, buildings and permanent attached fixtures and for the payment of any special assessments levied against the property of the district authorized pursuant to section 429.02 or 435.19.* Subject to the commissioner's approval, the tax proceeds may also be used to rent or lease buildings for school purposes and to acquire or construct buildings. *The state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the renting or leasing of buildings for school purposes and the acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal with respect to the district's long term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.* The board shall establish a fund in which the proceeds of this tax shall be accumulated until expended.

The proceeds of the tax shall not be used for custodial or other maintenance services.

Sec. 21. Minnesota Statutes, 1975 Supplement, Section 124.17, Subdivision 1, is amended to read:

124.17 [DEFINITION OF PUPIL UNITS.] Subdivision 1. Pupil units for each resident pupil in average daily membership shall be counted as follows:

(1) In an elementary school, for kindergarten and for handicapped pre-kindergarten pupils as defined in section 120.03, and enrolled in one-half day sessions throughout the school year or the equivalent thereof, approved by the commissioner of education, one-half pupil unit and other elementary pupils, one pupil unit.

(2) In secondary schools, one and four-tenths pupil units. Pupils enrolled in the seventh and eighth grades of any school shall be counted as secondary pupils.

(3) In area vocational-technical schools one and one-half pupil units. This clause shall expire June 30, 1976.

(4) To meet the problems of educational overburden caused by broken homes, poverty and low income, each pupil in clauses (1) and (2) from families receiving aid to families with dependent children or its successor program shall be counted as an additional five-tenths pupil unit. By May 1 of each year the department of public welfare is directed to furnish to the department of education, and to each school district to the extent the information pertains to it, that information concerning children from families with dependent children which is necessary to calculate pupil units. Additional aids to a district for such pupils may be distributed on a delayed basis until the department of education publicly certifies that the information needed for paying such aids is available on such a timely basis that such aids may be paid concurrently with other foundation aids.

(5) In every district where the number of pupils from families receiving aid to families with dependent children or its successor program exceeds five percent of the total actual pupil units in the district for the same year, as computed in clauses (1) and (2), each such pupil shall be counted as an additional one-tenth of a pupil unit for each percent of concentration over five percent of such pupils in the district. The percent of concentration shall be rounded down to the nearest whole percent for purposes of this clause, provided that in districts where the percent of concentration is less than six, no additional pupil units shall be counted under this clause for pupils from families receiving aid to dependent children or its successor program and provided further that no such pupil shall be counted as more than one and one-tenth additional pupil units pursuant to clauses (4) and (5). Such weighting shall be in addition to the weighting provided in clauses (1), (2), (3), and (4). School districts are encouraged to allocate a major portion of the aids that they receive on account of clauses (4) and (5) to primary grade programs and services, particularly to programs and services that involve participation of parents. Each district receiving aids on

account of both clauses (4) and (5) shall establish and maintain accounts separate from all other district accounts for the receipt and disbursement of all such aids received.

(6) Where the total pupil units of a district are used as a multiplier in determining foundation aids and spending and levy limitations and where the actual number of pupil units has decreased from the prior year, the number of pupil units shall equal the average of actual pupil units for the prior and current years in a district with boundaries coterminous with the boundaries of a city of the first class and shall be increased by .6 times the difference between the actual pupil units for the two years in any other district. *Only pupil units as computed in clauses (1) and (2) shall be included for purposes of computations made pursuant to this clause.*

(7) In districts maintaining classified secondary schools where the actual number of pupil units has increased from the prior year by two percent or more, the additional pupil units over the prior year, as computed in clauses (1) and (2), shall be multiplied times one-tenth for each percent of increase over the prior year and a number of pupil units equal to the product shall be added to the other units for the district. The percent of increase shall be rounded up to the next whole percent for purposes of this clause, provided that in districts where the percent of increase is less than two, no additional pupil units shall be added to the other units for the district and provided further that the number of pupil units of increase over the prior year shall under no circumstances be multiplied by more than five-tenths.

(8) Only pupil units in clauses (1) and (2) shall be used in computing adjusted maintenance cost per pupil unit.

Sec. 22. Minnesota Statutes, 1975 Supplement, Section 124.17, Subdivision 2, is amended to read:

Subd. 2. Membership for pupils in grades kindergarten through twelve and for handicapped prekindergarten pupils shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that the pupil has left or has been legally excused; provided that any pupil, regardless of age, who has been absent from school without a legally justifiable excuse for 15 consecutive school days shall be dropped from the roll and classified as withdrawn. Nothing in Extra Session Laws 1971, Chapter 31, shall be construed as waiving the compulsory attendance provisions cited in section 120.10. Average daily membership shall equal the sum for all pupils of the number of days of the school year each pupil is enrolled in the district's schools divided by the number of days said schools are in session. For districts operating 12 months schools, days schools are in session shall mean the number of session days required by section 124.19, subdivision 1. The

average daily membership of a pupil enrolled on a shared time basis shall equal the ratio of the total minutes for which such pupil is enrolled and the minimum minutes required during the year for a regularly enrolled public school pupil. Foundation aid for shared time pupils shall equal the amount which would accrue if shared time pupil units, counted pursuant to (THIS SECTION) *subdivision 1, clauses (1) and (2)*, were added to the district's total pupil units used in determining its foundation aid. *Foundation aid for shared time pupils shall be in addition to any other aid to which the district is otherwise entitled and shared time pupil units shall not be used for any other computation under subdivision 1 or for any computation under section 124.04.* A district shall not be entitled to transportation aid under section (124.22) *124.222* for pupils enrolled on a shared time basis unless the statutes specifically provide for transportation aid to such student. This subdivision shall be effective July 1, 1975 as applied to shared time foundation aid and July 1, 1976 as applied to pupils in area vocational-technical schools.

Sec. 23. Minnesota Statutes 1974, Section 124.212, is amended by adding a subdivision to read:

Subd. 20. No adjustments to foundation aid payments, resulting from omissions in school district reports except those adjustments determined by the legislative auditor, shall be made after December 15 of the fiscal year immediately following the fiscal year for which such aid adjustments are required.

Sec. 24. Minnesota Statutes, 1975 Supplement, Section 124.212, Subdivision 8a, is amended to read:

Subd. 8a. (1) Notwithstanding any provisions of any other law to the contrary, the adjusted assessed valuation used in calculating foundation aid shall include only that property which is currently taxable in the district. For districts which received payments under sections 124.215, subdivision 2a; 124.25; 124.30; (360.133; 360.135; AND) 124.28; *473.633 or 473.635*; the foundation aid shall be reduced by: The previous year's payment to the district pursuant to said sections times the ratio of the maximum levy allowed the district under section 275.125, subdivision 2a, to the total levy allowed by section 275.125, but not to exceed 45 percent in 1975-1976 and 50 percent in 1976-1977 of the previous year's payment.

(2) For districts which received payments under sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; the foundation aid shall be reduced in the August adjustment payment by the previous fiscal year's payment to the district pursuant to said sections times the ratio of the maximum levy allowed the district under section 275.125,

subdivision 2a, to the total levy allowed by section 275.125 for collection in the calendar year ending during the aforementioned fiscal year, but not to exceed 40 percent in the August 1975 adjustment, 45 percent in the August 1976 adjustment, and 50 percent in the August 1977 adjustment of the previous fiscal year's payment.

Sec. 25. Minnesota Statutes, 1975 Supplement, Section 124.271, Subdivision 2, is amended to read:

Subd. 2. In fiscal year 1977 and each year thereafter, the state shall pay 50 cents per capita to each school district which is operating a community school program in compliance with the rules (AND REGULATIONS) established by the state board and which has levied (AT LEAST) *the lesser of \$1 per capita or the maximum permissible certified levy* for community services pursuant to section 275.125, subdivision 8, for use in that year.

Sec. 26. Minnesota Statutes 1974, Section 124.32, as amended by Laws 1975, Chapter 432, Sections 48 to 50, is amended to read:

124.32 [HANDICAPPED CHILDREN.] Subdivision 1. The state shall pay to any district (AND UNORGANIZED TERRITORY);:

(a) for the employment in its educational program for handicapped children, (65) *no less than 50 and no more than 80* percent of the salary of essential personnel, but this amount shall not exceed (\$10,000) *\$12,000* for the normal school year for each full time person employed, or a pro rata amount for a part time person or a person employed for a limited time, (INCLUDING BUT NOT LIMITED TO SUMMER SCHOOL) *whether the essential personnel are employed by a district alone or jointly with another district or districts;*

(b) (FOR THE EMPLOYMENT OF AN INDIVIDUAL JOINTLY WITH ANOTHER DISTRICT OR DISTRICTS OR UNORGANIZED TERRITORY IN ITS EDUCATIONAL PROGRAM FOR HANDICAPPED CHILDREN, 65 PERCENT OF THE SALARY OF ESSENTIAL PERSONNEL, BUT THIS AMOUNT SHALL NOT EXCEED \$10,000 FOR THE NORMAL SCHOOL YEAR FOR EACH FULL TIME PERSON EMPLOYED, OR A PRO RATA AMOUNT FOR A PART TIME PERSON OR A PERSON EMPLOYED FOR A LIMITED TIME INCLUDING BUT NOT LIMITED TO SUMMER SCHOOL) *plus 10 percent of the salaries of essential personnel employed in its educational program for handicapped children, for the purpose of recognizing additional support costs of educational programs for handicapped children;*

(c) less (i) 25 percent of the foundation aid formula allowance for each handicapped child in average daily membership who receives special instruction and services for more than 50 but less than 80 percent of the time school is in session, and (ii) 50 percent of the foundation aid formula allowance for each handicapped child in average daily membership who receives special instruction and services for 80 percent or more of the time school is in session.

For the 1976-1977 school year, the foundation aid formula allowance per pupil unit shall be the lesser of \$960 or the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2). The computation in clause (c) shall be based on the foundation aid formula allowance per pupil unit in the child's district of residence. For the purposes of computations pursuant to clause (c), each handicapped child shall be counted as prescribed in section 120.17, subdivision 1, clause (1) or (2). The actual percent of the salaries of essential personnel paid by the state pursuant to clause (a) shall be determined by the commissioner within the limits of the appropriation for special education for the school year.

For special instruction or training and services provided pursuant to section 120.17, subdivision 2, clause (h), by contract with public, private or voluntary agencies other than Minnesota school districts, the state shall pay each district:

(1) the percent of the amount of the contract which is equal to the actual percent of the salaries of essential personnel paid by the state pursuant to clause (a);

(2) less 50 percent of the foundation aid formula allowance of the district.

Subd. 2. The state shall (REIMBURSE) pay each district (OR UNORGANIZED TERRITORY) for supplies and equipment purchased or rented for use in the instruction of handicapped children in the amount of one-half of the sum actually expended by the district (OR UNORGANIZED TERRITORY) but not to exceed an average of \$50 in any one school year for each handicapped child receiving instruction.

Subd. 3a. The purpose of this subdivision is to change the method of funding of educational programs for handicapped children from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1976, the state shall not reimburse expenditures from the 1975-1976 school year programs, including 1976 summer school programs, but shall pay aids for the 1976-1977 school year programs and for each year thereafter on a current funding basis.

Subd. 3b. (1) Notwithstanding the provisions of subdivision 3a, any school district which in the 1974-1975 school year

issued certificates of indebtedness in anticipation of receipt of reimbursements for special education may continue to account for aid to handicapped children on a reimbursement basis subject to approval by the commissioner of education.

(2) *Districts eligible under clause (1) shall establish a special reserve account, which shall be designated "reserve account for current financing of special education" on its books and records. Each year beginning in the 1976-1977 school year the district shall place in this account 16 2/3 percent of the amount which it would have been entitled to receive in 1976-1977 based on 1975-1976 expenditures pursuant to Minnesota Statutes, 1975 Supplement, Section 124.32, Subdivision 1 and Minnesota Statutes 1974, Section 124.32, Subdivision 2. The funds in this account shall be used only for the purposes for which special education aid can be used, but the amount shall be used only to meet temporary cash needs and shall never supplement district revenues or income for the purpose of increasing the district's special education expenditures or budgets.*

(3) *In fiscal year 1977 or any year thereafter, districts eligible under clause (1) shall not issue certificates of indebtedness in anticipation of receipt of reimbursements for special education in an amount which exceeds the amount which it would have been entitled to receive in 1976-1977 as specified in clause (2), less the balance in the reserve account for current financing of special education. When the funds in this reserve account equal the amount which the district would have been entitled to receive in 1976-1977 as specified in clause (2), the district shall thereafter account for aid for special education on a current funding basis.*

Subd. 4. The aids provided for handicapped children shall be paid to the district providing the special instruction and services. Foundation aid shall be paid to the district (OR UNORGANIZED TERRITORY) of the pupils' residence. The total amount of aid paid may not exceed the amount expended for handicapped children (FOR) in the school year for which the aid is paid.

Subd. 5. When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay to the resident district not to exceed 65 percent of instructional costs charged to the resident district, less the foundation aid per pupil unit payable to the resident district. Not more than \$400,000 shall be spent annually for purposes of implementing this subdivision. If that amount does not suffice, the aid shall be prorated among all qualifying districts.

The following types of facilities may be approved by the commissioner:

(a) A residential facility operated by a public school district and designed to serve the low incidence handicapped, the multiple handicapped, or the most severely handicapped children, either within or outside of the state, or, a state residential school outside of the state.

(b) A private, nonsectarian residential facility designed to provide educational services for handicapped children either within or outside of the state.

(c) A state hospital or private nonsectarian residential center designed to provide care and treatment for handicapped children.

Subd. 6. The state shall (REIMBURSE) *pay* each district (OR UNORGANIZED TERRITORY) the actual cost incurred in providing instruction and services for a handicapped child whose district of residence has been determined by sections 120.17, subdivisions 7 or 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment. This section does not apply for a child placed in a foster home or a foster group home.

Upon following such procedure as requested by the commissioner of education a district (OR UNORGANIZED TERRITORY) providing instruction and services for such handicapped child may bill the state the actual cost incurred in providing said services including transportation costs and a proportionate amount of capital outlay and debt service, minus the amount of foundation aid, special education aid, transportation aid, and any other aid earned in behalf of such child, such action pursuant to limits set forth in section 124.32, subdivision 4.

Subd. 7. Before June 1, 1976 and before May 1 of each year thereafter, each district providing special instruction and services to handicapped children shall submit to the commissioner an application for approval of these programs and their budgets for the next school year. The application shall include an enumeration of the costs eligible for state aid pursuant to this section and of the estimated number and grade level of handicapped children in average daily membership in the district who will receive special instruction and services for more than 50 and less than 80 percent and for 80 percent or more, of the time school is in session during the next school year. The application shall also include any other information deemed necessary by the commissioner for the calculation of state aid and the evaluation of the program's compliance with the rules and standards of the state board. On or before August 1, 1976 and before July 1 of each year thereafter, the commissioner shall approve, disapprove or modify each application, and notify each applying district of his action and of the estimated level of aid for the programs. The commissioner may provide procedures for districts to submit additional applications for program and budget ap-

proval during the school year, for programs needed to meet changes in the needs of handicapped children in the district.

Subd. 8. Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program the state shall pay to each school district 45 percent of its estimated special education aid for the school year on or before each of the following dates: September 30 and December 30. The final aid distribution to the district shall be made on or before August 31 of the following year.

Subd. 9. Beginning with the summer of 1977, the state shall pay aid for summer school programs for handicapped children on the basis of the sections of Minnesota Statutes providing aid for handicapped children for the preceding school year. Separate applications shall be submitted for program and budget approval for summer school programs. The commissioner shall approve, disapprove or modify the applications and notify the districts of his action and of the estimated level of aid for the summer school programs. Aid for these programs shall be paid on or before the October 1 after the summer when the programs are conducted.

Sec. 27. Minnesota Statutes, 1975 Supplement, Section 124.43, Subdivision 1, is amended to read:

124.43 [CAPITAL LOANS.] Subdivision 1. To the extent moneys are from time to time available hereunder, the committee is authorized, after review and recommendation by the state board of education, to effect capital loans to school districts. Proceeds of such loans shall be used only for sites for school buildings and for acquiring, bettering, furnishing, or equipping school buildings under contracts to be entered into within 12 months from and after the date on which each loan is granted. Applications with the accompanying data specified in subdivision 2 shall be filed between October 1 of any year and June 1 next following. No application shall be approved unless the state board of education certifies that the loan is needed to replace facilities dangerous to the health and safety of pupils, or to provide for pupils for whom no adequate facilities exist; that such facilities could not be made available by consolidating the district with an adjacent district without substantially lowering the fiscal capacity of that district or so increasing its area that it would no longer be viable; and that existing institutions or facilities within the area could not be acquired or leased to provide the needed facilities safely and at a lower cost. The state board shall make recommendations to the committee. No loan shall be approved for any district exceeding an amount computed as follows:

- (1) The amount voted by the district under subdivision 2;
- (2) Plus the aggregate principal amount of general obligation bonds of the district outstanding on the date of approval,

not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or 30 percent of the adjusted assessed value, whichever is less;

(3) Less the maximum net debt permissible for the district on the date of approval, under the limitation in section 475.53, subdivision 4, or 30 percent of the adjusted assessed value, whichever is less; and

(4) Less any amount by which the amount voted exceeds the total cost of the facilities for which the loan is granted, as estimated in accordance with subdivision 4, provided that the loan may be approved in an amount computed as provided in clauses (1) to (3), subject to subsequent reduction in accordance with this clause (4).

Sec. 28. Minnesota Statutes, 1975 Supplement, Section 124.-561, Subdivision 3, is amended to read:

Subd. 3. [BUDGETS.] Before January 1, 1976, and before January 1 of each year thereafter post-secondary vocational-technical school budgets for the following fiscal year shall be submitted to the state board for vocational education. The state board for vocational education shall approve the budgets for each district (AT) *prior to June 1 of each year after a consolidated public hearing held pursuant to (CHAPTER 15, WHICH SHALL BE HELD PRIOR TO JUNE 1 OF EACH YEAR AND WHICH SHALL CONTINUE UNTIL ALL INTERESTED PERSONS, REPRESENTATIVES, AND ORGANIZATIONS HAVE HAD AN OPPORTUNITY TO BE HEARD) section 29 of this act.* The total amount of reimbursement payments approved for fiscal year 1975 payable in fiscal year 1976 shall not exceed by more than 14 percent the amount appropriated for post-secondary vocational-technical education for payment in fiscal year 1975. No district shall increase its operating deficit during fiscal year 1976 unless authorized to do so by the state board for vocational education. The state board for vocational education shall before September 1, 1975 promulgate rules and regulations which establish the approval criteria for budgets, including responsiveness to current and projected manpower needs of population groups to be served in the various geographic areas and communities of the state, particularly disadvantaged and handicapped persons; adequacy of evaluation of programs; and other criteria set forth in the state plan for vocational education. The commissioner, in cooperation with the department of finance, shall establish program budget standards by which area vocational-technical institutes shall submit financial requests.

Sec. 29. Minnesota Statutes, 1975 Supplement, Section 124.-561, is amended by adding a subdivision to read:

Subd. 3a. *The consolidated public hearing held by the state board pursuant to section 124.561, subdivision 3 shall take place with at least six board members present and shall continue until all interested persons, representatives, and organizations have had an opportunity to be heard. Notice of intention to hold the hearing shall be given at least 20 days prior to the date set for the hearing by United States mail to each district submitting a post-secondary vocational school budget, and to other interested persons, representatives, and organizations who register their names with the commissioner of education for that purpose, and in the state register. The department of education shall make available at least one free copy of the proposed disposition of budgets to any person requesting it. Unless the commissioner determines that the use of an audio magnetic recording device is more appropriate, a court reporter shall keep a record at every hearing. A transcript of the hearing record shall be made available upon the request of any person, provided that the request is in writing and the cost of preparing the transcript is borne by the requesting person. After allowing written material to be submitted and added to the hearing record for five days after the public hearing ends, the commissioner of education shall proceed as promptly as possible to write a report containing the proposed final disposition of budgets. This report shall contain findings and conclusions based on substantial evidence from the hearing record to support the proposed final disposition. The report shall be available to all affected school districts upon request for at least 15 days before the state board takes final action on the budgets. Any district which is adversely affected by the proposed final disposition of budgets may demand and shall be given an opportunity to be heard in support of modification of the proposed disposition at the meeting at which the state board takes final action on the budgets; provided, the state board may place reasonable restrictions on the length of time allowed for testimony.*

Sec. 30. Minnesota Statutes, 1975 Supplement, Section 124.562, Subdivision 2, is amended to read:

Subd. 2. Membership for pupils in post-secondary vocational-technical schools shall mean the number of pupils on the current roll of the school, counted from the date of entry until withdrawal. The date of withdrawal shall mean the day the pupil permanently leaves the school or the date it is officially known that he has left or has been legally excused; provided that any pupil, regardless of age, who has been absent from school without a legally justifiable excuse for 15 consecutive school days shall be dropped from the roll and classified as withdrawn. No pupil who is counted in average daily membership pursuant to this section shall be counted in average daily membership in any district pursuant to section 124.17, subdivision 2, unless he is eligible to earn foundation aid pursuant to section 120.80 or is attending a post-secondary vocational-technical school course on a part time basis in addition to spending six hours per day in a secondary program. (AVERAGE DAILY MEMBERSHIP SHALL

EQUAL THE SUM FOR ALL PUPILS OF THE NUMBER OF DAYS OF THE SCHOOL YEAR EACH PUPIL IS ENROLLED IN A POST-SECONDARY VOCATIONAL-TECHNICAL SCHOOL IN A DISTRICT DIVIDED BY 175.) Average daily membership for pupils who are enrolled (ON A PART TIME BASIS) *in post-secondary vocational-technical schools*, but not including adult vocational pupils, shall equal (a) the sum for all pupils of the number of days of the school year each pupil is enrolled in a post-secondary vocational-technical school in the district times the number of hours per day each student is enrolled divided by (THE NUMBER OF HOURS THE SCHOOL IS IN SESSION PER DAY) *six* (b) divided by 175 ; *provided the number of hours which are counted for average daily membership for any pupil in any one program shall in no event exceed the number of hours approved by the state board for completion of the program.* For a post-secondary vocational-technical school, the normal school year shall be at least the number of session days required by section 124.19, subdivision 1. In all post-secondary vocational-technical schools, the minimum length of the school day for each pupil, exclusive of the noon intermission, shall be six hours. Exceptions may be made by the local school administration for approved programs to meet individual student needs.

Sec. 31. Minnesota Statutes, 1975 Supplement, Section 124.-563, Subdivision 3, is amended to read:

Subd. 3. Post-secondary vocational categorical and capital expenditure aid shall be apportioned by the state board for vocational education at the consolidated public hearing held pursuant to section 124.561, subdivision 3. All post-secondary vocational categorical and capital expenditure aid approved at this public hearing shall be distributed to the districts on or before August 1, December 1, March 1 and June 1 of each year. Additional post-secondary vocational categorical and capital expenditure aid may be distributed on or before March 1 and June 1 *of each year* if it is apportioned at a consolidated public hearing held (IN) *before February 15 of that year* (PURSUANT TO CHAPTER 15) *in the manner specified in section 29 of this act.* On the date of each post-secondary vocational categorical and capital expenditure aid payment, the state board shall report to the appropriate committees of the legislature on the distribution of post-secondary vocational categorical and capital expenditure aid. The report shall include (a) the recipients of the aid; (b) the amounts distributed, and (c) the reasons for these distributions.

Sec. 32. Minnesota Statutes, 1975 Supplement, Section 124.-563, is amended by adding a subdivision to read:

Subd. 4. *Notwithstanding the provisions of section 16.16 or 16A.57 or any other law to the contrary, the state board for vocational education may expend any part it deems necessary of any amount appropriated by the legislature for any year for post-*

secondary vocational categorical aid for the payment of post-secondary vocational foundation aid pursuant to section 124.562 for that year.

Sec. 33. Minnesota Statutes, 1975 Supplement, Section 124.564, is amended to read:

124.564 [POST-SECONDARY VOCATIONAL DEBT SERVICE AID.] *Subdivision 1.* The state board for vocational education shall pay to qualifying districts post-secondary vocational debt service aid equal to the state portion of debt service costs. The state portion of debt service costs shall equal the amount necessary to make payments for bonds issued to finance post-secondary vocational facilities and for interest thereon multiplied by the average of the district's nonresident reimbursement percentage pursuant to Minnesota Statutes 1974, Section 121.21, Subdivision 5, in fiscal years 1973, 1974 and 1975. The local portion of debt service costs shall equal the amount necessary to make these payments, less the state portion of debt service costs. No district shall qualify for this post-secondary vocational debt service aid unless it has certified a levy equal in amount to the local portion of debt service costs, pursuant to section 275.125, subdivision 4, *or has on hand in its sinking fund an amount equal to the local portion of debt service costs.* Post-secondary vocational debt service aid shall be utilized solely for payments for bonds issued to finance post-secondary vocational facilities and for interest thereon (, AND THOSE BOND AND INTEREST PAYMENTS SHALL BE MADE SOLELY WITH PROCEEDS FROM THIS AID AND THE LOCAL DEBT SERVICE LEVY). *No district shall transfer funds from any source into its sinking fund for the purpose of payments of principal and interest on these bonds unless the transfer is approved by the commissioner.* In addition, the state board for vocational education shall pay to districts which expended cash balances to finance the construction of new post-secondary vocational facilities and which the state board prior to May 15, 1975 agreed to repay for these expenditures the amount of the repayment specified in the agreement. Funds received in repayment shall revert to the fund of origin in the district. This section shall be effective July 1, 1976.

Subd. 2. On or before October 1 of each year, the commissioner shall certify to the county auditor of each county in which a district qualifying for post-secondary vocational debt service aid is headquartered the amount of post-secondary vocational debt service aid, determined pursuant to this section, which the district will receive in the next fiscal year. The county auditor shall deduct 105 percent of this amount from the tax levy made and filed pursuant to section 475.61, subdivision 1, for principal and interest on bonds issued to finance post-secondary vocational facilities, which is collectible in the next calendar year.

Sec. 34. Minnesota Statutes, 1975 Supplement, Section 124.565, Subdivision 2, is amended to read:

Subd. 2. Any person who has attained his 21st birthday and who would, but for that fact, qualify under subdivision 1 to attend a post-secondary vocational-technical school without tuition, may attend the school without tuition (SUBJECT TO THE OTHER PROVISIONS OF THIS SUBDIVISION), if he entered active military service in any branch of the armed forces of the United States before his 21st birthday, *was a Minnesota resident at the time of induction into the armed forces and had been a Minnesota resident during the six months immediately preceding induction*, and (WHO) has (THEN) been separated or discharged from active military service under conditions other than dishonorable, and if he applies for admission to the school before his 29th birthday. Time after separation or discharge from military service spent as an in-patient in a hospital or similar institution for treatment of an illness or disability or in recovery from an illness or disability that prevents gainful occupation or study shall be added to the time allowed for application.

Sec. 35. Minnesota Statutes, 1975 Supplement, Section 124.611, Subdivision 1, is amended to read:

124.611 [ELIGIBLE TEACHER PROGRAM.] Subdivision 1. Any teacher who has been (OR WILL BE) placed on unrequested leave of absence pursuant to section 125.12, subdivision 6a or 6b, *or has been discharged pursuant to section 125.17, subdivision 4, clause (5)*, as a result of a discontinued position, lack of pupils or financial limitations, may apply (BY MAY 1, 1976,) to the state board of education to be classified as an eligible teacher. The state board shall approve applications of teachers on unrequested leave of absence (FROM DISTRICTS WHICH, ACCORDING TO CRITERIA ESTABLISHED BY THE STATE BOARD, ARE EXPERIENCING COST LIMITATIONS BECAUSE OF SEVERELY DECLINING ENROLLMENTS) *and teachers discharged pursuant to section 125.17, subdivision 4, clause (5)*. By June 1, 1976, the state board shall issue a list of approved eligible teachers *for the purpose of informing districts of the availability of these teachers; provided that nothing in this subdivision shall be construed to prohibit the state board from approving teacher applications received after publication of the list, but prior to December 31, 1976.*

Sec. 36. Minnesota Statutes, 1975 Supplement, Section 124.611, Subdivision 2, is amended to read:

Subd. 2. Any district which has not placed (OR WILL NOT PLACE) any teachers on unrequested leave of absence pursuant to section 125.12, subdivision 6a or 6b *or has not discharged any teachers pursuant to section 125.17, subdivision 4, clause (5)*, may petition the state board of education (BY JULY 1, 1976) to be eligible to receive aid for hiring an eligible teacher.

(THE STATE BOARD OF EDUCATION SHALL APPROVE OR DISAPPROVE EACH PETITION BY AUGUST 1, 1976,

GIVING PRIORITY TO DISTRICTS WHICH HAVE A HIGH PROPORTION OF INEXPERIENCED TEACHERS, INCREASING ENROLLMENTS AND COST LIMITATIONS WHICH PREVENT THE EMPLOYMENT OF EXPERIENCED TEACHERS.)

Eligible teacher aid shall be paid *according to the following schedule:*

(1) In the 1976-1977 school year (TO), the hiring school district (IN) *shall receive* an amount equal to 80 percent of the difference between the B.A. minimum salary in the hiring district and the salary which the teacher would receive in that year in the hiring district based upon his training, credits and experience(.);

(2) In the 1977-1978 school year, the hiring district shall receive (ELIGIBLE TEACHER) aid equal to 60 percent of the (AMOUNT CALCULATED IN THE FIRST YEAR) *salary difference in clause (1);*

(3) In the 1978-1979 school year the hiring district shall receive (ELIGIBLE TEACHER) aid equal to 40 percent of the (AMOUNT CALCULATED FOR THE FIRST YEAR,) *salary difference in clause (1); and*

(4) In the 1979-1980 school year and thereafter such aids shall terminate.

Sec. 37. Minnesota Statutes 1974, Chapter 124, is amended by adding a section to read:

[124.213] [AID RECAPTURE.] *In any year when the amount of the maximum levy allowed for any district by section 275.125, subdivision 2a, clause (1) or (2), exceeds the product of (a) the district's foundation aid formula allowance for the corresponding school year under section 124.212 and (b) the number of pupil units computed for the district under section 124.17 for that school year, an amount equal to the difference between the levy as certified and the specified product shall be deducted in the following order from the aids for the purposes specified receivable during the same school year pursuant to the following sections: (1) transportation aid pursuant to section 124.222; (2) secondary vocational aid pursuant to section 124.57; (3) special education aid pursuant to section 124.32. For the 1977-1978 school year, the foundation aid formula allowance shall equal the lesser of \$1,015 or the sum of the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2), and the greater of (a) five-sixths of the difference that results when such greater sum is subtracted from \$1,015, or (b) \$55. This section shall apply to school years commencing with the 1977-1978 school year.*

Sec. 38. Minnesota Statutes 1974, Chapter 124, is amended by adding a section to read:

[124.572] [CURRENT FUNDING FOR ADULT VOCATIONAL EDUCATION.] *The purpose of this section is to change the method of funding adult vocational programs from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1977, the state shall not reimburse expenditures from the 1976-1977 school year programs, but shall pay aids for the 1977-1978 school year programs and for each year thereafter on a current funding basis.*

Sec. 39. Minnesota Statutes 1974, Chapter 124, is amended by adding a section to read:

[124.573] [CURRENT FUNDING FOR SECONDARY VOCATIONAL EDUCATION.] *The purpose of this section is to change the method of funding secondary vocational programs from reimbursement based on past expenditures to a current funding basis. Beginning July 1, 1978, the state shall not reimburse expenditures from the 1977-1978 school year programs, but shall pay aids for the 1978-1979 school year programs and for each year thereafter on a current funding basis.*

Sec. 40. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 2a, is amended to read:

Subd. 2a. (1) In 1975, a school district may levy for all general and special school purposes, an amount equal to the amount raised by the 1974 adjusted assessed valuation of the district times the number of mills, not to exceed 29, that bears the same relation to 29, as the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2), bears to \$960.

(2) In 1976, a school district may levy for all general and special school purposes, an amount equal to the amount raised by the 1975 adjusted assessed valuation of the district times the number of mills, not to exceed 29, that bears the same relation to 29, as the sum of the greater sum computed pursuant to section 124.212, subdivision 7b, clause (2), and the greater of (a) five-sixths of the difference that results when such greater sum is subtracted from \$1015, or (b) \$55, bears to \$1015.

(3) For any district levying less than 95 percent of the maximum levy allowable in clauses (1) and (2), beginning with the levy certified in 1976, payable in 1977, the foundation aid to the district for the 1977-1978 school year, and for subsequent levies, foundation aid for subsequent school years, calculated pursuant to section 124.212, shall be reduced by 50 percent of the amount of the difference between the actual levy and the maximum levy allowable under clauses (1) and (2). In the application of this clause, the maximum levy allowable under clauses (1) and (2)

shall be reduced by any reduction of this levy which is required by section 275.125, subdivision 9 or any other law.

(4) The levy authorized by clauses (1) or (2) may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. Such a referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only one such election may be held in a single school year. The question on the ballot shall be whether a specific millage which will yield a specific amount based on the most recent assessed valuation may be added to that authorized by clauses (1) or (2). If approved, the amount provided by the millage applied to each year's assessed valuation shall be authorized for certification until revoked by the voters of the district at a subsequent referendum, which may be called by the school board and which shall be called by the school board upon the written petition of qualified voters of the district unless the petition for revocation is submitted in the same year in which a levy has been increased by the voters pursuant to this clause. A petition authorized by this clause shall be effective if signed by a number of qualified voters in excess of 15 percent, or 10 percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board unless the petition for revocation is submitted in the same year in which a levy has been increased by the voters pursuant to this clause. Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

Sec. 41. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 4, is amended to read:

Subd. 4. *A school district may levy the amounts necessary to make payments for bonds issued and for interest thereon, including the bonds and interest thereon, issued as authorized by section 275.125, subdivision 3, clause (7) (C), as it read in Minnesota Statutes 1974 (, AND); the amounts necessary for repayment of debt service loans and capital loans (,); the amount authorized for capital expenditures pursuant to section 124.04 (, AND); the amount authorized for liabilities of dissolved districts pursuant to section 122.45 (AND); the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; and the amounts necessary to pay the district's obligations under section 127.05.*

Sec. 42. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 5, is amended to read:

Subd. 5. For school transportation services, a school district may levy an amount not to exceed the amount raised by a levy of one mill times the adjusted assessed valuation of the taxable property of the district for the preceding year. A district may levy under this subdivision for the annual cash payments to be made for the purchase of buses, but only for that portion of the payments not offset by state transportation aid received on account of depreciation (, AND PROVIDED FURTHER THAT). Beginning with the levy certified in 1975, a district may levy for transportation costs or other related services which are approved by the commissioner as necessary because of extraordinary traffic hazards for the current fiscal year.

Sec. 43. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 8, is amended to read:

Subd. 8. (1) In 1975, and each year thereafter, a district with a population of more than 15,000 persons which has established a community school advisory council pursuant to section 121.88 may levy an amount of money raised by the greater of (A) \$1 per capita, or (B) the number of EARC mills not to exceed the number of EARC mills necessary in 1973 to raise \$1 per capita in 1973. In 1975, and each year thereafter, a district with a population of fewer than 15,000 persons which has established a community school advisory council pursuant to section 121.88, may levy an amount of money raised by the greater of (A) \$2 per capita, or (B) the number of EARC mills not to exceed the number of EARC mills necessary in 1975 to raise \$2 per capita in 1975. These levies shall be used for community services including summer school, nonvocational adult programs, recreation programs, and programs contemplated by sections 121.85 to 121.88.

(2) A district which provides 95 percent or more of the cost of the recreation program for the municipalities and townships in which the district or any part thereof is located may, with the approval of the commissioner, levy an additional amount, not to exceed one mill times the adjusted assessed valuation of the district for the preceding year, to be used for the costs of the recreation program; provided that in 1977 and each year thereafter, only Independent School Districts No. 77 and No. 624 shall be authorized to levy pursuant to this clause.

(3) A school district shall be authorized to make a levy pursuant to this subdivision only after it has filed a certificate of compliance with the commissioner of education, certifying that members of the school board have met with members of the governing bodies of the county, municipality or township in which the school district, or any part thereof, is located, in order to discuss methods of increasing mutual cooperation between such bodies.

(4) The population of the district for purposes of this subdivision is the population determined as provided in section 275.14 or as certified by the department of education from the most recent federal census.

Sec. 44. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 9, is amended to read:

Subd. 9. (1) Districts which receive payments which result in deductions from foundation aid pursuant to section 124.212, subdivision 8a, *clause* (1), shall reduce the permissible levies authorized by subdivisions 3 to 14 by (25 PERCENT IN 1973, 50 PERCENT IN 1974, 75 PERCENT IN 1975, AND 100 PERCENT FOR EACH YEAR THEREAFTER OF) that portion of the previous year's payment not deducted from foundation aid on account of the payment (, UNLESS SUCH A LEVY REDUCTION IS OTHERWISE REQUIRED BY LAW). The levy reductions shall be made in the proportions that each permissible levy bears to the sum of the permissible levies. *Reductions in levies pursuant to this clause shall be made prior to the reductions in clause* (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.32; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; and any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by section 275.125 to be (SPREAD) *certified* in the calendar year in which the deduction from foundation aid is made pursuant to section 124.212, subdivision 8a, by the portion of the previous fiscal year's payment which was not deducted from foundation aid in that calendar year pursuant to section 124.212, subdivision 8a.

(3) *The amount of any increased levy authorized by referendum pursuant to section 275.125, subdivision 2a, clause* (4) *shall not be reduced pursuant to this subdivision. The amount of any levy authorized by section 275.125, subdivision 4, to make payment for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision.*

(4) *Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year pursuant to sections 294.21 to 294.28; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section 124.212, subdivision 8a, clause* (2), *and not applied to reduce levies pursuant to this subdivision shall be paid*

to the commissioner of finance on or before March 15 of the next fiscal year. The commissioner of finance shall deposit any amounts received pursuant to this clause in the taconite property tax relief fund in the state treasury, established pursuant to section 16A.70 for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 45. Minnesota Statutes, 1975 Supplement, Section 275.125, Subdivision 14, is amended to read:

Subd. 14. Districts maintaining a post-secondary vocational-technical school may levy additional amounts as follows:

(1) A district maintaining a post-secondary vocational-technical school shall assume responsibility for a local share of the district post-secondary vocational deficit. The local share shall be 30 percent, or 15 percent in Independent School District Nos. 595 and 793, of the district post-secondary vocational deficit as of July 1, 1975, as certified to the commissioner of education pursuant to section 124.561, subdivision 4.

(2) For the purpose of eliminating the local share of its post-secondary vocational deficit, a district may petition the commissioner of education for authority to make an additional levy. Before such a levy may be made, it must be approved by the commissioner. The approval shall specify the years in which the additional levy may be made and shall specify its dollar amount. No levy so approved shall be made in more than four successive years, beginning with the levy certified in 1975, and shall not annually exceed .25 mills in a district in a city of the first class, 1.5 mills in districts formed pursuant to Laws 1969, Chapter 1060, as amended; Laws 1969, Chapter 775, as amended; or Laws 1967, Chapter 822, as amended, or three mills in any other district maintaining a post-secondary vocational-technical school times the adjusted assessed valuation of the district for the preceding year as determined by the equalization aid review committee. Under no circumstances may a district levy a total amount greater than the local share of its post-secondary vocational deficit as of July 1, 1975, as certified to the commissioner of education.

(3) If the additional levy allowed in clause (2) of this subdivision would be insufficient to eliminate the local share of the district's post-secondary vocational deficit as of July 1, 1975, as certified to the commissioner of education, it may petition the commissioner of education for authority to issue general obligation bonds in an amount sufficient to meet the deficiency. Before the bonds may be issued, they must be authorized by the commissioner. The authorization shall specify a term not to exceed seven years and the amount of the bond issue, provided that the (LEVY AUTHORIZATION TO PAY THE PRINCIPAL AND INTEREST ON THE BONDS MAY NOT ANNUALLY) amount of principal and interest due in any year on the bonds will not,

based on the 1974 adjusted assessed valuation of the district as determined by the equalization aid review committee, exceed .25 mills in a district in a city of the first class, .5 mills in districts formed pursuant to Laws 1969, Chapter 1060, as amended; Laws 1969, Chapter 775, as amended; or Laws 1967, Chapter 822, as amended, or six mills in any other district maintaining a post-secondary vocational-technical school (TIMES THE 1974 ADJUSTED ASSESSED VALUATION OF THE DISTRICT AS DETERMINED BY THE EQUALIZATION AID REVIEW COMMITTEE; PROVIDED, HOWEVER, THAT THE MILL LIMITATION IS SUBJECT TO THE PROVISIONS OF SECTION 475.74). The bonds authorized by this section shall be secured, sold and issued pursuant to the provisions of chapter 475, except as otherwise provided (HEREIN) in this subdivision. The bonds shall not be included in computing any debt limitation for (A) the district and no election shall be required for their sale and issuance.

(4) A district may not be authorized an additional levy under both clauses (2) and (3) of this subdivision.

(5) The state shall assume responsibility for 70 percent, or in Independent School District Nos. 595 and 793 for 85 percent, of a district's post-secondary vocational deficit as of July 1, 1975, as certified to the commissioner of education. The state portion of the deficit shall be paid to each district in fiscal years 1977 and 1978 in two equal payments, provided that the levy for the district's portion of the deficit has been approved by the commissioner and the required portion for the 1975 levy has been certified to the county auditor.

Sec. 46. *Notwithstanding any law to the contrary the department of education may pay \$27,090.75 from the sum appropriated pursuant to Laws 1975, Chapter 432, Section 96, Clause (1) for the year ending June 30, 1976, to Independent School District No. 332 for foundation aid not paid in fiscal years 1972 and 1973.*

Sec. 47. *For the 1975-1976 school year, a district providing post-secondary vocational education to pupils who are not residents of the district shall receive foundation aid for these pupils, but only for those who qualify to attend a post-secondary vocational-technical school without tuition pursuant to section 124.565, subdivision 1 or 2.*

Sec. 48. *Notwithstanding the provisions of Minnesota Statutes, Section 16.16 or 16A.57 or any other law to the contrary, the state board for vocational education may expend any part it deems necessary of the amount appropriated by Laws 1975, Chapter 432, Section 96, Clause (11), for post-secondary vocational deficit payments, for the payment of post-secondary vocational foundation aid pursuant to Minnesota Statutes, Section 124.562, for the 1976-1977 school year.*

Sec. 49. [APPROPRIATION.] *Subdivision 1. There is appropriated from the general fund of the state treasury to the department of education the sums indicated in this section for the years and purposes specified.*

Subd. 2. For special education aid for the fiscal year ending June 30, 1976, \$1,000,000, is appropriated; for the fiscal year ending June 30, 1977, \$2,925,600, is appropriated.

(a) *The appropriations in this subdivision shall be added to the sums appropriated for the years designated in Laws 1975, Chapter 432, Section 96, Clause (3).*

(b) *The appropriations in this subdivision and in Laws 1975, Chapter 432, Section 96, Clause (3), for the year ending June 30, 1977, include \$2,300,000 for the payment of special education aid for 1976 summer school programs and if the appropriation for this purpose is insufficient, the aid shall be prorated among all qualifying districts. This payment shall be made on the basis and at the rate prescribed for 1975 summer school programs in Minnesota Statutes, 1975 Supplement, Section 124.32, Subdivision 1 and Minnesota Statutes 1974, Section 124.32, Subdivision 2. This payment shall be made on or before October 1, 1976. This payment shall be made notwithstanding the provisions of Minnesota Statutes, 1975 Supplement, Section 124.32, Subdivision 3a.*

(c) *The appropriations in this subdivision and in Laws 1975, Chapter 432, Section 96, Clause (3), for the year ending June 30, 1977, include \$200,000 for reimbursement of the actual cost incurred by school districts for instruction and services for handicapped children whose districts of residence are determined pursuant to Minnesota Statutes, Section 120.17, Subdivision 8a and who are temporarily placed in state institutions or licensed residential facilities for care and treatment for the 1975-1976 school year and 1976 summer school. If the appropriation for this purpose is insufficient, the aid shall be prorated among all qualifying districts. This reimbursement shall be made on the same basis and at the same rate as for the 1974-1975 school year and 1975 summer school pursuant to Minnesota Statutes 1974, Section 124.32, Subdivision 6. This reimbursement shall be made notwithstanding the provisions of Minnesota Statutes, 1975 Supplement, Section 124.32, Subdivision 3a.*

(d) *The appropriations in this subdivision and in Laws 1975, Chapter 432, Section 96, Clause (3), for the year ending June 30, 1977, include \$2,500,000 for the payment of aid according to the provisions of Minnesota Statutes, 1975 Supplement, Section 124.32, Subdivision 5, for educational programs during the 1975-1976 school year and 1976 summer school. This payment shall be made notwithstanding the annual expenditure limit of \$400,000 specified in Minnesota Statutes, 1975 Supplement, Section 124.32, Subdivision 5 and notwithstanding the provisions*

of Minnesota Statutes, 1975 Supplement, Section 124.32, Subdivision 3a.

Subd. 3. For implementation of the Uniform Financial Accounting and Reporting System for Minnesota School Districts, the sum of \$100,000 is appropriated for the fiscal year ending June 30, 1976.

The appropriation in this subdivision is for the implementation of the Uniform Financial Accounting and Reporting System for Minnesota School Districts. This appropriation shall be used for dissemination of materials, inservice training of public school personnel, and for additional departmental personnel necessary to implement this system; provided that not to exceed \$50,000 of this appropriation shall be used to hire additional personnel beyond the existing complement of the department for this purpose. Any unexpended balance remaining from the appropriation in this subdivision shall not cancel but shall be available for the second year of the biennium.

Sec. 50. [REPEALER.] *Minnesota Statutes 1974, Sections 122.54 and 275.39, are repealed.*

Sec. 51. [EFFECTIVE DATES.] *Sections 15, 16, 17, 18, 19, 27, 28, 29, 35, 36, 46, 47 and 49 shall be effective the day following final enactment. Section 26, Subdivisions 3b and 7, shall be effective the day following final enactment."*

Further, amend the title by striking it in its entirety and insert:

"A bill for an act relating to the operation of state government; providing for aids to education, tax levies and the distribution of tax revenues; changing the funding of special education, adult vocational education and secondary vocational education to a current funding basis; granting certain powers and duties to school districts, the commissioner of education, and the state board of education; establishing a uniform financial accounting and reporting system for Minnesota school districts; requiring the provision of special education on a shared time basis to non-public school pupils; appropriating money; amending Minnesota Statutes 1974, Sections 120.17, by adding a subdivision; 120.73, Subdivision 1; 120.74, Subdivision 1; 121.21, by adding a subdivision; 122.45, Subdivisions 2 and 3a; 124.212, by adding a subdivision; 124.32, as amended; Chapter 124, by adding sections; Minnesota Statutes, 1975 Supplement, Sections 122.23, Subdivision 15; 122.45, Subdivision 1; 124.04; 124.17, Subdivisions 1 and 2; 124.212, Subdivision 8a; 124.271, Subdivision 2; 124.43, Subdivision 1; 124.561, Subdivision 3, and by adding a subdivision; 124.562, Subdivision 2; 124.563, Subdivision 3, and by adding a subdivision; 124.564; 124.565, Subdivision 2; 124.611, Subdivisions 1 and 2; 275.125, Subdivisions 2a, 4, 5, 8, 9, and 14; repealing Minnesota Statutes 1974, Sections 122.54 and 275.39."

With the recommendation that when so amended the bill do pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 1372, A bill for an act relating to waters and drainage; drainage systems; authorizing reconsideration of engineers' and viewers' reports in certain instances; allowing consideration of changed circumstances due to inflation; amending Minnesota Statutes 1974, Section 106.241.

Reported the same back with the recommendation that the bill do pass.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2148, A bill for an act relating to game and fish; removing lynx from the definition of unprotected animals; authorizing the commissioner of natural resources to establish a season for taking lynx; amending Minnesota Statutes 1974, Section 100.27, Subdivision 7; Minnesota Statutes, 1975 Supplement, Sections 100.26, Subdivision 1; and 100.27, Subdivision 3.

Reported the same back with the recommendation that the bill do pass.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2264, A bill for an act relating to natural resources; providing for investigation of peat resources; appropriating money.

Reported the same back with the recommendation that the bill be re-referred to the Committee on Appropriations.

The report was adopted.

Munger from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2492, A bill for an act relating to environmental protection; limiting the sale and use of organic compounds known

as polychlorinated biphenyls; permitting exemptions; requiring labels; defining terms; providing a penalty.

Reported the same back with the following amendments:

Page 2, line 7, after "after" insert "there is opportunity for".

Page 2, line 13, delete "January" and insert "July".

Page 2, line 15, after "shall" insert "any person sell".

Page 2, line 16, delete "be sold".

Page 2, line 19, after "rules" insert "by January 1, 1977,".

Page 2, line 20, delete "by July".

Page 2, line 21, delete "1, 1977" and insert "which shall include consumer goods, as defined by the agency, purchased prior to the effective date of this act".

Page 2, delete lines 25 and 26 and insert "Subd. 4. [PENALTIES.] The provisions of this act and all rules, regulations, standards and certificates of exemption adopted or issued by the agency may be enforced by any one or any combination of the remedies provided in section 115.071."

Further amend the title as follows:

Page 1, line 5, delete "a".

Page 1, line 6, delete "penalty" and insert "penalties".

With the recommendation that when so amended the bill do pass.

The report was adopted.

Brinkman from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 101, A bill for an act relating to insurance; establishing certain compulsory insurance for aircraft; amending Minnesota Statutes 1974, Sections 60A.081; 360.59, by adding a subdivision; and Chapter 360, by adding a section.

Reported the same back with the following amendments:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1974, Section 60A.081, is amended to read:

60A.081 [AIRCRAFT INSURANCE.] *Subdivision 1.* No policy of insurance issued or delivered in this state covering any loss, damage, expense, or liability arising out of the ownership, maintenance, or use of an aircraft, shall exclude or deny coverage because the aircraft is operated in violation of federal or civil air regulations, state law or regulations, or local ordinances. This section does not prohibit the use of specific exclusions or conditions in the policy which relate to:

- (1) Certification of an aircraft in a stated category by the federal aviation administration.
- (2) Certification of a pilot in a stated category by the federal aviation administration.
- (3) Establishing requirements for pilot experience.
- (4) Establishing limitations on the use of the aircraft.

Provided, that no policy of insurance issued or delivered in this state covering any such loss, damage, expense, or liability arising out of the ownership, maintenance, or use of an aircraft, shall in any event exclude or deny coverage to persons other than the pilot or owner of the aircraft because the aircraft is being operated in breach of a policy condition or exclusion requiring certification of an aircraft in a stated category by the federal aviation administration, or establishing limitations on the use of the aircraft, or requiring certification of the pilot in a stated category by the federal aviation administration or by establishing requirements for pilot experience.

Subd. 2. No policy of insurance issued or delivered in this state covering an aircraft equipped with passenger seats and covering liability hazards shall be issued excluding coverage for injury to or death of passengers except as to a policy of insurance exclusively covering "commercial operations" as defined by section 360.013, subdivision 11, when the pilot of the aircraft shall have in force a separate policy of insurance providing for coverage on the aircraft as required by section 3 of this act.

Subd. 3. The provisions of this section shall not apply as to any policy issued covering aircraft being used in air commerce as defined by Minnesota Statutes, Section 360.511, Subdivision 4.

Sec. 2. Minnesota Statutes 1974, Chapter 360, is amended by adding a section to read:

[360.0216] [OPERATOR OF AIRCRAFT DEEMED AGENT OF OWNER.] *When an aircraft is operated within the airspace above this state or upon the ground, surface or waters of this state by a person other than the owner, with the consent of the owner, expressed or implied, the operator shall*

in case of accident be deemed the agent of the owner of the aircraft in its operation.

Sec. 3. Minnesota Statutes 1974, Section 360.59, is amended by adding a subdivision to read:

Subd. 10. [CERTIFICATE OF INSURANCE.] When an application for registration is filed a certificate of insurance shall accompany it. The certificate shall evidence that the aircraft is insured with a liability policy with limits of not less than \$200,000 aggregate liability and not less than \$100,000 per seat passenger liability for both personal and property damage. The certificate shall state the effective date and terms of the coverage. No certificate of registration shall be issued pursuant to subdivision 3 in the absence of a certificate of insurance. In the event of cancellation of the insurance the insurer shall notify the department of aeronautics at least ten days prior to the date on which the insurance coverage is to be terminated. Unless a new certificate of insurance is filed with the department the registration certificate for the aircraft shall be revoked forthwith.

Sec. 4. Minnesota Statutes 1974, Section 360.91, is amended to read:

360.91 [VIOLATIONS.] *Whoever violates or fails to comply with the provisions of sections 360.81 to 360.91 (SHALL BE) or sections 5 or 6 of this act is guilty of a misdemeanor, and each day a violation continues to exist shall constitute a separate offense.*

Sec. 5. Minnesota Statutes 1974, Chapter 360, is amended by adding a section to read:

[360.92] [PROVISION RELATING TO OPERATION OR PERMISSION TO OPERATE AIRCRAFT WITHIN STATE OF MINNESOTA WITHOUT LIABILITY INSURANCE.] *It is a misdemeanor for an owner to operate or permit to be operated an aircraft registered or based within the state of Minnesota without liability insurance protecting passengers and third persons for both personal injury and property damage resulting from the operation of the aircraft; provided, that the limits of coverage for personal injury and property damage protection shall be not less than those limits provided for under section 3 of this act.*

Sec. 6. Minnesota Statutes 1974, Chapter 360, is amended by adding a section to read:

[360.93] [RESPONSIBILITY OF PERSONS ENGAGED IN COMMERCIAL OPERATION TO ASCERTAIN EXISTENCE OF MINIMAL INSURANCE COVERAGES.] *Any per-*

son engaged in commercial operations as defined by section 360.013, subdivision 11, who causes or authorizes the operation of aircraft, with or without the right of legal control (in capacity of owner, lessee or otherwise) of the aircraft, shall be responsible for determining that there is in force such minimal insurance coverages required by this chapter for the protection of passengers and third persons from damages for personal injury or death, or property damage, resulting in the operation of any such aircraft; provided that in any case and subject to the penalties provided for herein, every commercial operator causing or authorizing the operation of such aircraft shall disclose to such authorized pilot using or operating such aircraft both the limits and extent of any liability insurance coverages that may be applicable to the operation of such aircraft.

Sec. 7. *This act is effective for operations of aircraft after June 1, 1976."*

Further amend the title.

Page 1, line 5, after "subdivision;" insert "360.91;".

Page 1, line 6, delete "a section" and insert "sections".

With the recommendation that when so amended the bill do pass.

The report was adopted.

Brinkman from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 1826, A bill for an act relating to credit unions; allowing credit unions to act as trustees or custodians of employee pension benefit plan accounts; allowing credit unions to take second mortgages on real estate; amending Minnesota Statutes 1974, Sections 52.04; and 52.16.

Reported the same back with the following amendments:

Page 1, line 9, delete "1974" and insert ", 1975 Supplement".

Page 2, line 11, after "Administration" and before the semicolon, insert ". The restrictions imposed by this clause shall not apply to share accounts and deposit accounts of Minnesota central credit union in U.S. central credit union".

Pages 4 and 5, delete all of section 2.

Further amend the title as follows:

Page 1, line 4, delete "allowing credit".

Page 1, delete line 5.

Page 1, line 6, delete "1974, Sections" and insert ", 1975 Supplement, Section" and delete the semicolon.

Page 1, line 7, delete "and 52.16".

With the recommendation that when so amended the bill do pass.

The report was adopted.

Brinkman from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 2109, A bill for an act relating to automobile insurance; changing priority of certain benefits; requiring certain premium reductions; providing income loss coverage to disabled unemployment compensation recipients; amending Minnesota Statutes 1974, Sections 65B.44, Subdivision 3; 65B.61; and 65B.70, by adding a subdivision.

Reported the same back with the following amendments:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1974, Section 65B.44, Subdivision 3, is amended to read:

Subd. 3. [DISABILITY AND INCOME LOSS BENEFITS.] Disability and income loss benefits shall reimburse 85 percent of the injured person's loss of present and future gross income from inability to work proximately caused by the nonfatal injury subject to a maximum of \$200 per week. *If the person is receiving unemployment compensation benefits and the injury renders him ineligible to receive the benefits then his income loss shall be the unemployment compensation benefits he has been rendered ineligible to receive and he shall be reimbursed for 100 percent of such benefits.* Compensation for loss of income from work shall be reduced by any income from substitute work actually performed by the injured person or by income the injured person would have earned in available appropriate substitute work which he was capable of performing but unreasonably failed to undertake.

For the purposes of this section "inability to work" shall mean disability which continuously prevents the injured person from engaging in any substantial gainful occupation or employment, for wage or profit, for which he is or may by training become reasonably qualified.

Sec. 2. Minnesota Statutes 1974, Section 65B.61, is amended to read:

65B.61 [BENEFITS PRIMARY; SUBTRACTIONS; CO-ORDINATION.] Subdivision 1. Basic economic loss benefits shall be primary with respect to benefits, except for those paid or payable under a workmen's compensation law *and medicare payments under title 18 of the social security act*, which any person receives or is entitled to receive from any other source as a result of injury arising out of the maintenance or use of a motor vehicle.

Subd. 1a. [MEDICARE PAYMENTS.] Medicare payments under title 18 of the social security act shall be primary with respect to basic economic loss but not to worker's compensation benefits. Medicare benefits paid or payable shall be subtracted from a loss in computing the medical expense portion of basic economic loss benefits payable.

Subd. 2. Benefits paid or payable under a workmen's compensation law because of the injury or death shall be subtracted in computing basic economic loss benefits, but only to the extent that they exceed any deductible applicable to the basic economic loss benefits.

Subd. 3. Any legally constituted entity, other than a reparation obligor obligated to pay benefits under a plan of reparation security or an insurer or employer obligated to pay benefits under a workmen's compensation law *or a payer of medicare benefits*, may coordinate any benefits it is obligated to pay for loss incurred as a result of injury arising out of the maintenance or use of a motor vehicle with basic economic loss benefits.

Subd. 4. Notwithstanding subdivision 3, no entity may coordinate benefits unless it provides those persons who purchase benefits from it with an equitable reduction or savings in the direct or indirect cost of the purchased benefits. If the benefits to be coordinated are provided to an individual through a group, program, contract or other arrangement for which another person pays in whole or in part, the entity coordinating benefits shall return to the individual or use for his benefit any reduction or savings in the direct or indirect cost of the benefits.

Sec. 3. Minnesota Statutes 1974, Section 65B.70, is amended by adding a subdivision to read:

Subd. 7. [OLD OR DISABLED INSURED; MEDICARE ELIGIBLES.] Reparation obligors shall offer a plan of reparation security at reduced rates to persons aged 65 years or older or to persons totally disabled and receiving social security disability benefits which shall contain an exclusion of income loss benefits payable to that person or to any person described above who elects to be excluded.

Reparation obligors shall offer a plan of reparation security at reduced rates to persons with medicare coverage under title 18 of the social security act. The reduction in rates shall relate to the fact that section 2 makes medicare payments primary with respect to medical expense benefits payment."

With the recommendation that when so amended the bill do pass.

The report was adopted.

Brinkman from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 2224, A bill for an act relating to banking; providing for mailed notice of automatic renewal of time deposits and possible penalties or loss of interest or reduction of interest; amending Minnesota Statutes 1974, Chapter 47, by adding a section.

Reported the same back with the following amendments:

Page 2, line 2, delete "1975" and insert "1976".

Page 2, line 3, delete "1975" and insert "1976".

With the recommendation that when so amended the bill do pass.

The report was adopted.

Brinkman from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 2295, A bill for an act relating to optometric services; providing for inclusion of optometric services in benefits for expenses incurred for medical treatment or services; amending Minnesota Statutes 1974, Section 62A.15, Subdivision 1, and by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 16, delete "for".

Page 1, line 17, delete "chiropractic services."

With the recommendation that when so amended the bill do pass.

The report was adopted.

Brinkman from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 2496, A bill for an act relating to commerce; interest rates on money; exempting agricultural credit corporations from interest rate limitations; amending Minnesota Statutes 1974, Section 334.06.

Reported the same back with the recommendation that the bill do pass.

The report was adopted.

Vento from the Committee on General Legislation and Veterans Affairs to which was referred:

H. F. No. 2145, A bill for an act relating to elections; providing for an increased income tax checkoff; providing for redistribution of moneys in the elections campaign fund; providing limitations on political contributions; amending Minnesota Statutes 1974, Sections 10A.27; 10A.30, Subdivision 2; 10A.31; and 10A.32, Subdivisions 2 and 4.

Reported the same back with the following amendments:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1974, Section 10A.12, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding subdivision 1, any association may, if not prohibited by law, transfer to its political fund money from that part of its treasury financed by dues or membership fees. *Upon written request to the treasurer of the political fund, dated prior to January 1 in any year, any member of an association shall be refunded that portion of his membership dues or fees intended for political purposes and transferred to the fund during the ensuing year.* Pursuant to section 10A.20, the source of the dues or membership fees must be disclosed if an aggregate amount in excess of \$50 of any member's dues, membership fees and voluntary contributions are transferred to the political fund within one year.

Sec. 2. Minnesota Statutes 1974, Chapter 10A, is amended by adding a section to read:

[10A.261] *Nothing in this chapter shall be construed as abridging the right of an association to communicate with its membership.*

Sec. 3. Minnesota Statutes 1974, Section 10A.27, is amended to read:

10A.27 [ADDITIONAL LIMITATIONS.] Subdivision 1. *In any year, except as provided in subdivision 2, no political committee, political fund, or individual, except a (POLITICAL PARTY) candidate or (THE) his principal campaign committee (OF A CANDIDATE) shall make expenditures on his behalf or in opposition to (THE) his opponent (OF A CANDIDATE), or transfer funds to (THE) his principal campaign committee (OF A CANDIDATE), in an amount in excess of (TEN PERCENT OF THE AMOUNT THAT MAY BE SPENT BY OR ON BEHALF OF THAT CANDIDATE AS SET FORTH IN SECTION 10A.25) \$200 in the case of candidates for governor and lieutenant governor running jointly, attorney general, secretary of state, state auditor, or state treasurer, and \$100 in the case of a candidate for the senate or house of representatives.*

Subd. 2. (NO POLITICAL PARTY SHALL MAKE EXPENDITURES ON BEHALF OF A CANDIDATE OR TRANSFER FUNDS TO THE PRINCIPAL CAMPAIGN COMMITTEE OF A CANDIDATE IN AN AMOUNT IN EXCESS OF 50 PERCENT OF THE AMOUNT THAT MAY BE SPENT BY OR ON BEHALF OF THAT CANDIDATE AS SET FORTH IN SECTION 10A.25.)

Notwithstanding the provisions of subdivision 1, a political party may expend on behalf of a candidate or transfer to his principal campaign committee an amount not to exceed ten percent of his expenditure limits in 1977, and not to exceed five percent of his expenditure limits in 1978.

For the purpose of this subdivision only, a political party includes its organization within congressional districts, legislative districts, counties, municipalities, and legislative bodies.

Subd. 3. Expenditures by a political party on behalf of candidates of that party generally, without referring to any of them specifically in any advertisement published or posted, on any broadcast, or in any telephone conversation, if that conversation mentions three or more candidates, shall not be subject to the limitations of section 10A.25, subdivision 2, or this section.

Subd. 4. For the purposes of this section, *with the exception of subdivision 2, (A POLITICAL PARTY INCLUDES) a political party's organization within congressional districts, counties, legislative districts, municipalities, wards, precincts, and any legislative body which are required to file financial statements under section 10A.20 are distinct political committees.*

Subd. 5. *Nothing in this chapter shall limit expenditures by a political committee, political fund, or individual which are made without the authorization or consent, express or implied, of a candidate or his agent, provided the political committee, political fund, or individual complies with the provisions of section 10A.17.*

Sec. 4. Minnesota Statutes 1974, Section 10A.30, Subdivision 2, is amended to read:

Subd. 2. Within the state elections campaign fund account there shall be maintained a separate (ACCOUNTS) *account* for the candidates of each political party and a general account.

Sec. 5. Minnesota Statutes 1974, Section 10A.31, is amended to read:

10A.31 [DESIGNATION OF INCOME TAX PAYMENTS.]

Subdivision 1. Effective with the taxable years beginning after December 31, (1973) 1975, every individual whose income tax liability after personal credit for the taxable year is (\$1) \$2 or more may designate that (\$1) \$2 shall be paid into the state elections campaign fund. In the case of a joint return of husband and wife having an income tax liability of (\$2) \$4 or more, each spouse may designate that (\$1) \$2 shall be paid.

Subd. 2. The taxpayer may designate that the (\$1) \$2 be paid into the account of a political party or into the general account.

Subd. 3. The commissioner of the department of revenue shall on the first page of the income tax form notify the taxpayer of his right to allocate (\$1) \$2 of his taxes ((2) \$4 if filing a joint return) to finance the election campaigns of state candidates. The form shall also contain language prepared by the commissioner which permits the taxpayer to direct the state to allocate the (\$1) \$2 (or (\$2) \$4 if filing a joint return) to (ONE OF THE FOLLOWING): (i) *one of* the major political parties; (ii) (THE NAME OF) any minor political party provided that (IF) a petition is filed to qualify as a minor political party (IT BE FILED) by June 1 of that taxable year; (AND) *or* (iii) (DISTRIBUTION TO) all qualifying candidates as provided by this section.

Subd. 4. All moneys designated by individual taxpayers for the state elections campaign fund shall be credited to the appropriate account in the general fund of the state and shall be annually appropriated for distribution as set forth in subdivisions 5, 6 and 7.

Subd. 5. ((A)) In each fiscal year (, 40 PERCENT OF) the moneys in each account shall be set aside for candidates for statewide office(.) *as follows*:

((B) OF THE AMOUNT SET ASIDE IN CLAUSE) (a) (, 40) 21 percent shall be distributed to the candidates for governor and lieutenant governor jointly; (24) 3.6 percent shall be distributed to the candidate for attorney general; and (12) 1.8 percent each shall be distributed to the candidates for secretary of state, state treasurer and state auditor. If there is no nominee

of that party for one of the offices, the share set aside for that office shall be distributed to the other statewide candidates of that party in the same proportions as the original amount. *If there is no nominee of that party for any statewide office, the shares set aside shall be distributed to all other candidates of that party in proportion to their shares as set forth in subdivisions 6 and 7.*

((C)) (b) Within two weeks of the certification by the state canvassing board of the results of the primary election, the state treasurer shall distribute available funds in each account, other than the general account, of the state elections fund to the appropriate candidates who are to appear on the ballot for the general election as prescribed in (CLAUSES) *clause (a)* (AND (B)).

((D)) (c) Within two weeks of the certification by the state canvassing board of the results of the general election, the state treasurer shall distribute the available funds in the general account in the same proportions as provided in *clause ((B)) (a)*, in an equal amount to each candidate who received at least five percent of the vote cast in the general election for the office for which he was a candidate.

Subd. 6. (a) In each of the fiscal years during the period in which the state senate serves a four year term which commences after April 13, 1974, (20) $23 \frac{1}{3}$ percent of the moneys in each account shall be set aside for candidates for state senate. In each of the fiscal years during the period in which the state senate serves a two year term, (AND IN 1975 AND 1976, 30) 35 percent of the moneys in each account shall be set aside for candidates for state senate.

(b) The amount set aside in *clause (a)* shall be distributed in equal shares to each of the candidates for state senate of that party. *If a political party has no candidate for state senate, the amount set aside shall be distributed to all other candidates of that party in proportion to their shares as set forth in subdivisions 5 and 7.*

(c) Within two weeks of the certification by the state canvassing board of the results of the primary election, the state treasurer shall distribute available funds in each account, other than the general account to the appropriate candidates who are to appear on the ballot for the general election as prescribed in *clauses (a) and (b)*.

(d) Within two weeks of the certification by the state canvassing board of the results of the general election, the state treasurer shall distribute the available funds in the general account in an equal amount to each candidate who received at least ten percent of the votes cast in the general election for the office for which he was a candidate.

Subd. 7. (a) In each of the fiscal years during the period in which the state senate serves a four year term which commences after April 13, 1974, (40) $46 \frac{2}{3}$ percent of the moneys in each account shall be set aside for candidates for state representatives. In each of the fiscal years during the period in which the state senate serves a two year term, (AND IN 1975 AND 1976, 30) 25 percent of the moneys in each account shall be set aside for candidates for state representatives.

(b) The amount set aside in clause (a) shall be distributed in equal shares to each of the candidates for state representative of that party. *If a political party has no candidate for state representative, the amount set aside shall be distributed to all other candidates of that party in proportion to their shares as set forth in subdivisions 5 and 6.*

(c) Within two weeks of the certification by the state canvassing board of the results of the primary election, the state treasurer shall distribute available funds in each account, other than the general account, to the appropriate candidates who are to appear on the ballot for the general election as prescribed in clauses (a) and (b).

(d) Within two weeks of the certification by the state canvassing board of the results of the general election, the state treasurer shall distribute the available funds in the general account in an equal amount to each candidate who received at least ten percent of the votes cast in the general election for the office for which he was a candidate.

Sec. 6. Minnesota Statutes 1974, Section 10A.32, Subdivision 2, is amended to read:

Subd. 2. No candidate shall be entitled to receive from the state election campaign fund an amount greater than the total amount actually expended by or on behalf of the candidate (DURING HIS CAMPAIGN) *in the year of the election. If the report required to be filed 30 days after the general election indicates that the amount received by the candidate is greater than the amount expended on his behalf, the treasurer of his principal campaign committee shall refund to the state treasurer an amount equal to the difference. The refund in the form of a check or money order shall be submitted with such report and the commission shall forward the refund to the state treasurer.*

Sec. 7. Minnesota Statutes 1974, Section 10A.32, Subdivision 3, is amended to read:

Subd. 3. As a condition of receiving any funds from the state elections campaign fund, any candidate, prior to receipt of the funds, shall agree *by stating in writing to the commission on or before September 1 that expenditures on his behalf shall not ex-*

ceed the expenditure limits as set forth in section 10A.25 and that his principal campaign committee shall not accept contributions exceeding 105 percent of the difference between the amount which may legally be expended by him or on his behalf (OF THAT CANDIDATE,) and the amount which (THE CANDIDATE) he receives from the state elections campaign fund. Any amount by which his total contributions exceed 105 percent of the difference shall be refunded to the state treasurer. The refund in the form of a check or money order shall be submitted to the commission with the report due 30 days after the election.

For the purposes of this subdivision only, the total amount to be received by each candidate is calculated to be his share of the party account plus the amount in the general account set aside for that office divided by the number of candidates on the general ballot for that office. If the amount actually received by the candidate is greater by reason of a lesser number of qualifying candidates sharing in the funds in the general account, and his contributions thereby exceed 105 percent of the difference, the agreement shall not be considered violated.

Sec. 8. Minnesota Statutes 1974, Section 10A.32, Subdivision 4, is amended to read:

Subd. 4. If a political party for whose candidates funds have been accumulated in the state elections campaign fund does not have a candidate for (STATEWIDE) any office (, STATE REPRESENTATIVE OR STATE SENATOR), the moneys (WHICH WOULD BE USED FOR DISTRIBUTION TO THAT CATEGORY OR CATEGORIES) shall be (TRANSFERRED TO THE GENERAL) maintained in that account until the year of the next general election. If in two successive general election years that political party does not have a candidate for any office, the accumulated funds shall be transferred to the general account.

Sec. 9. If any provision of this act is declared unconstitutional, the entire act is void.

Sec. 10. This act is effective January 1, 1977 and shall apply to 1976 income tax returns filed in 1977."

Further, strike the title in its entirety and insert the following:

"A bill for an act relating to elections; providing for an increased income tax checkoff, redistribution of moneys in the elections campaign fund, and limitations on political contributions; amending Minnesota Statutes 1974, Sections 10A.12, Subdivision 5; 10A.27; 10A.30, Subdivision 2; 10A.31; and 10A.32, Subdivisions 2, 3 and 4; and Chapter 10A, by adding a section.

With the recommendation that when so amended the bill do pass and be re-referred to the Committee on Taxes.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 595, A bill for an act relating to retirement; authorized expenditures of firemen's relief associations; amending Minnesota Statutes 1974, Section 424.31.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 1913, A bill for an act relating to the city of Waseca; authorizing lump sum firemen's service pensions.

Reported the same back with the following amendments:

Page 1, line 8, delete "retired" and insert "retiring".

Page 1, line 8, delete "after" and insert "upon completing at least".

Page 1, line 11, after "years" insert "of service".

Page 1, line 11, after "\$500" insert "per year of service".

With the recommendation that when so amended the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 1918, A bill for an act relating to the city of Shakopee; authorizing an increase in fire department relief association lump sum service benefits.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 1919, A bill for an act relating to public employees; providing for an automatic pay increase to state employees who pass the certified professional secretary examination.

Reported the same back with the following amendments:

Page 1, line 6, delete "Subdivision 1."

Page 1, line 10, delete "granted an automatic two step salary".

Page 1, delete lines 11 to 22.

Page 2, delete line 1, and insert "assured that the certification will be taken into consideration when opportunity for promotion becomes available."

Further amend the title:

Line 2, delete "an".

Line 3, delete all of line 3 and insert "state recognition of".

With the recommendation that when so amended the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 1960, A bill for an act relating to the firemen's relief association of the city of Goodview; providing that years of service with the Goodview volunteer fire department shall be treated as years of service with the Goodview firemen's relief association; repealing Laws-1974, Chapter 188.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 1961, A bill for an act relating to the city of Chanhassen; firemen's service pensions.

Reported the same back with the following amendments:

Page 1, line 9, delete "to retired members".

Page 1, line 10, after "has" insert "reached the age of 50 years and who has".

Page 1, line 11, after "performed" insert "at least".

Page 1, after line 12, insert a new section to read:

"Sec. 2. This act is effective upon approval by the governing body of the city of Chanhassen and upon compliance with the provisions of Minnesota Statutes, Section 645.021."

With the recommendation that when so amended the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 1962, A bill for an act relating to the city of Wadena; increasing payments for firemen's relief association service pensions.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 1963, A bill for an act relating to the city of Mound; firemen's service pensions; amending Laws 1973, Chapter 175, Section 1, as amended.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 1964, A bill for an act relating to the city of Newport; volunteer firemen's service pensions.

Reported the same back with the following amendments:

Page 2, line 4, delete "\$120" and insert "\$90".

Page 2, line 8, delete "\$600" and insert "\$450".

With the recommendation that when so amended the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 1966, A bill for an act relating to judges; authorizing certain retired judges and their dependents to participate in the state employee hospital benefits and medical benefits program; amending Minnesota Statutes 1974, Section 43.491, by adding a subdivision.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 1967, A bill for an act relating to the city of Rockford; proportionate service pensions and financing requirements of the firemen's relief association.

Reported the same back with the following amendments:

Page 2, after line 14, insert a new section to read:

"Sec. 3. Payments of lump sum service pensions from the special fund of the association made prior to the effective date of this act are validated if consistent with the minimum service requirement set forth in section 1 of this act."

Renumber the remaining section.

With the recommendation that when so amended the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2007, A bill for an act relating to the city of Wayzata; volunteer firemen's service pensions; amending Laws 1973, Chapter 472, Section 1.

Reported the same back with the following amendments:
Page 1, line 14, delete "\$800" and insert "\$750".

With the recommendation that when so amended the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2009, A bill for an act relating to the city of Eveleth; firemen's pensions therein; amending Laws 1935, Chapter 208, Section 11, as added.

Reported the same back with the following amendments:

Page 1, line 18, after the period insert "*No retired member or surviving widow shall receive increases under both Laws 1975, Chapter 200, and this act.*".

With the recommendation that when so amended the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2010, A bill for an act relating to the city of Eveleth; increase in police pensions; amending Laws 1965, Chapter 636, Section 8, as added.

Reported the same back with the following amendments:

Page 1, line 18, after the period insert "*No retired member or surviving widow shall receive increases under both Laws 1975, Chapter 186, and this act.*".

With the recommendation that when so amended the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2024, A bill for an act relating to the tax court; establishing the tax court as a full time court; creating a small claims division; providing penalties; appropriating money; amending Minnesota Statutes 1974, Sections 15A.083, Subdivi-

sion 4; 271.01, Subdivisions 1 and 4a, and by adding a subdivision; 271.02; 271.03; 271.04; 271.06, Subdivisions 1, 2, 3, 4, 6, and by adding a subdivision; 271.07; 271.08; 271.09, Subdivisions 1, 2, and 3; 271.10, Subdivisions 1 and 2; 271.12; 271.13; 271.14; 271.15; 271.17; 271.18; 271.20; and 490.121, Subdivision 2; and Chapter 271, by adding sections; and Minnesota Statutes, 1975 Supplement, Section 124.212, Subdivision 11; repealing Minnesota Statutes 1974, Sections 271.001; 271.01, Subdivisions 2 and 3; 271.06, Subdivision 5; 271.11; and 271.16.

Reported the same back with the recommendation that the bill do pass and be re-referred to the Committee on Taxes.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2053, A bill for an act authorizing the conveyance by the state of a certain easement over certain lands in the county of Washington.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2090, A bill for an act relating to the city of Worthington; volunteer firemen's service pensions.

Reported the same back with the following amendments:

Page 1, line 12, delete "50" and insert "55".

Page 1, after line 20, insert a new subdivision to read:

"Subd. 2. All payments of service pensions from the special fund of the Worthington volunteer firemen's relief association in excess of the amounts authorized by Minnesota Statutes, Section 69.06, but not in excess of the amounts authorized by this act made prior to the effective date of this act are hereby deemed authorized."

Renumber the remaining subdivision.

With the recommendation that when so amended the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2107, A bill for an act relating to public employees; providing for payment of attorney's fees necessary to obtain benefits for survivors of peace officers killed in line of duty; amending Minnesota Statutes 1974, Chapter 352E, by adding a section.

Reported the same back with the recommendation that the bill do pass.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2116, A bill for an act relating to the legislature; creating a legislative commission on housing and community development; prescribing its powers and duties; requiring a report and budget estimate; and appropriating money.

Reported the same back with the following amendments:

Page 2, line 21, delete "and".

Page 2, after line 21, insert a new clause to read:

"(e) The development and recommendation to the legislature of a state-wide policy on housing and community development; and".

Re-letter the remaining clause.

With the recommendation that when so amended the bill do pass and be re-referred to the Committee on Rules and Legislative Administration.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2154, A bill for an act relating to the operation and structure of state government; eliminating certain qualifications for the office of commissioner of personnel; amending Minnesota Statutes 1974, Section 43.001, Subdivision 2.

Reported the same back with the recommendation that the bill do pass.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2155, A bill for an act relating to retirement; proportionate annuities for members of various funds; amending Minnesota Statutes, 1975 Supplement, Section 356.32, Subdivision 2.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2159, A bill for an act relating to the city of Minneapolis; municipal employees survivor benefits; amending Minnesota Statutes 1974, Section 422A.23, Subdivisions 2 and 3; repealing Minnesota Statutes 1974, Section 422A.23, Subdivision 4.

Reported the same back with the following amendments:

Page 1, line 14, reinstate the stricken language.

Page 1, line 19, before "child" reinstate the stricken language.

Page 1, line 20, reinstate the stricken language.

Page 2, after line 23, add new sections to read:

"Sec. 4. Nothing in this act shall decrease or increase benefits paid as of the effective date of this act.

Sec. 5. This act is effective upon approval by the city council of the city of Minneapolis and upon compliance with Minnesota Statutes, Section 645.021."

With the recommendation that when so amended the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2297, A bill for an act authorizing the conveyance of lands and structures comprising Count Beltrami state monument to the town of Turtle Lake in Beltrami county; specifying the terms and conditions of such conveyance.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2321, A bill for an act relating to the city of Sauk Rapids; fireman's lump sum service pensions; amending Laws 1973, Chapter 481, Section 1.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H. from the Committee on Governmental Operations to which was referred:

H. F. No. 2338, A bill for an act relating to the city of Fergus Falls; firemen's service pensions; amending Laws 1971, Chapter 2, Section 1.

Reported the same back with the following amendments:

Page 1, line 14, reinstate the stricken language and delete the new language.

With the recommendation that when so amended the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2399, A bill for an act relating to Indian affairs; renaming the board on Indian affairs; providing a change in membership for the board; changing the duties of the board; amending Minnesota Statutes 1974, Section 3.922, as amended.

Reported the same back with the recommendation that the bill do pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Sieben, H., from the Committee on Governmental Operations to which was referred:

H. F. No. 2518, A bill for an act relating to the city of Hastings; removing certain restrictions on the use of certain lands conveyed by the state to the city; amending Extra Session Laws 1967, Chapter 18, Section 2.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Swanson from the Committee on Health and Welfare to which was referred:

H. F. No. 1926, A bill for an act relating to drugs; clarifying the prohibition against sale or possession of legend drugs by certain persons; authorizing county detoxification centers to purchase and possess legend drugs; amending Minnesota Statutes 1974, Section 151.37, Subdivision 5.

Reported the same back with the following amendments:

Page 1, line 14, delete "*county*" and insert "*local*".

Further amend the title:

Line 4, delete "*county*" and insert "*local*".

With the recommendation that when so amended the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Swanson from the Committee on Health and Welfare to which was referred:

H. F. No. 2093, A bill for an act relating to health; providing that persons eligible for medical assistance have free selection of a medical care vendor; amending Minnesota Statutes, 1975 Supplement, Sections 256D.03, Subdivision 3; and 261.21, Subdivision 2.

Reported the same back with the recommendation that the bill do pass.

The report was adopted.

Swanson from the Committee on Health and Welfare to which was referred:

H. F. No. 2342, A bill for an act relating to state hospitals; providing certain name changes; amending Minnesota Statutes

1974, Sections 252.025, Subdivision 1; 253.201; 253A.02, by adding a subdivision; and 254.05.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Swanson from the Committee on Health and Welfare to which was referred:

H. F. No. 2538, A bill for an act relating to health; requiring certain health care facilities to establish grievance procedures; mandating study of in-service education; requiring insurers to report malpractice claims made against facilities; authorizing the board of health to collect and review information.

Reported the same back with the following amendments:

Page 1, line 13, delete "an in-hospital" and insert "a".

Page 1, line 17, delete "known to" and insert "which may be recognized as having an".

Page 1, line 17, after "influence" insert "on".

Page 2, line 6, delete "upon admission to the".

Page 2, line 7, delete "facility".

Page 2, after line 9, insert the following:

"Subd. 3. [RULES PROMULGATED.] The state board of health shall by rule establish:

(a) minimum standards and procedural requirements for the grievance or complaint mechanism;

(b) descriptions of the types of complaints subject to the grievance or complaint procedure;

(c) the form and manner in which patient notices shall be made; and

(d) provisions for fines of up to \$200 for failure to comply with this law."

Page 2, line 18, delete "a facility licensed under Minnesota".

Page 2, line 19, delete "Statutes, Chapters 144 or 145" and insert "acute care hospitals, health maintenance organizations, and outpatient surgery centers".

Page 2, line 29, before "The" insert "On December 1, 1976 and every December 1 thereafter,".

Page 3, delete line 4 and insert "Subd. 3. A".

Page 3, line 5, delete "section 3 of".

Page 3, line 6, delete "this act" and insert "this section."

Page 3, after line 7, add the following sections:

"Sec. 4. [APPROPRIATION.] The sum of \$35,000 is hereby appropriated from the general fund to the state board of health for the purpose of this act for the biennium ending June 30, 1977.

Sec. 5. [EFFECTIVE DATE.] This act shall be effective on final passage except for sections 1 and 2 which shall be effective on adoption of rules."

Further amend the title as follows:

Line 7, after "information" insert "; appropriating money".

With the recommendation that when so amended the bill do pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Parish from the Committee on Judiciary to which was referred:

H. F. No. 1228, A bill for an act relating to courts; juvenile court records; establishing a procedure for expunging the records; providing a penalty; amending Minnesota Statutes 1974, Chapter 260, by adding a section.

Reported the same back with the following amendments:

Strike everything after the enacting clause and insert in lieu thereof the following:

"Section 1. Minnesota Statutes 1974, Section 260.015, is amended by adding subdivisions to read:

Subd. 15. "Juvenile records" means all records, except traffic offense records, pertaining to a juvenile insofar as they relate

to his apprehension, detention, adjudication or disposition, maintained by any public agency, including these keepers of juvenile records: all local and municipal police departments, sheriff's departments, highway patrol, detention centers, court services, probation officers, the bureau of criminal apprehension, juvenile courts, department of natural resources, welfare departments, and the department of corrections. Juvenile records does not include records of proceedings held pursuant to sections 260.125 or 260.193, or adoption, neglect, or termination of parental rights proceedings.

Subd. 16. "Sealing" of a juvenile record means removal from the keepers of juvenile record files and storage in a place separately maintained for sealed juvenile records, and deleting the case from the court's docket.

Subd. 17. "Expunge" means to physically erase or destroy juvenile records or remove all initial references in a computer memory system to the name, address and any other reference pertaining to the juvenile's identification or his juvenile record.

Sec. 2. Minnesota Statutes 1974, Chapter 260, is amended by adding a section to read:

[260.162] Subdivision 1. [AUTOMATIC SEALING.] When an individual becomes 18 years of age, or the juvenile court's jurisdiction over him terminates, whichever is later, all keepers of juvenile records shall seal the juvenile records pertaining to that person, subject to the provisions of subdivision 2. These records shall not be reopened except upon a court order if the court finds that reopening is in the best interest of the person to whom the records pertain or vital to the public interest.

Subd. 2. [EXEMPTION.] Any keeper of a juvenile record may petition the juvenile court for a juvenile record to be exempted from the provisions of subdivision 1 upon notice to the individual who is the subject of the record. An exemption may be granted upon proper cause shown to the court that the juvenile's future involvement with the criminal court may reasonably be expected, where there is evidence of an extensive past juvenile record, or the individual has been certified as an adult offender, or has been adjudicated a delinquent for an offense involving death, sexual penetration, use of firearms, or great bodily harm as defined in section 609.02, subdivision 8. The court shall determine the period for which the exemption shall apply, and may reconsider its determination at any time.

Subd. 3. [NOTICE TO THE INDIVIDUAL.] When a juvenile's records have been sealed pursuant to subdivision 1, the juvenile court shall notify him that his records have been sealed and that he need not disclose the past existence of a juvenile record, nor that he committed any act upon which the juvenile record was based, or any other information pertaining to a juvenile

record. The juvenile shall also be informed of his right to petition the court for expunction under section 260.185, subdivision 2.

Subd. 4. [NON-DISCLOSURE.] All sealed records shall be closed to public inspection and be considered confidential within the meaning of section 15.162, subdivision 2a; the existence or contents of these records shall not be disclosed to anyone except authorized personnel within the agency having custody of the records. Response to all requests for information shall be: "We regret that we are not allowed by law to examine our records to determine whether or not they contain any information of interest to you." Research by authorized personnel shall be conducted pursuant to sections 15.164 and 15.165.

Subd. 5. [INQUIRY AS TO JUVENILE RECORDS.] No person shall inquire, nor provide a form which inquires, whether an individual has ever had a juvenile record or committed an act upon which a juvenile record was based, or any other information pertaining to a juvenile record. No person may be terminated from employment, in whole or in part, for failure to disclose the existence of his juvenile record.

Subd. 6. [FORMS.] The supreme court shall, by August 1, 1976, design standardized forms for use by juvenile courts to notify a juvenile of the sealing order and its effect, and keepers of juvenile records of the expunction order; and forms for use by keepers of juvenile records to give notice of compliance or contest of the order.

Subd. 7. [EFFECT AND RETROACTIVITY.] This act is effective, notwithstanding the provisions of section 138.17, and shall be applied retroactively.

Sec. 3. Minnesota Statutes 1974, Section 260.185, Subdivision 2, is amended to read:

Subd. 2. [DESTRUCTION OF RECORDS PERMITTED.] Except when legal custody is transferred under the provisions of subdivision 1, clause (d), the court may expunge the adjudication of delinquency (AT ANY TIME THAT IT DEEMS ADVISABLE) on its own motion or upon petition of the juvenile. The court shall issue the order whenever it appears after investigation that (a) the individual will probably not commit a felony, and (b) the existence of a juvenile record will create a barrier to his obtaining employment. The determination of need for expunction shall be based on characteristics of the individual, rather than on the category of the offense, or his age, race, sex or family background.

Upon its determination that an expunction order shall issue, the court shall send copies of the order to the county attorney and to the following agencies known by it to retain records on the indi-

vidual: local and municipal police departments, sheriff's departments, highway patrol, detention centers, department of natural resources, court services, and probation offices. The effect of the order shall be delayed for 45 days to allow contest by the county attorney and agencies receiving a copy of the expunction order. Anyone contesting the order shall serve the court with notice of the contest within 30 days of its issuance.

Within 45 days after issuing the original order for expunction, or if contested, after a subsequent order upholds the expunction, the court shall require the expunction of juvenile records. Any agency receiving a copy of the order shall comply and notify the juvenile court of its compliance within 30 days of receiving the order."

Further amend the title as follows:

Page 1, delete lines 3 to 5 and insert: "providing for the sealing and expunction of juvenile records in certain instances; amending Minnesota Statutes 1974, Sections 260.015, by adding subdivisions; 260.185, Subdivision 2; and Chapter 260, by adding a section."

With the recommendation that when so amended the bill do pass.

The report was adopted.

Parish from the Committee on Judiciary to which was referred:

H. F. No. 2166, A bill for an act relating to public information; limiting use of certain information contained on commercial mailing lists; requiring permits and posting of bonds; defining terms.

Reported the same back with the following amendments:

Page 1, line 10, after "individual" insert "and which furnishes from its records information to any person or corporation which is used in the preparation of a commercial mailing list".

Page 1, line 10, after "in" insert "or with".

Page 1, line 16, delete "approval or refusal" and insert "disapproval by means of the following language: As a result of information furnished on this application, you may receive information concerning the sale of merchandise or services. If you wish to receive such information, check here ☐

Page 1, line 17, delete "An application which" and insert "When".

Page 1, line 18, after "indicated" insert "that his name and address".

Page 1, line 19, after "list" insert "his application".

Page 2, line 7, delete "\$5,000" and insert "\$15,000".

With the recommendation that when so amended the bill do pass.

The report was adopted.

Parish from the Committee on Judiciary to which was referred:

H. F. No. 2239, A bill for an act relating to unemployment compensation; providing for the use of certain information in fraud investigations; amending Minnesota Statutes 1974, Section 268.12, Subdivision 12.

Reported the same back with the following amendments:

Page 2, line 24, before "prosecution" insert "possible".

Page 2, line 24, after "offense" insert "under Minnesota Statutes, Section 265.98".

With the recommendation that when so amended the bill do pass.

The report was adopted.

Parish from the Committee on Judiciary to which was referred:

H. F. No. 2441, A bill for an act relating to Minnesota Statutes; providing for the correction of erroneous, ambiguous, omitted and obsolete references and text; reenacting certain laws inadvertently repealed; eliminating certain duplicitous and conflicting provisions superseded by or conflicting with other provisions of law; amending Minnesota Statutes 1974, Chapter 359, by adding a section; Sections 9.031, Subdivision 3; 15.50, Subdivision 2; 16.02, Subdivision 14; 16.13; 16.872, Subdivision 2; 16A.125, Subdivision 6; 30.464, Subdivision 1; 30.467; 30.469; 38.02, Subdivision 2; 43.07, Subdivision 1; 72A.25, Subdivision 3; 86.41; 110.53; 116F.08; 121.85; 121.86; 121.88; 123.32, Subdivision 7; 144.01; 144.63, Subdivision 2; 144.952, Subdivision 1; 151.02; 155.04; 156.11; 176.471, Subdivision 3; 205.10, as amended; 216.25; 239.46; 246.02, Subdivision 4; 248.07, Subdivision 4; 253A.02, Subdivision 18; 256.863; 256.935, Subdivision 1; 256D.21; 268.10, Subdivision 8; 270.10, Subdivision 1;

271.10, Subdivision 2; 275.127; 291.33, Subdivision 1; 298.281, Subdivision 5; 306.38, Subdivision 2; 309.52, Subdivision 1a; 319A.11, Subdivision 2; 341.05, Subdivision 2; 341.06; 341.07; 341.08; 341.09, Subdivisions 2 and 3; 341.12; 341.13; 341.15; 345.38, Subdivision 1; 355.80; 363.10; 366.10; 368.01, Subdivision 25; 375A.09, Subdivision 4; 414.07, Subdivision 2; 414.08; 430.031, Subdivision 4; 462A.04, Subdivision 1; 472.03, Subdivision 2; 481.15, Subdivision 2; 487.03, Subdivision 2; 490.12, Subdivision 5; 490.16, Subdivision 6; 532.38; 546.09; 546.10; 562.04; 617.41; Minnesota Statutes, 1975 Supplement, Sections 15.162, Subdivision 1; 15.163, Subdivision 2; 15.166, Subdivisions 1 and 2; 15.167; 43.12, Subdivision 23; 43.43, Subdivision 2; 82.18; 116A.01, Subdivision 1a; 116A.20, Subdivision 1; 116A.24, Subdivision 1; 121.87, Subdivision 1; 123.36, Subdivision 10; 124.03, Subdivision 1; 124.212, Subdivision 8a; 127.25, Subdivision 3; 136A.233, Subdivision 1; 144.53; 147.01; 148.03; 148.181, Subdivision 1; 148.52; 148.67; 150A.02, Subdivision 1; 153.02; 154.22; 156.01, Subdivision 1; 210A.09; 273.138, Subdivision 3; 298.281, Subdivision 1; 325.942, Subdivision 1; 326.04; 326.17; 326.241, Subdivision 1; 326.541; 341.01; 341.04; 341.05, Subdivision 1; 341.10; 341.11; 354A.12; 386.63, Subdivision 1; 473.204, Subdivision 2; 473.823, Subdivision 4; 488A.01, Subdivision 5; 500.24, Subdivision 2; 501.81, Subdivision 3; Laws 1975, Chapter 271, Section 3; reenacting Laws 1969, Chapters 1123, as amended; 1126, Section 2, as amended; and 1137, as amended; repealing Minnesota Statutes 1974, Sections 15A.081, Subdivision 1a; 123.31, as amended; 239.45; and 366.182; Laws 1975, Chapters 46, Section 11; 162, Section 28; and 342, Section 1; Laws 1976, Chapter 2, Section 152.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Parish from the Committee on Judiciary to which was referred:

H. F. No. 2442, A bill for an act relating to Minnesota Statutes; restoring certain erroneously omitted language; amending Laws 1975, Chapter 347, Section 3.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Parish from the Committee on Judiciary to which was referred:

S. F. No. 10, A bill for an act relating to certain commercial transactions; amending provisions of the uniform commercial

code governing secured transactions and related provisions; amending Minnesota Statutes 1974, Chapter 336, by adding sections; and Sections 336.1-105; 336.1-201; 336.2-107; 336.5-116; 336.9-102; 336.9-103; 336.9-104; 336.9-105; 336.9-106; 336.9-203; 336.9-204; 336.9-205; 336.9-301; 336.9-302; 336.9-304; 336.9-305; 336.9-306; 336.9-307; 336.9-308; 336.9-312; 336.9-313; 336.9-318; 336.9-401; 336.9-402; 336.9-403; 336.9-404; 336.9-405; 336.9-406; 336.9-407; 336.9-501; 336.9-502; 336.9-504; and 336.9-505; repealing Minnesota Statutes 1974, Section 336.9-408.

Reported the same back with the following amendments:

Page 55, line 21, after the period insert *"No description of the real estate or the name of the record owner thereof is required for a fixture filing where the debtor is a transmitting utility. Notwithstanding the foregoing a general description of the real estate is sufficient for a fixture filing where a railroad is the record owner of the real estate on which the fixtures are or are to be located; and for the purposes of this subsection, the requirement of a general description is satisfied if the fixture filing (1) identifies the section, township and range numbers of the county in which the land is located; (2) identifies the quarter-quarter of the section that the land is located in; (3) indicates the name of the record owner of the real estate; and (4) states the street address of the real estate if one exists."*

Page 60, line 14 after "or" insert *", for filing offices other than the secretary of state,"*.

Page 62, line 21, delete "an" and insert *", if the original financing statement was subject to subsection (5) of section 336.9-402, the fee prescribed by section 357.18, subdivision 1, clause (1)."*

Page 62, line 22, before "additional" insert "An".

Page 62, line 22, after "\$1" insert *"shall be charged"*.

Page 63, line 7, delete *"if the statement is in"*.

Page 63, delete lines 8 to 11 and insert *", the same as the fee prescribed in section 336.9-403, clause (5)."*

Page 64, line 7, after "case" insert *", if the original financing statement was subject to subsection (5) of section 336.9-402, the fee prescribed by section 357.18, subdivision (1), clause (1)."*

Page 64, line 7, delete "an" and insert "An".

Page 64, line 7, after "\$1" insert *"shall be charged"*.

Page 65, line 7 after "case" insert "*, if the original financing statement was subject to subsection (5) of section 336.9-402, the fee prescribed by section 357.18, subdivision 1, clause (1).*".

Page 65, line 7, delete "an" and insert "An".

Page 65, line 8, after "\$1" insert "shall be charged".

Page 73, line 12, delete "1976" and insert "1977".

Page 73, line 21, delete "1976" and insert "1977".

Page 73, line 25, delete "1975" and insert "1976".

Page 73, line 30, delete "1976" and insert "1977".

Page 74, line 7, delete "1976" and insert "1977".

Page 74, line 8, delete "1976" and insert "1977".

Page 74, line 14, delete "1976" and insert "1977".

Page 74, line 15, delete "1976" and insert "1977".

Page 74, line 19, delete "1975" and insert "1976".

Page 74, line 26, delete "1976" and insert "1977".

Page 75, line 7, delete "1976" and insert "1977".

Page 75, line 23, delete "1979" and insert "1980".

Page 76, line 26, delete "1976" and insert "1977".

With the recommendation that when so amended the bill do pass.

The report was adopted.

Parish from the Committee on Judiciary to which was referred:

S. F. No. 1820, A bill for an act relating to Marshall county; authorizing the county law library to be supported by certain judicially imposed fee charges.

Reported the same back with the recommendation that the bill do pass.

The report was adopted.

Kelly, W., from the Committee on Taxes to which was referred:

H. F. No. 1910, A bill for an act relating to health care; providing for establishment and administration of certain plans of health insurance to make minimum health care benefits available to all persons in the state; creating a comprehensive health care association; requiring review of hospital and insurance premium rates; providing protection against catastrophic health care expenses; appropriating money; amending Minnesota Statutes 1974, Sections 60A.15, Subdivision 1; 62A.02, Subdivisions 1 and 3; 62C.15, Subdivision 2; 70A.02, Subdivision 2; and 144.653, Subdivision 1.

Reported the same back with the following amendments:

Page 5, line 2, delete "offer" and insert "make available".

Page 5, line 6, after the period insert "*In the case of an employer exempt from income tax who fails to make available at least a basic coverage plan of health benefits to his employees, he shall lose his exemption from income tax.*".

Page 11, line 28, after "all" insert "insurers,".

Page 22, line 28, delete "every service plan".

Page 22, delete line 29.

Page 22, line 30, delete "62C.02, Subdivision 6, and to".

Page 22, line 31, after "article" insert "but shall not apply to any plan covering fewer than 25 employees".

Page 22, line 32, after "of" insert "accident and health".

With the recommendation that when so amended the bill do pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Kelly, W., from the Committee on Taxes to which was referred:

H. F. No. 1979, A bill for an act relating to taxation; defining "claimant" for purposes of certain homestead credits; amending Minnesota Statutes, 1975 Supplement, Section 290A.03, Subdivision 8.

Reported the same back with the following amendments:

Strike everything after the enacting clause and insert:

"Section 1. Minnesota Statutes, 1975 Supplement, Section 290A.03, Subdivision 8, is amended to read:

Subd. 8. [CLAIMANT.] "Claimant" means a person who filed a claim authorized by sections 290A.01 to 290A.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, *except that a claimant who is disabled or who has attained the age of 65 on the date specified in section 290A.04, subdivision 1, may file a claim based on residence in a unit on which ad valorem taxes were not payable.* 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 290A.04 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.

Sec. 2. Minnesota Statutes, 1975 Supplement, Section 290A.04, Subdivision 2, is amended to read:

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.

In the case of a claimant who was disabled on June 1 or who attained the age of 65 on the date specified in subdivision 1, the credit shall not be less than the credit which the claimant's household income and property tax or rent constituting property tax would have entitled him to receive under Minnesota Statutes, Sections 290.0601 to 290.0618.

The credit shall be the amount calculated pursuant to this subdivision, *but not exceeding \$675*, less the homestead credit given pursuant to section 273.13, subdivisions 6 and 7.

Sec. 3. Minnesota Statutes, 1975 Supplement, Section 290A.-04, Subdivision 3, is amended to read:

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 and other provisions specified in subdivision 2, except that the commissioner may graduate the transition between income brackets.

For homestead property owners who are disabled or are 65 or older, as provided in subdivision 1, the commissioner shall base his determination of the credit on the gross qualifying tax reduced by the average statewide effective homestead credit percentage for taxes payable in 1975 calculated under Minnesota Statutes, Section 273.13, Subdivisions 6 and 7.

Sec. 4. *In 1976, the commissioner shall recompute the credit for any person who has filed a claim and is affected by this act. He shall pay to these people the amount of the credit in excess of any credit which has been paid, without requiring an amended return to be filed. Notwithstanding the provisions of section 290A.07, payments pursuant to this section may be made more than 60 days after the date the claim was filed without interest.*

Sec. 5. *This act is effective for taxable years beginning after December 31, 1974.*

Further, amend the title as follows:

Line 4, delete "Section" and insert "Sections".

Line 5, after "8" insert "; and 290A.04, Subdivisions 2 and 3".

With the recommendation that when so amended the bill do pass.

The report was adopted.

Kelly, W., from the Committee on Taxes to which was referred:

H. F. No. 1984, A bill for an act relating to agriculture; establishing a family farm security program to encourage loans for farm real estate; appropriating money; amending Minnesota Statutes 1974, Sections 48.24, Subdivision 5; and 290.08, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, line 13, delete "12" and insert "15".

Page 1, line 17, after "a" and before "person" insert "natural".

Page 1, line 19, after "Subd. 3." delete " "Board" " and insert " "Council" ".

Page 1, line 19, after "advisory" delete "board" and insert "council".

Page 1, line 22, delete "for".

Page 1, delete lines 23 and 24.

Page 2, delete lines 1 to 21 and insert "secured by a first real estate mortgage. It shall be used for acquisition of farm land and shall be approved by the commissioner. This loan shall be guar-

anteed and may qualify for a payment adjustment as defined in subdivision 7 and a loan as defined in subdivision 8.

Subd. 6. "Family farm loan guarantee" means an agreement that in the event of default the state of Minnesota shall pay the lender all sums due and payable under the first real estate mortgage.

Subd. 7. "Payment adjustment" means an amount of money equal to four percent interest on the principal balance of the family farm security loan."

Page 2, line 22, delete "Participation".

Page 2, line 26, delete "A participation loan may be secured by two".

Page 2, delete line 27 and insert "This loan shall be secured by a first real estate mortgage evidenced by one or more notes that may carry different interest rates."

Page 2, after line 27, insert subdivisions to read:

"Subd. 9. "Farm land" means land in Minnesota that is capable of supporting the commercial production of agricultural crops, livestock or livestock products, poultry products, milk or dairy products, or fruit or other horticultural products.

Subd. 10. "Lender" means any bank, savings bank, mutual savings bank, building and loan association, savings and loan association, organized under the laws of this state or the United States, trust companies, trust companies acting as fiduciaries, and other financial institutions subject to the supervision of the commissioner of banks; and any foreign or domestic corporation engaged in the business of insurance which is subject to the supervision of the commissioner of insurance as defined in Minnesota Statutes, Section 60A.02, Subdivisions 1 and 3; and any financial institution operating under the supervision of the farm credit administration. In case of loans as authorized in section 8, lender also means the seller of the property."

Page 3, line 1, delete "12" and insert "7; section 8, subdivisions 1 and 2; section 10, subdivisions 1 and 4; and section 15".

Page 3, line 3, delete "and regulations".

Page 3, line 4, delete "12" and insert "7; section 8, subdivisions 1 and 2; section 10, subdivisions 1 and 4; and section 15".

Page 3, line 10, delete "BOARD" and insert "COUNCIL".

Page 3, line 12, delete "board" and insert "council".

Page 3, line 22, delete "board" and insert "council".

Page 3, line 24, delete "board" and insert "council".

Page 3, line 26, delete "board" and insert "council".

Page 3, line 28, delete "board" and insert "council".

Page 4, delete line 11.

Page 4, line 20, delete "has" and insert "and spouse have".

Page 4, line 21, delete "has" and insert "have".

Page 4, line 23, after "purposes" add ";

(e) *that the applicant is credit worthy according to standards prescribed by the commissioner*".

Page 4, line 26, delete "one or more of the".

Page 4, delete line 27.

Page 4, line 28, delete "payment adjustment; and (3) participation" and insert "a family farm security".

Page 4, line 31, after the period insert "The commissioner shall prescribe a screening process to determine eligibility and he may arrange for local lenders to perform this function for the state."

Page 5, line 19, after "a" insert "guaranteed".

Page 5, delete lines 29 and 30 and insert "assigning to the state all of the lender's security and interest in the loan in exchange for payment according to the terms of the family farm security loan guarantee. If the".

Page 5, line 31, delete "is satisfied that the default has occurred" and insert "determines that the terms of the family farm security loan guarantee have been met".

Page 6, line 1, delete "commissioner" and insert "state of Minnesota".

Page 6, line 2, after "mortgage" insert "and taxes shall be levied and paid on the land as though the owner were a natural person and not a political subdivision of the state".

Page 6, line 2, after the period insert "The commissioner may, on behalf of the state, commence foreclosure proceedings in the

manner provided by law. In the event that title to the property is acquired by the state,".

Page 6, delete lines 14 to 16.

Page 6, line 28, delete "*shall*" and insert "*may*".

Page 6, line 29, delete "*four percent of the outstanding*" and insert "*an amount of money equal to four percent interest on the outstanding principal*".

Page 6, line 31, after the comma insert "*the payment adjustment shall terminate and*".

Page 6, delete line 32 and insert "*pay the entire annual installment of principal and interest as provided by the terms of the note. The*".

Page 7, line 7, after the period insert "*The obligation to repay the payment adjustment shall be a lien against the property*".

Page 7, line 8, after "*applicant*" insert "*and spouse*".

Page 7, line 9, delete "*his*" and insert "*their*".

Page 7, line 10, after "*worth*" and before the period insert "*according to criteria established by the commissioner*".

Page 7, line 10, delete "*his*" and insert "*the*".

Page 7, line 10, after "*worth*" and before "*in*" insert "*of the applicant and spouse*".

Page 7, line 13, delete "*PARTICIPATION*".

Page 7, line 15, delete "*participation*".

Page 7, line 18, delete "*participation*".

Page 7, line 20, delete "*participation*".

Page 7, line 20, delete "*negotiable note or*".

Page 7, delete lines 21 and 22.

Page 7, line 23, delete "*discount*" and insert "*purchase money first real estate mortgage evidenced by negotiable promissory note or notes*".

Page 7, line 24, delete "*when a participation loan note*" and insert "*after a family farm security loan*".

Page 7, line 27, delete "*participation*" and insert "*family farm security*".

Page 8, line 1, delete "*participation*" and insert "*family farm security*".

Page 8, line 2, after "*agriculture*" insert "*under the provisions of sections 1 to 15*".

Page 8, line 13, after the period insert "*Any applicant who fails to maintain the land covered by a family farm security loan in active agricultural production for a period of time longer than one year shall be in default. Such a default may be waived by the commissioner in the event of a physical disability or other extenuating circumstances.*"

Page 8, line 14, delete "*Capital gain*".

Page 8, delete lines 15 to 17 and insert "*Minnesota Statutes, Chapter 290, shall apply to determine the amount of the gain realized on the sale of property for which a family farm security loan has been issued. In lieu of the tax imposed by chapter 290, the following rate of tax shall be imposed on any gain realized on the sale of the property:*".

Page 8, after line 25 insert "*This tax shall no longer be applicable and the tax imposed by chapter 290 shall apply when the property for which a family farm security loan was issued has been held by the applicant for more than ten years after the issuance of the loan. Chapter 290 shall apply when the applicant has realized a loss on the sale of the property.*".

Page 8, line 27, after "*commissioner*" insert "*of revenue*".

Page 9, after line 10 insert:

"Sec. 11. [DISCRIMINATION PROHIBITED.] *In carrying out their respective duties under this act, the council and the commissioner shall not discriminate between applicants because of race, color, creed, religion, national origin, sex, marital status, disability, political or ideological persuasion.*"

Page 9, after line 22 insert the following:

"Sec. 13. Minnesota Statutes, 1975 Supplement, Section 290.01, Subdivision 20, is amended to read:

Subd. 20. Gross income. Except as otherwise provided in this chapter, the term "gross income" as applied to corporations, includes every kind of compensation for labor or personal services of every kind from any private or public employment, office, po-

sition or services; income derived from the owner ship or use of property; gains or profits derived from every kind of disposition of, or every kind of dealing in, property; income derived from the transaction of any trade or business; and income derived from any source.

For each of the taxable years beginning after December 31, 1960 and prior to January 1, 1971, the term "gross income" in its application to individuals, estates, and trusts, shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through December 31, 1970 for the applicable taxable year, with the modifications specified in this section.

For each of the taxable years beginning after December 31, 1970, the term "gross income" in its application to individuals, estates, and trusts shall mean the adjusted gross income as computed for federal income tax purposes as defined in the Internal Revenue Code of 1954, as amended through the date specified herein for the applicable taxable year, with the modifications specified in this section.

(i) The Internal Revenue Code of 1954, as amended through December 31, 1970, shall be in effect for taxable years beginning after December 31, 1970 and prior to January 1, 1973.

(ii) The Internal Revenue Code of 1954, as amended through December 31, 1970, shall be in effect for taxable years beginning after December 31, 1972.

(iii) The Internal Revenue Code of 1954, as amended through December 31, 1973, shall be in effect for taxable years beginning after December 31, 1973.

(iv) The Internal Revenue Code of 1954, as amended through December 31, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

References to the Internal Revenue Code of 1954 in clauses (a), (b) and (c) following shall mean the code in effect for the purpose of defining gross income for the applicable taxable year.

(a) Modifications increasing federal adjusted gross income. There shall be added to federal adjusted gross income:

(1) Interest income on obligations of any state other than Minnesota or a political subdivision of any such other state exempt from federal income taxes under the Internal Revenue Code of 1954;

(2) Interest income on obligations of any authority, commission, or instrumentality of the United States, which the laws of

the United States exempt from federal income tax, but not from state income taxes;

(3) Income taxes imposed by this state or any other taxing jurisdiction, to the extent deductible in determining federal adjusted gross income and not credited against federal income tax;

(4) Interest on indebtedness incurred or continued to purchase or carry securities the income from which is exempt from tax under chapter 290, to the extent deductible in determining federal adjusted gross income;

(5) Amounts received as reimbursement for an expense of sickness or injury which was deducted in a prior taxable year to the extent that the deduction for such reimbursed expenditure resulted in a tax benefit;

(6) Losses which do not arise from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks resulting from such losses, and including any such nonassignable losses which occur prior to the time the individual becomes a resident of the state of Minnesota;

(7) The amount of any federal income tax overpayment for any previous taxable year, received as refund or credited to another taxable year's income tax liability, proportionate to the percentage of federal income tax that was claimed as a deduction in determining Minnesota income tax for such previous taxable year.

The overpayment refund or credit, determined with respect to a husband and wife on a joint federal income tax return for a previous taxable year, shall be reported on joint or separate Minnesota income tax returns. In the case of separate Minnesota returns, the overpayment shall be reported by each spouse proportionately according to the relative amounts of federal income tax claimed as a deduction on his or her separate Minnesota income tax return for such previous taxable year;

(8) In the case of a change of residence from Minnesota to another state or nation, the amount of moving expenses which exceed total reimbursements and which were therefore deducted in arriving at federal adjusted gross income;

(9) In the case of property disposed of on or after January 1, 1973, the amount of any increase in the taxpayer's federal tax liability under section 47 of the Internal Revenue Code of 1954, as amended through December 31, 1974, to the extent of the credit under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1974, that was previously al-

lowed as a deduction either under section 290.01, subdivision 20 (b) (9) or under section 290.09, subdivision 24; and

(10) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(11) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101.

(b) Modifications reducing federal adjusted gross income. There shall be subtracted from federal adjusted gross income:

(1) Interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) The portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to fifty per centum of such portion of the gain. This modification shall not be applicable if the difference in basis is due to disallowance of depreciation pursuant to section 290.101.

(3) Interest or dividend income on securities to the extent exempt from income tax under the laws of this state authorizing the issuance of such securities but includible in gross income for federal income tax purposes;

(4) Income which does not arise from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20;

(5) Losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks resulting from such losses;

(6) If included in federal adjusted gross income, the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether such amount is received as a refund or credited to another taxable year's income tax liability;

(7) The amount of any pension or benefit which is excluded from gross income under the provisions of section 290.08, subdivision 6; and

(8) The amount of compensation for personal services in the armed forces of the United States or the United Nations which is excluded from gross income under the provisions of section 290.65; and

(9) In the case of property acquired on or after January 1, 1973, the amount of any credit to the taxpayer's federal tax liability under section 38 of the Internal Revenue Code of 1954, as amended through December 31, 1974, but only to the extent that the credit is connected with or allocable against the production or receipt of income included in the measure of the tax imposed by this chapter.

(10) *The interest and payment adjustment received by the seller of the property on a family farm security loan that is guaranteed by the commissioner of agriculture as provided by this act.*

(c) Modifications affecting shareholders of electing small business corporations under section 1372 of the Internal Revenue Code of 1954, or section 290.972 of this chapter.

(1) Shareholders in a small business corporation, which has elected to be so taxed under the Internal Revenue Code of 1954, but has not made an election under section 290.972 of this chapter, shall deduct from federal adjusted gross income the amount of any imputed income from such corporation and shall add to federal adjusted gross income the amount of any loss claimed as a result of such stock ownership. Also there shall be added to federal adjusted gross income the amount of any distributions in cash or property made by said corporation to its shareholders during the taxable year.

(2) In cases where the small business corporation has made an election under section 1372 of the Internal Revenue Code of 1954, but has not elected under section 290.972 of this chapter and said corporation is liquidated or the individual shareholder disposes of his stock and there is no capital loss reflected in federal adjusted gross income because of the fact that corporate losses have exhausted the shareholders basis for federal purposes, such shareholders shall be entitled, nevertheless, to a capital loss commensurate to their Minnesota basis for the stock.

(3) In cases where the election under section 1372 of the Internal Revenue Code of 1954 antedates the election under section 290.972 of this chapter and at the close of the taxable year immediately preceding the effective election under section 290.972 the corporation has a reserve of undistributed taxable income previously taxed to shareholders under the provisions of the Internal Revenue Code of 1954, in the event and to the extent that such reserve is distributed to shareholders such distribution shall be taxed as a dividend for purposes of this act.

Items of gross income includible within these definitions shall be deemed such regardless of the form in which received. Items of gross income shall be included in gross income of the taxable year in which received by a taxpayer unless properly to be accounted for as of a different taxable year under methods of accounting permitted by section 290.07, except that (1) amounts transferred from a reserve or other account, if in effect transfers to surplus, shall, to the extent that such amounts were accumulated through deductions from gross income or entered into the computation of taxable net income during any taxable year, be treated as gross income for the year in which the transfer occurs, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act, and (2) amounts received as refunds on account of taxes deducted from gross income during any taxable year shall be treated as gross income for the year in which actually received, but only to the extent that such amounts resulted in a reduction of the tax imposed by this act.

(d) Modification in computing taxable income of the estate of a decedent. Amounts allowable under section 291.07, subdivision 1(2) in computing Minnesota inheritance tax liability shall not be allowed as a deduction in computing the taxable income of the estate unless there is filed within the time and in the manner and form prescribed by the commissioner a statement that the amounts have not been allowed as a deduction under section 291.07 and a waiver of the right to have such amounts allowed at any time as deductions under section 291.07. The provisions of this paragraph shall not apply with respect to deductions allowed under section 290.077 (relating to income in respect of decedents). In the event that the election made for federal tax purposes under section 642(g) of the Internal Revenue Code of 1954 differs from the election made under this paragraph appropriate modification of the estate's federal taxable income shall be made to implement the election made under this paragraph in accordance with regulations prescribed by the commissioner.

Sec. 14. Minnesota Statutes, 1975 Supplement, Section 290.09, Subdivision 4, is amended to read:

Subd. 4. Taxes. Taxes paid or accrued within the taxable year; except (a) income or franchise taxes imposed by this chapter; (b) taxes assessed against local benefits of a kind deemed in law to increase the value of the property assessed; (c) inheritance, gift and estate taxes except as provided in section 290.077, subdivision 4; (d) cigarette and tobacco products excise tax imposed on the consumer; (e) that part of Minnesota property taxes for which a credit or refund is claimed and allowed under section 290.0603 or 290.066; (f) federal income taxes, by corporations, national and state banks except as provided in section 290.18; (g) *the tax imposed by section 10, subdivision 2, of this act when the property has been held for less than ten years after the issuance of the loan; and ((G))* (h) tax paid by any corpora-

tion or national or state bank to any foreign country or possession of the United States to the extent that a credit against federal income taxes is allowed under the provisions of the Internal Revenue Code of 1954, as amended through December 31, 1974. If the taxpayer's foreign tax credit consists of both foreign taxes deemed paid and foreign taxes actually paid or withheld, it will be conclusively presumed that foreign taxes deemed paid were first used by the taxpayer in its foreign tax credit. Minnesota gross income shall include the amount of foreign tax paid which had been allowed as a deduction in a previous year, provided such foreign tax is later allowed as a credit against federal income tax. Income taxes permitted to be deducted hereunder shall, regardless of the methods of accounting employed, be deductible only in the taxable year in which paid. Taxes imposed upon a shareholder's interest in a corporation which are paid by the corporation without reimbursement from the shareholder shall be deductible only by such corporation.

Renumber sections accordingly.

Further, amend the title as follows:

Line 7, after "subdivision" insert "; Minnesota Statutes, 1975 Supplement, Section 290.01, Subdivision 20; and 290.09, Subdivision 4".

With the recommendation that when so amended the bill do pass and be re-referred to the Committee on Appropriations.

The report was adopted.

Fudro from the Committee on Transportation to which was referred:

H. F. No. 2288, A bill for an act relating to highway traffic regulations; increasing length of mobile home combinations which can be transported on public highways; amending Minnesota Statutes 1974, Section 169.81, Subdivision 3.

Reported the same back with the recommendation that the bill do pass.

The report was adopted.

Fudro from the Committee on Transportation to which was referred:

H. F. No. 2463, A bill for an act relating to highway traffic regulations; defining terms; authorizing flashing lights on certain vehicles; authorizing certain vehicles to be equipped with a flashing amber lamp and to display the lighted lamp under certain conditions; amending Minnesota Statutes 1974, Sections 169.01, by adding a subdivision; and 169.64, Subdivision 3, and by adding a subdivision.

Reported the same back with the recommendation that the bill do pass and be placed on the Consent Calendar.

The report was adopted.

Fudro from the Committee on Transportation to which was referred:

H. F. No. 2490, A bill for an act relating to highways; designating and establishing the route of the "Glacier Ridge Trail"; amending Minnesota Statutes 1974, Section 161.14, Subdivision 15.

Reported the same back with the following amendments:

Page 5, line 15, delete "8" and insert "12".

Page 5, line 16, delete "8" and insert "12".

Page 6, line 19, reinsert the stricken language and delete the new language.

Page 6, lines 20 and 21, delete all of the new language.

With the recommendation that when so amended the bill do pass and be placed on the Consent Calendar.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1581, 1883, 2048, 2389, 1372, 2148, 2492, 101, 1826, 2109, 2224, 2295, 2496, 595, 1913, 1918, 1919, 1960, 1961, 1962, 1963, 1964, 1966, 1967, 2007, 2009, 2010, 2053, 2090, 2107, 2154, 2155, 2159, 2297, 2321, 2338, 2518, 1926, 2093, 2342, 1228, 2166, 2239, 2441, 2442, 1979, 2288, 2463 and 2490 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1924, 1493, 10 and 1820 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Haugerud, Searle, Kaley and Norton introduced:

H. F. No. 2580, A bill for an act relating to the bicentennial; appropriating money to the Minnesota American Revolution Bicentennial Commission.

The bill was read for the first time and referred to the Committee on Appropriations.

Forsythe and Sieloff introduced:

H. F. No. 2581, A bill for an act relating to commerce; regulating securities trading; amending Minnesota Statutes, 1975 Supplement, Section 80A.14.

The bill was read for the first time and referred to the Committee on Commerce and Economic Development.

Eken introduced:

H. F. No. 2582, A bill for an act relating to natural resources; authorizing the inclusion of additional lands within the boundaries of Itasca State Park.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Luther; Adams, L.; Vanasek and Wenzel introduced:

H. F. No. 2583, A bill for an act relating to workmen's compensation; providing for third party liability; amending Minnesota Statutes 1974, Section 176.061, Subdivision 3; repealing Minnesota Statutes 1974, Section 176.061, Subdivision 10.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Doty, Munger, Jaros and Ulland introduced:

H. F. No. 2584, A bill for an act relating to the city of Duluth; firemen's survivor benefits; amending Laws 1975, Chapter 127, Section 2.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Jaros, Doty, Munger and Ulland introduced:

H. F. No. 2585, A bill for an act relating to the city of Duluth; police survivor benefits; amending Laws 1953, Chapter 91, Section 11, Subdivision 1, as amended.

The bill was read for the first time and referred to the Committee on Governmental Operations.

Pleasant, Hokanson, Knickerbocker, Kvam and Forsythe introduced:

H. F. No. 2586, A bill for an act relating to public welfare; administration; establishing a county welfare activity coordinating board; appropriating money.

The bill was read for the first time and referred to the Committee on Health and Welfare.

Heinitz, Kaley and Peterson introduced:

H. F. No. 2587, A resolution urging Congress to enact a federal block grant combining existing federal programs.

The bill was read for the first time and referred to the Committee on Health and Welfare.

Carlson, L.; Adams, L.; Swanson; Dahl and Wigley introduced:

H. F. No. 2588, A bill for an act relating to public welfare; requiring community mental health boards to include services for the physically handicapped; amending Minnesota Statutes 1974, Sections 245.61; and 245.68; and Minnesota Statutes, 1975 Supplement, Section 245.66.

The bill was read for the first time and referred to the Committee on Health and Welfare.

Adams, L.; Knoll; Lindstrom; Suss and McCollar introduced:

H. F. No. 2589, A bill for an act relating to real estate; providing for limitation of action for damages based on errors in the survey of land; amending Minnesota Statutes 1974, Section 541.051, Subdivision 1.

The bill was read for the first time and referred to the Committee on Judiciary.

Luther; Lindstrom; Carlson, L.; Faricy and Sieben, M., introduced:

H. F. No. 2590, A bill for an act relating to replevin; providing new procedures for obtaining writ of replevin prior to final judgment; amending Minnesota Statutes 1974, Sections 532.15; 532.51; 565.01; 565.02; 565.08; and Chapter 565, by adding sections; repealing Minnesota Statutes 1974, Sections 532.16 to 532.20 and 565.03 to 565.07.

The bill was read for the first time and referred to the Committee on Judiciary.

Dieterich introduced:

H. F. No. 2591, A bill for an act relating to courts; lapse of causes of action arising outside the state; amending Minnesota Statutes 1974, Section 541.14.

The bill was read for the first time and referred to the Committee on Judiciary.

Zubay, Kaley and Friedrich introduced:

H. F. No. 2592, A bill for an act relating to the city of Rochester; increasing the membership of the housing and redevelopment authority; providing terms.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Stanton introduced:

H. F. No. 2593, A bill for an act proposing an amendment to the Minnesota Constitution, Article XIV, Section 11; removing limits on interest and amount of highway bonds; repealing Laws 1975, Chapter 203, Sections 25 and 26.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

Stanton introduced:

H. F. No. 2594, A bill for an act eliminating a proposed amendment to Article XIV of the state constitution; repealing Laws 1975, Chapter 203, Sections 25 and 26.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

Heinitz and Pleasant introduced:

H. F. No. 2595, A bill for an act relating to meetings of official bodies; extending the open meeting law to the legislature; amending Minnesota Statutes 1974, Section 471.705, Subdivision 1.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

Luther; Skoglund; Johnson, D.; Jacobs and Dieterich introduced:

H. F. No. 2596, A bill for an act relating to taxation; providing a minimum income tax.

The bill was read for the first time and referred to the Committee on Taxes.

Luther, Jacobs, Dieterich, Adams, L., and Sieben, M., introduced:

H. F. No. 2597, A bill for an act relating to taxation; eliminating the use of artificial accounting losses to offset unrelated income; amending Minnesota Statutes 1974, Section 290.01, Subdivision 20.

The bill was read for the first time and referred to the Committee on Taxes.

Dieterich, Faricy, Enebo, Kahn and Knickerbocker introduced:

H. F. No. 2598, A bill for an act relating to taxation; providing for a credit against income tax for the cost of care for certain dependents; appropriating money; amending Minnesota Statutes 1974, Chapter 290, by adding a section; repealing Minnesota Statutes 1974, Section 290.09, Subdivision 26.

The bill was read for the first time and referred to the Committee on Taxes.

Pehler, Dahl and McEachern introduced:

H. F. No. 2599, A bill for an act relating to motor vehicles; requiring annual inspections; prescribing the powers and duties of state and local officers and employees in connection therewith; authorizing the commissioner of public safety to suspend the registration of deficient vehicles; and providing an appropriation; amending Minnesota Statutes 1974, Chapter 169, by adding a section.

The bill was read for the first time and referred to the Committee on Transportation.

McEachern, Jacobs, Schreiber, Vanasek and Sarna introduced:

H. F. No. 2600, A bill for an act relating to highway traffic regulations; license requirements for operating motorcycles; requiring enrollment in two-wheeled vehicle safety course prior to issuance of instruction permit; amending Minnesota Statutes, 1975 Supplement, Section 169.974, Subdivision 2.

The bill was read for the first time and referred to the Committee on Transportation.

HOUSE ADVISORY BILLS

Pursuant to Rule 5.3, the following House Advisory Bill was introduced:

Sieloff introduced:

H. A. B. No. 65, Providing for solid waste disposal, and possibility of recycling.

The bill was referred to the Committee on Environment and Natural Resources.

PROGRESS REPORTS ON CONFERENCE COMMITTEES

Pursuant to Joint Rule 13, Searle reported on the progress of S. F. No. 1206, now in Conference Committee.

Pursuant to Joint Rule 13, Philbrook reported on the progress of H. F. No. 404, now in Conference Committee.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 2105, A bill for an act relating to county agricultural societies; authorizing the renewal of the period of corporate existence of certain agricultural societies whose period of duration has expired; validating acts done and contracts made subsequent to the expiration of the corporate existence.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the adoption by the Senate of the following House Concurrent Resolution, herewith returned:

House Concurrent Resolution No. 18

A House Concurrent Resolution designating the National Conference of State Legislatures as an instrumentality of the State of Minnesota.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1904, A bill for an act relating to cemeteries; prohibiting certain activities on public and private cemeteries and Indian burial grounds; requiring the posting of Indian burial grounds; amending Minnesota Statutes 1974, Section 307.08.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Carlson, R., moved that the House concur in the Senate amendments to H. F. No. 1904 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1904, A bill for an act relating to cemeteries; prohibiting certain activities on public and private cemeteries and Indian burial grounds; requiring the posting of Indian burial grounds; amending Minnesota Statutes 1974, Section 307.08.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question being taken on the repassage of the bill and the roll being called, there were yeas 120, and nays 4, as follows:

Those who voted in the affirmative were:

Abeln	Beauchamp	Braun	Clark	Eckstein
Adams, L.	Begich	Brinkman	Clawson	Enebo
Albrecht	Berg	Byrne	Corbid	Erickson
Anderson, G.	Berglin	Carlson, A.	Dahl	Evans
Anderson, I.	Biersdorf	Carlson, L.	Dean	Ewald
Arlandson	Birnstihl	Carlson, R.	Dieterich	Faricy

Fjoslien	Kahn	Mann	Philbrook	Smith
Forsythe	Kaley	McCollar	Pleasant	Smogard
Friedrich	Kalis	McEachern	Prahl	Stanton
Fudro	Kelly, R.	Menning	Reding	Suss
Fugina	Kelly, W.	Metzen	St. Onge	Swanson
George	Kempe, A.	Moe	Samuelson	Tomlinson
Graba	Kempe, R.	Munger	Sarna	Ulland
Hanson	Ketola	Neisen	Savelkoul	Vanasek
Haugerud	Knickerbocker	Nelsen	Schreiber	Vento
Heinitz	Knoll	Nelson	Schulz	Voss
Hokanson	Kostohryz	Niehaus	Schumacher	Wenstrom
Jacobs	Kroening	Norton	Setzepfandt	Wenzel
Jaros	Laidig	Novak	Sherwood	White
Jensen	Langseth	Osthoff	Sieben, H.	Wieser
Johnson, C.	Lemke	Patton	Sieben, M.	Wigley
Johnson, D.	Lindstrom	Pehler	Sieloff	Williamson
Jopp	Luther	Peterson	Simoneau	Zubay
Jude	Mangan	Petrafeso	Skoglund	Speaker Sabo

Those who voted in the negative were:

Adams, S. DeGroat Kvam Searle

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1999, A bill for an act relating to game and fish; providing temporary permits for handicapped hunters; amending Minnesota Statutes, 1975 Supplement, Section 98.48, Subdivision 12.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Hanson moved that the House concur in the Senate amendments to H. F. No. 1999 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1999, A bill for an act relating to game and fish; providing temporary permits for handicapped hunters; amending Minnesota Statutes, 1975 Supplement, Section 98.48, Subdivision 12.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question being taken on the repassage of the bill and the roll being called, there were yeas 126, and nays 0, as follows:

Those who voted in the affirmative were:

Abeln	Dieterich	Kahn	Munger	Sieben, M.
Adams, L.	Eckstein	Kaley	Neisen	Sieloff
Adams, S.	Enebo	Kalis	Nelsen	Simoneau
Albrecht	Erickson	Kelly, R.	Nelson	Skoglund
Anderson, G.	Esau	Kelly, W.	Niehaus	Smith
Anderson, I.	Evans	Kempe, A.	Norton	Smogard
Arlandson	Ewald	Kempe, R.	Novak	Stanton
Beauchamp	Faricy	Ketola	Osthoff	Suss
Begich	Fjoslien	Knickerbocker	Patton	Swanson
Berg	Forsythe	Knoll	Pehler	Tomlinson
Berglin	Friedrich	Kostohryz	Peterson	Ulland
Biersdorf	Fudro	Kroening	Petrafeso	Vanasek
Birnstihl	Fugina	Kvam	Philbrook	Vento
Braun	George	Laidig	Pleasant	Voss
Brinkman	Graba	Langseth	Prahl	Wenstrom
Byrne	Hanson	Lemke	Reding	Wenzel
Carlson, A.	Haugerud	Lindstrom	St. Onge	White
Carlson, L.	Heinitz	Luther	Samuelson	Wieser
Carlson, R.	Hokanson	Mangan	Sarna	Wigley
Casserly	Jacobs	Mann	Savelkoul	Williamson
Clark	Jaros	McCauley	Schreiber	Zubay
Clawson	Jensen	McCollar	Schulz	Speaker Sabo
Corbid	Johnson, C.	McEachern	Searle	
Dahl	Johnson, D.	Menning	Setzepfandt	
Dean	Jopp	Metzen	Sherwood	
DeGroat	Jude	Moe	Sieben, H.	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 2057 and 2076.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1967, 2070, 2161 and 2318.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 1876.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 1262, 1388, 1880, 1976, 1996, 1997 and 2077.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2057, A bill for an act relating to the city of Duluth; liquor license for the arena-auditorium complex; amending Laws 1967, Chapter 406, Section 1, Subdivision 1.

The bill was read for the first time.

Ulland moved that S. F. No. 2057 and H. F. No. 2207, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2076, A bill for an act relating to corrections; permitting the commissioner of corrections to pay inmates of medium-minimum security facilities certain wages and to charge such inmates for room, board, and other expenses incidental to their confinement; amending Minnesota Statutes 1974, Section 241.01, by adding a subdivision.

The bill was read for the first time.

Jaros moved that S. F. No. 2076 and H. F. No. 2220, now on the Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1967, A bill for an act relating to trusts; administration of express trusts by cities; amending Minnesota Statutes 1974, Section 501.11.

The bill was read for the first time and referred to the Committee on Judiciary.

S. F. No. 2070, A bill for an act relating to highways; adding a new route to the trunk highway system in substitution of an existing route.

The bill was read for the first time.

Kahn moved that S. F. No. 2070 and H. F. No. 2104, now on the Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2161, A bill for an act relating to intoxicating liquor; authorizing temporary short term on-sale licenses for certain charitable festivals.

The bill was read for the first time.

Pehler moved that S. F. No. 2161 and H. F. No. 2282, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2318, A bill for an act relating to highways; providing for the construction and maintenance of acoustical barriers along the perimeter of certain trunk highways; amending Minnesota Statutes, 1975 Supplement, Section 161.125.

The bill was read for the first time and referred to the Committee on Transportation.

S. F. No. 1876, A bill for an act relating to the operation of state government; correcting the nomenclature of or restructuring several boards and committees; limiting the use of advisory groups; standardizing the terms, compensation and removal of members of committees; abolishing or transferring the functions of several state agencies including the public relief advisory committee, the Minnesota-South Dakota boundary waters commission, the motor vehicle reciprocity commission, the Big Island veterans camp board of directors, the publications advisory board, the Indian education committee, the advisory committee for mentally retarded and cerebral palsied community residential facilities, and the state teletypewriter advisory committee; amending Minnesota Statutes 1974, Sections 3.30, by adding a subdivision; 16.71, Subdivision 1; 17.52; 17.53, Subdivision 5; 1754, Subdivision 2; 21A.02, Subdivision 5; 21A.03; 29.14, Subdivision 4; 30.463, Subdivision 2; 32B.03, Subdivision 4; 84.01, Subdivision 5; 114.12; 116E.02, Subdivision 1; 116E.03, Subdivision 7, and by adding a subdivision; 121.83; 136A.02, Subdivision 5; 141.24; 168.187, Subdivisions 7, 8, 9, 11, 12, 15, 18, 24 and 25; 178.02, Subdivision 2; 197.13; 197.15; 197.16; 252.28, Subdivision 2; 256.01, Subdivision 6; 326.41; 326.49; 481.01; Chapters 15, 60C, 114, and 252 by adding sections; and Minnesota Statutes, 1975 Supplement, Sections 15.01; 15.012; 15.059, Subdivisions 3 and 4; 84B.11, Subdivision 1; 86A.10, Subdivision 1; 115.71, Subdivision 4; 115.74; 125.183, Subdivision 1; 148.231, Subdivision 2; 149.02; 151.03; 155.05; 198.055, Subdivisions 1 and 2; 326.241, Subdivision 1; 326.33, Subdivision 1; Extra Session Laws 1971, Chapter 31, Article 13, as amended; Laws 1975, Chapter 271, Section 3; repealing Minnesota Statutes 1974, Sections 15.046, as amended; 17.60; 17.601; 21A.04; 32B.04, Subdivision 2; 72B.09; 114.01 to 114.08; 126.023; 168.187, Subdivision 6; 178.02, Subdivision 3; 197.14; 252.29; 362.16; Minnesota Statutes, 1975 Supplement, Sections 86A.10, Subdivisions 3, 4 and 5; 241.023; and 299C.47.

The bill was read for the first time and referred to the Committee on Governmental Operations.

S. F. No. 1262, A bill for an act relating to tax forfeited lands; authorizing the county auditor to grant easements or permits thereon for recreational trails; amending Minnesota Statutes 1974, Section 282.04, Subdivision 4.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

S. F. No. 1388, A bill for an act relating to public health; requiring school nurses to take throat cultures and test for infection; amending Minnesota Statutes 1974, Section 145.085, Subdivision 1.

The bill was read for the first time and referred to the Committee on Health and Welfare.

S. F. No. 1880, A bill for an act relating to health; providing that hospitals do not require additional licenses for certain day care facilities; amending Minnesota Statutes 1974, Section 245.79.

The bill was read for the first time and referred to the Committee on Health and Welfare.

S. F. No. 1976, A bill for an act relating to workmen's compensation; providing for third party liability; amending Minnesota Statutes 1974, Section 176.061, Subdivision 3; repealing Minnesota Statutes 1974, Section 176.061, Subdivision 10.

The bill was read for the first time and referred to the Committee on Governmental Operations.

S. F. No. 1996, A bill for an act relating to counties; authorizing county boards to furnish board and certain other services to prisoners in county jails; amending Minnesota Statutes, 1975 Supplement, Section 387.20, Subdivision 6.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

S. F. No. 1997, A bill for an act relating to taxation; credits on tax on fermented malt beverages; amending Minnesota Statutes 1974, Section 340.47, Subdivisions 2 and 2a.

The bill was read for the first time and referred to the Committee on Taxes.

S. F. No. 2077, A bill for an act relating to Blue Earth county; authorizing the county of Blue Earth to contract for the comple-

tion of the improvement of county ditch No. 27; setting limits for the expenditure of money for the improvement thereof; providing for the financing thereof; amending Laws 1975, Chapter 249, Section 1, Subdivision 1; and Section 2.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

CONSENT CALENDAR

H. F. No. 1988, A bill for an act relating to port authorities; authorizing port authorities to apply for and exercise the powers of a foreign trade zone; amending Minnesota Statutes 1974, Section 458.192, Subdivision 1, and by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

The question being taken on the passage of the bill and the roll being called, there were yeas 126, and nays 0, as follows:

Those who voted in the affirmative were:

Abeln	Enebo	Kalis	Neisen	Sieben, M.
Adams, L.	Erickson	Kelly, R.	Nelsen	Sieloff
Adams, S.	Esau	Kelly, W.	Nelson	Simoneau
Albrecht	Evans	Kempe, A.	Niehhaus	Skoglund
Anderson, G.	Ewald	Kempe, R.	Norton	Smith
Anderson, I.	Faricy	Ketola	Novak	Smogard
Arlandson	Fjoslien	Knickerbocker	Osthoff	Stanton
Beauchamp	Forsythe	Knoll	Patton	Suss
Begich	Friedrich	Kostohryz	Pehler	Swanson
Berg	Fudro	Kroening	Peterson	Tomlinson
Berglin	Fugina	Kvam	Petrafeso	Ulland
Birnsthil	George	Laidig	Philbrook	Vanasek
Braun	Graba	Langseth	Pleasant	Vento
Brinkman	Hanson	Lemke	Prahl	Voss
Byrne	Haugerud	Lindstrom	Reding	Wenstrom
Carlson, A.	Heinitz	Luther	St. Onge	Wenzel
Carlson, L.	Hokanson	Mangan	Samuelson	White
Carlson, R.	Jacobs	Mann	Sarna	Wieser
Clark	Jaros	McCarron	Savelkoul	Wigley
Clawson	Jensen	McCauley	Schreiber	Williamson
Corbid	Johnson, C.	McCollar	Schulz	Zubay
Dahl	Johnson, D.	McEachern	Schumacher	Speaker Sabo
Dean	Jopp	Menning	Searle	
DeGroat	Jude	Metzen	Setzepfandt	
Dieterich	Kahn	Moe	Sherwood	
Eckstein	Kaley	Munger	Sieben, H.	

The bill was passed and its title agreed to.

H. F. No. 2335, A bill for an act relating to insurance; revising financial requirements for certain insurance companies; amending Minnesota Statutes 1974, Section 60A.07, Subdivisions 5a, 5b, 5c and 5d.

The bill was read for the third time and placed upon its final passage.

The question being taken on the passage of the bill and the roll being called, there were yeas 125, and nays 0, as follows:

Those who voted in the affirmative were:

Abeln	Dieterich	Jude	Menning	Setzepfandt
Adams, L.	Eckstein	Kahn	Metzen	Sherwood
Adams, S.	Enebo	Kaley	Moe	Sieben, H.
Albrecht	Erickson	Kalis	Munger	Sieben, M.
Anderson, G.	Esau	Kelly, R.	Neisen	Sieloff
Anderson, I.	Evans	Kelly, W.	Nelsen	Simoneau
Arlandson	Ewald	Kempe, A.	Nelson	Skoglund
Beauchamp	Faricy	Kempe, R.	Niehaus	Smith
Begich	Fjoslien	Ketola	Norton	Smogard
Berg	Forsythe	Knickerbocker	Novak	Stanton
Berglin	Friedrich	Knoll	Patton	Suss
Biersdorf	Fudro	Kostohryz	Pehler	Swanson
Birnstihl	Fugina	Kroening	Peterson	Tomlinson
Braun	George	Kvam	Petrafeso	Ulland
Brinkman	Graba	Laidig	Philbrook	Vanasek
Byrne	Hanson	Langseth	Pleasant	Vento
Carlson, A.	Haugerud	Lemke	Prahl	Voss
Carlson, L.	Heinitz	Lindstrom	Reding	Wenstrom
Carlson, R.	Hokanson	Luther	St. Onge	Wenzel
Clark	Jacobs	Mangan	Samuelson	White
Clawson	Jaros	Mann	Sarna	Wieser
Corbid	Jensen	McCarron	Schreiber	Wigley
Dahl	Johnson, C.	McCauley	Schulz	Williamson
Dean	Johnson, D.	McCollar	Schumacher	Zubay
DeGroat	Jopp	McEachern	Searle	Speaker Sabo

The bill was passed and its title agreed to.

H. F. No. 435, A bill for an act relating to the city of Two Harbors; providing for reimbursement of city officers for wages lost during time spent on official business.

The bill was read for the third time and placed upon its final passage.

The question being taken on the passage of the bill and the roll being called, there were yeas 112, and nays 12, as follows:

Those who voted in the affirmative were:

Abeln	Birnstihl	DeGroat	Fugina	Jude
Adams, L.	Braun	Dieterich	George	Kahn
Albrecht	Brinkman	Eckstein	Graba	Kaley
Anderson, G.	Byrne	Enebo	Hanson	Kalis
Anderson, I.	Carlson, L.	Evans	Hokanson	Kelly, W.
Arlandson	Carlson, R.	Ewald	Jacobs	Kempe, A.
Beauchamp	Casserly	Faricy	Jaros	Kempe, R.
Begich	Clark	Fjoslien	Jensen	Ketola
Berg	Clawson	Forsythe	Johnson, C.	Knickerbocker
Berglin	Corbid	Friedrich	Johnson, D.	Knoll
Biersdorf	Dahl	Fudro	Jopp	Kroening

Kvam	Metzen	Philbrook	Sieben, M.	Voss
Langseth	Munger	Pleasant	Sieloff	Wenstrom
Lemke	Neisen	Prahl	Simoneau	Wenzel
Lindstrom	Nelsen	Reding	Skoglund	White
Luther	Nelson	St. Onge	Smogard	Wieser
Mangan	Norton	Samuelson	Stanton	Wigley
Mann	Novak	Sarna	Suss	Williamson
McCarron	Osthoff	Schulz	Swanson	Zubay
McCauley	Patton	Schumacher	Tomlinson	Speaker Sabo
McCollar	Pehler	Setzepfandt	Ulland	
McEachern	Peterson	Sherwood	Vanasek	
Menning	Petrateso	Sieben, H.	Vento	

Those who voted in the negative were:

Carlson, A.	Esau	Laidig	Savelkoul	Smith
Dean	Haugerud	Moe	Searle	
Erickson	Heinitz	Niehaus		

The bill was passed and its title agreed to.

H. F. No. 2285 was reported to the House.

Carlson, A., moved that H. F. No. 2285 be returned to its author. The motion prevailed.

H. F. No. 2381 was reported to the House.

Carlson, A., moved that H. F. No. 2381 be returned to its author. The motion prevailed.

S. F. No. 1852, A bill for an act relating to the city of Fulda; validating election proceedings and authorizing the issuance of bonds of the city approved by the electors.

The bill was read for the third time and placed upon its final passage.

The question being taken on the passage of the bill and the roll being called, there were yeas 125, and nays 0, as follows:

Those who voted in the affirmative were:

Abeln	Byrne	Esau	Jaros	Kostohryz
Adams, L.	Carlson, A.	Evans	Jensen	Kroening
Adams, S.	Carlson, L.	Ewald	Johnson, C.	Kvam
Albrecht	Carlson, R.	Faricy	Johnson, D.	Laidig
Anderson, G.	Casserly	Fjoslien	Jopp	Langseth
Anderson, I.	Clark	Forsythe	Jude	Lemke
Arlandson	Clawson	Friedrich	Kahn	Lindstrom
Beauchamp	Corbid	Fugina	Kaley	Luther
Begich	Dahl	George	Kalis	Mangan
Berg	Dean	Graba	Kelly, R.	Mann
Berglin	DeGroat	Hanson	Kempe, A.	McCarron
Biersdorf	Dieterich	Haugerud	Kempe, R.	McCauley
Birnstihl	Eckstein	Heinitz	Ketola	McCollar
Braun	Enebo	Hokanson	Knickerbocker	McEachern
Brinkman	Erickson	Jacobs	Knoll	Menning

Metzen	Patton	Savelkoul	Simoneau	Vento
Moe	Pehler	Schreiber	Skoglund	Voss
Munger	Peterson	Schulz	Smith	Wenstrom
Neisen	Petrafeso	Schumacher	Smogard	Wenzel
Nelsen	Philbrook	Searle	Stanton	White
Nelson	Pleasant	Setzepfandt	Suss	Wieser
Niehaus	Prahl	Sherwood	Swanson	Wigley
Norton	Reding	Sieben, H.	Tomlinson	Williamson
Novak	St. Onge	Sieben, M.	Ulland	Zubay
Osthoff	Samuelson	Sieloff	Vanasek	Speaker Sabo

The bill was passed and its title agreed to.

H. F. No. 2225, bill for an act relating to veterans affairs; applications for adjusted compensation; establishing an application time limit; extending the appropriation expiration date; amending Minnesota Statutes, 1975 Supplement, Section 197.973; and Laws 1975, Chapter 3, Section 2.

The bill was read for the third time and placed upon its final passage.

The question being taken on the passage of the bill and the roll being called, there were yeas 124, and nays 0, as follows:

Those who voted in the affirmative were:

Abeln	Eckstein	Kaley	Munger	Sherwood
Adams, L.	Enebo	Kalis	Neisen	Sieben, H.
Adams, S.	Erickson	Kelly, R.	Nelsen	Sieben, M.
Albrecht	Esau	Kelly, W.	Nelson	Sieloff
Anderson, G.	Evans	Kempe, A.	Niehaus	Simoneau
Anderson, I.	Ewald	Kempe, R.	Norton	Skoglund
Arlandson	Faricy	Ketola	Novak	Smith
Beauchamp	Fjoslien	Knickerbocker	Osthoff	Smogard
Begich	Forsythe	Knoll	Patton	Stanton
Berg	Friedrich	Kostohryz	Pehler	Suss
Berglin	Fudro	Kvam	Peterson	Swanson
Biersdorf	Fugina	Laidig	Petrafeso	Tomlinson
Birnstihl	George	Langseth	Philbrook	Ulland
Braun	Graba	Lemke	Pleasant	Vanasek
Brinkman	Hanson	Lindstrom	Prahl	Vento
Byrne	Haugerud	Luther	Reding	Voss
Carlson, A.	Heinitz	Mangan	St. Onge	Wenstrom
Carlson, L.	Hokanson	Mann	Samuelson	Wenzel
Clark	Jacobs	McCarron	Sarna	White
Clawson	Jaros	McCauley	Savelkoul	Wieser
Corbid	Jensen	McCollar	Schreiber	Wigley
Dahl	Johnson, C.	McEachern	Schulz	Williamson
Dean	Johnson, D.	Menning	Schumacher	Zubay
DeGroat	Jopp	Metzen	Searle	Speaker Sabo
Dieterich	Jude	Moe	Setzepfandt	

The bill was passed and its title agreed to.

S. F. No. 1252 was reported to the House.

There being no objection, S. F. No. 1252 was continued on the Consent Calendar for one day.

CALENDAR

S. F. No. 1794, A bill for an act relating to courts; prescribing the jurisdictional limits of conciliation courts in the counties of Hennepin and Ramsey; amending Minnesota Statutes 1974, Sections 488A.12, Subdivision 3; and 488A.29, Subdivision 3.

The bill was read for the third time and placed upon its final passage.

The question being taken on the passage of the bill and the roll being called, there were yeas 125, and nays 0, as follows:

Those who voted in the affirmative were:

Abeln	Dieterich	Jude	Moe	Setzepfandt
Adams, L.	Eckstein	Kaley	Munger	Sherwood
Adams, S.	Enebo	Kalis	Neisen	Sieben, H.
Albrecht	Erickson	Kelly, R.	Nelsen	Sieben, M.
Anderson, G.	Esau	Kelly, W.	Nelson	Sieloff
Anderson, I.	Evans	Kempe, A.	Niehau	Simoneau
Arlandson	Ewald	Kempe, R.	Norton	Skoglund
Beauchamp	Faricy	Ketola	Novak	Smith
Begich	Fjoslien	Knickerbocker	Osthoff	Smogard
Berg	Forsythe	Knoll	Patton	Stanton
Berglin	Friedrich	Kostohryz	Pehler	Suss
Biersdorf	Fudro	Kvam	Peterson	Swanson
Birnstihl	Fugina	Laidig	Petrafeso	Tomlinson
Braun	George	Langseth	Philbrook	Ulland
Brinkman	Graba	Lemke	Pleasant	Vanasek
Byrne	Hanson	Lindstrom	Prahl	Vento
Carlson, A.	Haugerud	Luther	Reding	Voss
Carlson, L.	Heinitz	Mangan	St. Onge	Wenstrom
Carlson, R.	Hokanson	Mann	Samuelson	Wenzel
Clark	Jacobs	McCarron	Sarna	White
Clawson	Jaros	McCauley	Savelkoul	Wieser
Corbid	Jensen	McCollar	Schreiber	Wigley
Dahl	Johnson, C.	McEachern	Schulz	Williamson
Dean	Johnson, D.	Menning	Schumacher	Zubay
DeGroat	Jopp	Metzen	Searle	Speaker Sabo

The bill was passed and its title agreed to.

H. F. No. 1897, A bill for an act relating to game and fish; commercial fishing on Rainy Lake and Lake of the Woods; amending Minnesota Statutes 1974, Section 102.26, Subdivision 2.

The bill was read for the third time and placed upon its final passage.

The question being taken on the passage of the bill and the roll being called, there were yeas 126, and nays 0, as follows:

Those who voted in the affirmative were:

Abeln	Dieterich	Kahn	Munger	Sieben, M.
Adams, L.	Eckstein	Kaley	Neisen	Sieloff
Adams, S.	Enebo	Kalis	Nelsen	Simoneau
Albrecht	Erickson	Kelly, R.	Nelson	Skoglund
Anderson, G.	Esau	Kelly, W.	Niehaus	Smith
Anderson, I.	Evans	Kempe, A.	Norton	Smogard
Arlandson	Ewald	Kempe, R.	Novak	Stanton
Beauchamp	Faricy	Ketola	Patton	Suss
Begich	Fjoslien	Knickerbocker	Pehler	Swanson
Berg	Forsythe	Knoll	Peterson	Tomlinson
Berglin	Friedrich	Kostohryz	Petraleso	Ulland
Biersdorf	Fudro	Kvam	Philbrook	Vanasek
Birnsthil	Fugina	Laidig	Pleasant	Vento
Braun	George	Langseth	Prahl	Voss
Brinkman	Graba	Lemke	Reding	Wenstrom
Byrne	Hanson	Lindstrom	St. Onge	Wenzel
Carlson, A.	Haugerud	Luther	Samuelson	White
Carlson, L.	Heinitz	Mangan	Sarna	Wieser
Carlson, R.	Hokanson	Mann	Savelkoul	Wigley
Casserly	Jacobs	McCarron	Schreiber	Williamson
Clark	Jaros	McCauley	Schulz	Zubay
Clawson	Jensen	McCollar	Schumacher	Speaker Sabo
Corbid	Johnson, C.	McEachern	Searle	
Dahl	Johnson, D.	Menning	Setzepfandt	
Dean	Jopp	Metzen	Sherwood	
DeGroat	Jude	Moe	Sieben, H.	

The bill was passed and its title agreed to.

CONSIDERATION UNDER RULE 1.10

Pursuant to Rule 1.10, Kelly, W., requested immediate consideration of H. F. No. 1349.

H. F. No. 1349 was reported to the House.

Vanasek moved to amend H. F. No. 1349, as follows:

Page 8, line 19, after "*taxpayer*" insert "*who owes at least \$5,000 in taxes*".

Page 8, line 20, after "*years*" insert "*from the death of the person from whom the transfer is made*".

Page 8, line 24, delete "*, and any amounts of unpaid tax shall bear interest*" and insert a period and "*If the taxpayer fails to pay an installment on time, the election shall be revoked and the entire amount of unpaid tax shall be due and payable 90 days after the date on which the installment was payable.*".

Page 8, delete line 25.

Page 9, delete lines 25 to 32.

Page 10, delete line 1 and insert the following sections:

"Sec. 5. Minnesota Statutes, 1975 Supplement, Section 291.131, Subdivision 6, is amended to read:

Subd. 6. The amount of tax not timely paid, *including the amount of unpaid tax when the taxpayer elects to pay the tax in installments*, together with any penalty provided by this section, shall bear interest at the rate specified in section 270.75 from the time such tax should have been paid until paid. All interest and penalty shall be added to the tax and collected as a part thereof.

Sec. 6. Minnesota Statutes, 1975 Supplement, Section 291.132, is amended to read:

291.132 [EXTENSION TO FILE OR PAY.] The commissioner may extend the time for filing returns or making payment of the tax, without penalty, for a period not to exceed six months. *In lieu of the six month extension, the commissioner may extend the time for payment of the tax, without penalty, for a period not to exceed two years if the payment of the tax would result in an undue hardship on the estate. The written request for the undue hardship extension shall be made to the commissioner no later than 12 months after the death of the person from whom the transfer is made. The taxpayer may elect to pay the taxes in installments as specified in section 291.11, subdivision 1, provided that the period of time for the payment of the taxes shall not exceed five years from the expiration of the extension granted by the commissioner. Where an extension of time has been granted, interest shall be payable at the rate specified in section 270.75 from the date when such payment should have been made, if no extension had been granted, until such tax is paid.*"

Renumber the remaining sections accordingly.

Page 13, delete lines 22 to 32.

Page 14, delete lines 1 to 11.

Page 17, delete lines 3 to 32.

Page 18, delete lines 1 to 32.

Page 19, delete lines 1 to 7.

Page 19, line 9, delete "Sections 11, 12 and 13 are effective for gifts".

Page 19, line 10, delete "made after December 31, 1976".

Further amend the title as follows:

Line 4, delete "and gift tax".

Line 10, delete ", and by adding a".

Line 11, delete "subdivision".

Line 12, delete "292.05, Subdivision 1;".

Line 13, delete "292.07, Subdivisions 3 and 5;".

Line 14, after "Sections" insert "291.131, subdivision 6; 291.-132; and".

Line 15, delete "; and 291.15".

The motion prevailed and the amendment was adopted.

Sieloff, Knickerbocker, Schreiber and Pleasant moved to amend H. F. No. 1349, as amended, as follows:

Page 5, line 29, after the period, insert:

"In the case of a decedent's estate wherein no property or beneficial interest therein passing by reason of death is eligible for the homestead exemption because the decedent did not have an interest in property constituting a homestead at the time of his death, there shall be allowed an exemption in lieu of the homestead exemption, in the amount of \$10,000. The exemption shall be allocated among the surviving spouse and the decedent's natural or adopted minor or dependent children in proportion to the total amount of property or any interest therein passing to such spouse and children."

The motion prevailed and the amendment was adopted.

Savelkoul moved to amend H. F. No. 1349, as amended, as follows:

Page 7, after line 32, insert:

"Sec. 3. Minnesota Statutes 1974, Chapter 291, is amended by adding a section to read:

[291.051] [DEFINITIONS.] *Subdivision 1. The following terms, for the purpose of this section, have the following meanings.*

Subd. 2. *"Internal revenue code" means United States internal revenue code of 1954, as amended through December 31, 1975.*

Subd. 3. *"Minnesota gross estate" of a deceased resident means his federal adjusted gross estate as defined in internal revenue code section 2056, after applying clauses (a) through (e) of the section, reduced by the value of real property outside Minnesota and tangible personal property permanently outside Minnesota. If the value of an estate is not enough to require filing a federal estate return "Minnesota gross estate," means the gross estate of a decedent reduced as provided in this subdivision for real and tangible personal property outside Minnesota.*

Subd. 4. *"Marital exemption" means 50 percent of the value of the Minnesota gross estate passing to the surviving spouse and allowed by the internal revenue code in the computation of the marital deduction.*

Subd. 5. *"Marital exemption tax" means a tax imposed at the rates provided by chapter 291 on the value of property passing to the surviving spouse less the marital exemption, but without regard to the exemptions allowed to the surviving spouse by sections 291.05, clauses (1), (2) and (3) and 291.10.*

Subd. 6. [ALTERNATE TAX.] *If the marital exemption does not exceed \$250,000 and the marital exemption tax is less than a tax computed under the other provisions of chapter 291, the marital exemption tax shall be imposed in lieu of the tax computed under the other provisions."*

Page 19, line 8, delete "7" and insert "9".

Renumber the sections in order.

Further amend the title.

Page 1, line 13, after "5;" insert "and Chapter 291, by adding a section;"

The motion prevailed and the amendment was adopted.

H. F. No. 1349, A bill for an act relating to taxation; increasing inheritance tax exemptions; providing that the same inheritance rates and exemptions apply to widow and widower; increasing the maintenance deduction; providing for the payment of the inheritance tax in installments over five years; providing an undue hardship deferral; amending Minnesota Statutes 1974, Sections 291.03; 291.05; 291.10; 291.11, Subdivision 1; 291.14, Subdivision 2; 291.20, Subdivisions 1 and 4; and Chapter 291, by adding a section; and Minnesota Statutes, 1975 Supplement, Sections 291.131, Subdivision 6; 291.132; and 291.14, Subdivision 4.

The bill was read for the third time, as amended, and placed upon its final passage.

The question being taken on the passage of the bill and the roll being called, there were yeas 125, and nays 0, as follows:

Those who voted in the affirmative were:

Abeln	Dieterich	Jude	Menning	Searle
Adams, L.	Eckstein	Kahn	Metzen	Setzepfandt
Adams, S.	Enebo	Kaley	Moe	Sherwood
Albrecht	Erickson	Kalis	Munger	Sieben, H.
Anderson, G.	Esau	Kelly, R.	Neisen	Sieben, M.
Anderson, I.	Evans	Kelly, W.	Nelsen	Sieloff
Arlandson	Ewald	Kempe, A.	Nelson	Simoneau
Beauchamp	Faricy	Kempe, R.	Niehaus	Skoglund
Begich	Fjoslien	Ketola	Norton	Smith
Berg	Forsythe	Knickerbocker	Novak	Smogard
Berglin	Friedrich	Knoll	Osthoff	Stanton
Biersdorf	Fudro	Kostohryz	Patton	Suss
Braun	Fugina	Kroening	Pehler	Swanson
Brinkman	George	Kvam	Peterson	Tomlinson
Byrne	Graba	Laidig	Petraleso	Ulland
Carlson, A.	Hanson	Langseth	Philbrook	Vanasek
Carlson, L.	Haugerud	Lemke	Pleasant	Vento
Carlson, R.	Heinitz	Lindstrom	Prahl	Voss
Casserly	Hokanson	Luther	St. Onge	Wenstrom
Clark	Jacobs	Mangan	Samuelson	Wenzel
Clawson	Jaros	Mann	Sarna	White
Corbid	Jensen	McCarron	Savelkoul	Wieser
Dahl	Johnson, C.	McCauley	Schreiber	Wigley
Dean	Johnson, D.	McCollar	Schulz	Zubay
DeGroat	Jopp	McEachern	Schumacher	Speaker Sabo

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

Abeln and Metzen were excused at 4:00 p.m.

GENERAL ORDERS

Pursuant to Rules of the House, the House resolved itself into the Committee of the Whole, with Sabo in the Chair, for the consideration of bills pending on General Orders of the Day.

Pursuant to Rule 1.6, a roll call was taken on the following amendment to H. F. No. 1953 offered by Prahl:

Page 1, line 9, strike "*four years*" and insert "*18 months*".

The roll being called there were yeas 46, and nays 73, as follows:

Those who voted in the affirmative were:

Adams, S.	Corbid	Eckstein	Evans	Forsythe
Albrecht	Dean	Erickson	Ewald	Friedrich
Carlson, A.	DeGroat	Esau	Fjoslien	Fugina

Graba	Kvam	Peterson	Searle	Wigley
Johnson, C.	Laidig	Philbrook	Setzepfandt	Williamson
Jopp	Lindstrom	Pleasant	Sieloff	Zubay
Jude	McCauley	Prahl	Smith	
Kaley	Menning	Reding	Smogard	
Kalis	Nelsen	Savelkoul	Ulland	
Knickerbocker	Niehaus	Schreiber	Wieser	

Those who voted in the negative were:

Abeln	Casserly	Kahn	Moe	Sieben, M.
Adams, L.	Clark	Kelly, R.	Munger	Simoneau
Anderson, G.	Clawson	Kempe, A.	Neisen	Skoglund
Anderson, I.	Dahl	Kempe, R.	Norton	Spanish
Arlandson	Dieterich	Ketola	Novak	Stanton
Beauchamp	Enebo	Knoll	Osthoff	Suss
Begich	Faricy	Kostohryz	Parish	Swanson
Berg	Fudro	Kroening	Patton	Tomlinson
Berglin	George	Langseth	Pehler	Vento
Biersdorf	Hanson	Lemke	St. Onge	Voss
Birnstihl	Hokanson	Luther	Samuelson	Wenstrom
Braun	Jacobs	Mangan	Sarna	Wenzel
Byrne	Jaros	Mann	Schumacher	White
Carlson, L.	Jensen	McCarron	Sherwood	
Carlson, R.	Johnson, D.	Metzen	Sieben, H.	

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

Pursuant to Rule 1.6, a roll call was taken on the following amendment to H. F. No. 1953 offered by McCauley:

Page 1, line 9, strike "four" and insert "two".

The roll being called, there were yeas 46, and nays 72, as follows:

Those who voted in the affirmative were:

Adams, S.	Esau	Jude	Nelsen	Smogard
Albrecht	Evans	Kaley	Niehaus	Ulland
Biersdorf	Ewald	Kalis	Peterson	Wieser
Brinkman	Fjoslien	Kelly, W.	Philbrook	Wigley
Carlson, A.	Forsythe	Knickerbocker	Pleasant	Williamson
Corbid	Friedrich	Kvam	Savelkoul	Zubay
Dean	Graba	Laidig	Schreiber	
DeGroat	Heinitz	Lindstrom	Searle	
Eckstein	Johnson, C.	McCauley	Setzepfandt	
Erickson	Jopp	Menning	Sieloff	

Those who voted in the negative were:

Adams, L.	Byrne	Enebo	Jensen	Kostohryz
Anderson, G.	Carlson, L.	Faricy	Johnson, D.	Kroening
Anderson, I.	Carlson, R.	Fugina	Kahn	Langseth
Arlandson	Casserly	George	Kelly, R.	Lemke
Beauchamp	Clark	Hanson	Kempe, A.	Luther
Begich	Clawson	Hokanson	Kempe, R.	Mangan
Berglin	Dahl	Jacobs	Ketola	Mann
Braun	Dieterich	Jaros	Knoll	McCarron

McCollar	Osthoff	Schumacher	Stanton	Wenstrom
Metzen	Parish	Sherwood	Suss	Wenzel
Moe	Patton	Sieben, H.	Swanson	White
Munger	Pehler	Sieben, M.	Tomlinson	Speaker Sabo
Neisen	Petrafeso	Simoneau	Vanasek	
Nelson	St. Onge	Skoglund	Vento	
Novak	Sarna	Spanish	Voss	

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

Pursuant to Rule 1.6, a roll call was taken on the motion of Menning to recommend re-referral of H. F. No. 1953 to the Committee on Commerce and Economic Development.

The roll being called, there were yeas 35, and nays 84, as follows:

Those who voted in the affirmative were:

Adams, S.	Erickson	Johnson, C.	Nelsen	Smogard
Albrecht	Esau	Jopp	Niehaus	Stanton
Carlson, A.	Evans	Kalis	Peterson	Ulland
Corbid	Fjoslien	Kvam	Savelkoul	Wieser
Dean	Friedrich	Laidig	Schreiber	Wigley
DeGroat	Graba	McCauley	Sieloff	Williamson
Eckstein	Heinitz	Menning	Smith	Zubay

Those who voted in the negative were:

Adams, L.	Dahl	Kelly, R.	McEachern	Schumacher
Anderson, G.	Dieterich	Kelly, W.	Moe	Sherwood
Anderson, I.	Enebo	Kempe, A.	Munger	Sieben, H.
Arlandson	Ewald	Kempe, R.	Neisen	Sieben, M.
Beauchamp	Faricy	Ketola	Nelson	Simoneau
Begich	Forsythe	Knickerbocker	Novak	Skoglund
Berg	Fudro	Knoll	Osthoff	Spanish
Berglin	Fugina	Kostohryz	Parish	Suss
Biersdorf	George	Kroening	Patton	Swanson
Braun	Hanson	Langseth	Pehler	Tomlinson
Brinkman	Hokanson	Lemke	Petrafeso	Vanasek
Byrne	Jacobs	Lindstrom	Philbrook	Vento
Carlson, L.	Jaros	Luther	Pleasant	Voss
Carlson, R.	Jensen	Mangan	Prahl	Wenzel
Casserly	Johnson, D.	Mann	St. Onge	White
Clark	Jude	McCarron	Sarna	Speaker Sabo
Clawson	Kahn	McCollar	Schulz	

The motion did not prevail.

Pursuant to Rule 1.6, a roll call was taken on the motion of Simoneau to recommend passage of H. F. No. 1953.

The roll being called, there were yeas 79, and nays 46, as follows:

Those who voted in the affirmative were:

Adams, L.	Dahl	Kempe, A.	Nelson	Simoneau
Anderson, G.	Dieterich	Kempe, R.	Norton	Skoglund
Anderson, I.	Enebo	Ketola	Novak	Spanish
Arlandson	Faricy	Knoll	Osthoff	Stanton
Beauchamp	Fudro	Kostohryz	Parish	Suss
Begich	Fugina	Kroening	Patton	Swanson
Berg	George	Langseth	Pehler	Tomlinson
Berglin	Hanson	Lemke	Petrafeso	Vanasek
Biersdorf	Hokanson	Luther	Prahl	Vento
Braun	Jacobs	Mangan	St. Onge	Voss
Byrne	Jaros	Mann	Sarna	Wenstrom
Carlson, L.	Jensen	McCarron	Schulz	Wenzel
Carlson, R.	Johnson, D.	McCollar	Schumacher	White
Casserly	Jude	McEachern	Sherwood	Williamson
Clark	Kahn	Munger	Sieben, H.	Speaker Sabo
Clawson	Kelly, R.	Neisen	Sieben, M.	

Those who voted in the negative were:

Adams, S.	Evans	Kalis	Niehaus	Smith
Albrecht	Ewald	Kelly, W.	Peterson	Smogard
Brinkman	Fjoslien	Knickerbocker	Philbrook	Ulland
Carlson, A.	Forsythe	Kvam	Pleasant	Wieser
Corbid	Friedrich	Laidig	Reding	Wigley
Dean	Graba	Lindstrom	Savelkoul	Zubay
DeGroat	Heinitz	McCauley	Schreiber	
Eckstein	Johnson, C.	Menning	Searle	
Erickson	Jopp	Moe	Setzepfandt	
Esau	Kaley	Nelsen	Sieloff	

The motion prevailed.

Pursuant to Rule 1.6, a roll call was taken on the motion of Ulland to recommend passage of H. F. No. 1076.

The roll being called, there were yeas 53, and nays 63, as follows:

Those who voted in the affirmative were:

Adams, L.	Corbid	Jude	Norton	Simoneau
Adams, S.	Dean	Kahn	Novak	Skoglund
Anderson, G.	Dieterich	Kelly, W.	Osthoff	Smith
Berg	Ewald	Knickerbocker	Parish	Stanton
Berglin	Faricy	Knoll	Petrafeso	Swanson
Byrne	Forsythe	Laidig	Philbrook	Tomlinson
Carlson, A.	Fugina	Luther	Pleasant	Ulland
Carlson, L.	George	Mangan	Savelkoul	Williamson
Casserly	Heinitz	McCollar	Schreiber	Speaker Sabo
Clark	Jaros	Munger	Sieben, M.	
Clawson	Johnson, D.	Nelson	Sieloff	

Those who voted in the negative were:

Albrecht	Beauchamp	Braun	Dahl	Esau
Anderson, I.	Begich	Brinkman	DeGroat	Evans
Arlandson	Birnstihl	Carlson, R.	Erickson	Fjoslien

Friedrich	Kempe, R.	Menning	Samuelson	Vento
Fudro	Ketola	Neisen	Sarna	Voss
Hanson	Kostohryz	Neisen	Schulz	Wenstrom
Haugerud	Kroening	Niehaus	Schumacher	Wenzel
Jacobs	Kvam	Patton	Searle	White
Jensen	Langseth	Pehler	Setzepfandt	Wieser
Jopp	Lemke	Peterson	Sherwood	Wigley
Kaley	Mann	Prahl	Sieben, H.	Zubay
Kelly, R.	McCauley	Reding	Smogard	
Kempe, A.	McEachern	St. Onge	Spanish	

The motion did not prevail.

The Speaker resumed the Chair, whereupon the following proceedings of the Committee were reported to the House:

H. F. Nos. 1953, 2197 and 2188 which it recommended to pass.

S. F. Nos. 1901 and 1975 which it recommended to pass.

H. F. No. 1567 upon which it recommended progress.

S. F. Nos. 749 and 840 upon which it recommended progress retaining its place on General Orders.

H. F. No. 1814 upon which it recommended progress until Wednesday, March 31, 1976.

H. F. Nos. 995 and 608 upon which it recommended progress retaining its place on General Orders.

H. F. No. 1076 which it recommended be returned to its author.

H. F. No. 1382 upon which it recommended to pass with the following amendments:

Offered by Fugina:

Page 1, line 17, after "employees." insert "These vans shall not be considered commercial vehicles for purposes of no fault insurance."

Page 2, line 15, after "shall" delete ", in January, 1977,".

Offered by Petrafeso:

Page 2, after line 17, insert sections to read:

"Sec. 4. Minnesota Statutes 1974, Section 16.85, Subdivision 1, is amended to read:

16.85 [GENERAL POWERS OF COMMISSIONER, STATE BUILDING CODE.] Subdivision 1. Subject to the provisions of (LAWS 1971, CHAPTER 561) *sections 16.83 to 16.867*, the commissioner shall (PREPARE AND PUBLISH) *by rule establish* a code of (RULES, REGULATIONS, AND) standards for the construction, reconstruction, alteration, and repair of state-owned buildings, governing matters of structural materials, design and construction, fire protection, health, sanitation, and safety. The commissioner may amend (SUCH) *the* code from time to time as provided in (LAWS 1971, CHAPTER 561) *sections 16.83 to 16.867*. The code and any amendment thereof shall conform insofar as practicable to model building codes generally accepted and in use throughout the United States. In the preparation of the code consideration shall be given to the existing state-wide specialty codes presently in use in the state of Minnesota. Such model codes with modifications as may be deemed necessary and state-wide specialty codes may be adopted by reference. The code so promulgated and any amendments thereof shall be based on the application of scientific principles, approved tests, and professional judgment; and to the extent that it is practical so to do the code shall be promulgated in terms of desired results instead of the means of achieving such results, avoiding wherever possible the incorporation of specifications of particular methods or materials. To that end the code shall encourage the use of new methods and new materials.

The code shall require that any parking ramp or other parking facility constructed in accordance with the code include an appropriate number of spaces suitable for the parking of motor vehicles having a capacity of 10 to 16 persons which are provided directly or indirectly by an employer to transport employees and which are being used at the time to provide prearranged transportation of the employees to or from their place of employment or to or from a transit station authorized by a local transit authority.

Sec. 5. Minnesota Statutes, 1975 Supplement, Section 65B.43, Subdivision 12, is amended to read:

Subd. 12. "Commercial vehicle" means:

- (a) any motor vehicle used as a common carrier,
- (b) any motor vehicle, other than a passenger vehicle or a station wagon, as those terms are defined in section 168.011, subdivisions 7 and 23, which has a curb weight in excess of 5500 pounds apart from cargo capacity, or
- (c) any motor vehicle while used in the for-hire transportation of property.

"Commercial vehicle" does not include any motor vehicle having a capacity of 10 to 16 persons which is provided directly or

indirectly by an employer to transport his employees and which is being used at the time to provide prearranged transportation of the employees to or from their place of employment or to or from a transit stop authorized by a local transit authority.

Sec. 6. Minnesota Statutes 1974, Section 65B.47, Subdivision 1, is amended to read:

65B.47 [PRIORITY OF APPLICABILITY OF SECURITY FOR PAYMENT OF BASIC ECONOMIC LOSS BENEFITS.]

Subdivision 1. In case of injury to the driver or other occupant of a motor vehicle, *other than a motor vehicle having a capacity of 10 to 16 persons which is provided directly or indirectly by an employer to transport his employees and which is being used at the time to provide prearranged transportation of the employees to or from their place of employment or to or from a transit stop authorized by a local transit authority* if the accident causing the injury occurs while the vehicle is being used in the business of transporting persons or property, the security for payment of basic economic loss benefits is the security covering the vehicle or, if none, the security under which the injured person is an insured.

Sec. 7. Minnesota Statutes 1974, Section 65B.47, Subdivision 2, is amended to read:

Subd. 2. In case of injury to an employee, or to his spouse or other relative residing in the same household, if the accident causing the injury occurs while the injured person is driving or occupying a motor vehicle furnished by the employer, the security for payment of basic economic loss benefits is the security covering the vehicle, *other than a motor vehicle having a capacity of 10 to 16 persons which is provided directly or indirectly by an employer to transport his employees and which is being used at the time to provide prearranged transportation of the employees to or from their place of employment or to or from a transit stop authorized by a local transit authority*, or, if none, the security under which the injured person is an insured.

Sec. 8. Minnesota Statutes, 1975 Supplement, Section 221.011, Subdivision 22, is amended to read:

Subd. 22. "Exempt carrier" means any carrier exempt from chapter 221, or from any other law or regulation by the public service commission. The following are so exempt:

(a) Any person engaged in farming or in transporting agricultural, horticultural, dairy, livestock, or other farm products within an area having a 25 mile radius from his home postoffice. Such carrier may transport other commodities within such area if the destination of each haul is a farm within the above described area. The owner of any truck operating under this pro-

vision shall imprint his name and address in prominent visible letters on the outside of the cab of his truck.

(b) Any occasional accommodation service beyond the 25 mile radius from his home postoffice by any person engaged in farming as his primary means of livelihood and actually residing on a farm and whose truck or trucks are licensed under provisions of section 168.013, subdivision 1, paragraph 4a. Occasional accommodation service shall mean not in excess of six trips in any calendar year.

(c) Any person engaged in agricultural pursuits, who owns and uses a truck for transporting the products of his farm, or any person while engaged exclusively in the transportation of fresh vegetables from farms to canneries or viner stations, or from viner stations to canneries, or from canneries to canneries during the harvesting, canning or packing season, or potatoes, sugar beets, wild rice and rutabagas from the field of production to the first place of delivery or unloading, including but not limited to a processing plant, warehouse or railroad siding. This term shall also apply to a manufacturer, producer, dealer or distributor who, in the pursuit of his own business, owns and uses trucks for the purpose of transporting his own products, and shall apply to any person while engaged exclusively in the transportation of pulpwood, cord wood, mining timber, poles, posts, decorative evergreens, wood chips, sawdust, shavings and bark from the place where the products are produced to the point where they are to be used or shipped.

(d) Any person while exclusively engaged in the transportation of dirt and sod within an area having a 50 mile radius from his home postoffice.

(e) Any person while exclusively engaged in the transportation of sand or gravel, bituminous asphalt mix and crushed rock to or from the point of loading or a place of gathering within an area having a 50 mile radius from his home postoffice or a 50 mile radius from the site of construction or maintenance of public roads and streets.

(f) Any person engaged in the transportation of household goods for the federal government or any agency thereof or the transportation of household goods for the state government or any agency thereof, where competitive bids are required by law shall be exempt from the provisions of section 221.161.

(g) Any person engaged in transporting property or freight, excepting household goods and petroleum products in bulk, when the movement is entirely within the corporate limits of a city or between contiguous cities.

(h) Emergency vehicles such as ambulances, tow trucks, and hearses when carrying proper and legal warning devices.

(i) Any person engaged in delivery or spreading of agricultural lime.

(j) Any person engaged in transporting rubbish as defined in section 443.27.

(k) Any person engaged in the transportation of grain samples under such terms and conditions as the department may prescribe.

(l) Motor vehicle having a capacity of 10 to 16 persons which is provided directly or indirectly by an employer to transport his employees and which is being used at the time to provide prearranged transportation of the employees to or from their place of employment or to or from a transit stop authorized by a local transit authority, except that commuter vans shall not be exempt from any provision of chapter 221 which by its terms explicitly applies to commuter vans.

Sec. 9. Minnesota Statutes 1974, Chapter 221, is amended by adding a section to read:

[221.71] [COMMUTER VANS; DRIVER LIABILITY.]
Notwithstanding any other law to the contrary, the services performed by the driver of a motor vehicle having a capacity of 10 to 16 persons which is provided directly or indirectly by an employer to transport his employees and which is being used at the time to provide prearranged transportation of the employees to or from their place of employment or to or from a transit stop authorized by a local transit authority, shall be deemed to be those of an independent contractor and not those of an employee acting within the scope of his employment with the employer who provides the commuter van."

Renumber the remaining sections in order.

Further amend the title as follows:

Line 2, after "to" delete "the operation of state government" and insert "transportation".

Line 5, after "employees;" insert "removing, restricting or clarifying certain laws which discourage use of shared ride commuter vans to transport employees to and from work; providing certain incentives;"

Line 5, after "money;" insert "amending Minnesota Statutes 1974, Chapter 221, by adding a section; and Sections 16.85, Sub-

division 1; and 65B.47, Subdivisions 1 and 2; and Minnesota Statutes, 1975 Supplement, Sections 65B.43, Subdivision 12; 221.011, Subdivision 22;".

S. F. No. 1493 upon which it recommended to pass with the following amendment offered by Hanson:

Page 5, line 12, after "\$2.50" and before the period insert "*plus \$10 for each vehicle used to transport minnows*".

S. F. No. 1383 upon which it recommended to pass with the following amendment offered by Casserly, Munger and Voss:

The unofficial engrossment:

Page 4, restore the stricken language beginning on line 30 with the word "Criteria" and ending on page 5, line 3, with the period.

Page 5, line 3, after the period insert the following: "*The hazardous waste portion of the plan shall be approved by the pollution control agency in accordance with its standards and regulations prior to adoption by the metropolitan council.*".

On the motion of Anderson, I., the report of the Committee of the Whole was adopted.

Anderson, I., moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

Faricy and Rice were excused for the remainder of today's session.

MOTIONS AND RESOLUTIONS

Begich moved that the name of Fugina be added as an author on H. F. No. 2026. The motion prevailed.

Enebo moved that the names of Sarna and McEachern be added as authors on H. F. No. 2298. The motion prevailed.

Menning moved that the name of Faricy be stricken as an author on House Concurrent Resolution No. 22. The motion prevailed.

Sieloff moved that the name of Eckstein be added as an author of House Advisory Bill No. 65. The motion prevailed.

Sieben, H., moved that S. F. No. 2168 be recalled from the Committee on Governmental Operations and together with H. F. No. 2297, now on the Technical Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

Sieben, H., moved that S. F. No. 2068 be recalled from the Committee on Governmental Operations and together with H. F. No. 2053, now on the Technical Consent Calendar, be referred to the Chief Clerk for comparison. The motion prevailed.

Fugina moved that S. F. No. 1530, be recalled from the Committee on Environment and Natural Resources, and be re-referred to the Committee on Appropriations. The motion prevailed.

Anderson, I., moved that the following bill be unofficially engrossed and printed for the House:

S. F. No. 10, to include committee amendments. The motion prevailed.

MOTION PURSUANT TO RULE 1.15

Pursuant to Rule 1.15, Adams, S., moved that H. F. No. 2049 be recalled from the Committee on Crime Prevention and Corrections, be given its second reading, and be advanced to General Orders.

A roll call was requested and properly seconded.

The question was taken on the Adams, S., motion and the roll being called, there were yeas 40, and nays 87, as follows:

Those who voted in the affirmative were:

Adams, S.	Esau	Jopp	Menning	Searle
Albrecht	Evans	Kaley	Nelsen	Sherwood
Anderson, G.	Ewald	Kempe, A.	Niehaus	Sieloff
Biersdorf	Fjoslien	Kempe, R.	Peterson	Ulland
Carlson, A.	Forsythe	Knickerbocker	Pleasant	Wenzel
Dean	Friedrich	Kvam	Savelkoul	Wieser
DeGroat	Heinitz	Laidig	Schreiber	Wigley
Erickson	Jensen	McCauley	Schulz	Zubay

Those who voted in the negative were:

Adams, L.	Berglin	Carlson, R.	Dieterich	Graba
Anderson, I.	Birnstihl	Casserly	Eckstein	Hanson
Arlandson	Braun	Clark	Enebo	Haugerud
Beauchamp	Brinkman	Clawson	Fudro	Hokanson
Begich	Byrne	Corbid	Fugina	Jacobs
Berg	Carlson, L.	Dahl	George	Jaros

Johnson, C.	Lemke	Norton	Sarna	Swanson
Johnson, D.	Lindstrom	Novak	Schumacher	Tomlinson
Jude	Luther	Osthoff	Setzepfandt	Vanasek
Kahn	Mangan	Parish	Sieben, H.	Vento
Kalis	Mann	Patton	Sieben, M.	Voss
Kelly, R.	McCarron	Pehler	Simoneau	Wenstrom
Kelly, W.	McCollar	Petrafeso	Skoglund	White
Ketola	McEachern	Philbrook	Smith	Williamson
Knoll	Moe	Prahl	Smogard	Speaker Sabo
Kostohryz	Munger	Reding	Spanish	
Kroening	Neisen	St. Onge	Stanton	
Langseth	Nelson	Samuelson	Suss	

The motion did not prevail.

ADJOURNMENT

Anderson, I., moved that the House adjourn. The motion prevailed and the Speaker declared the House adjourned until 2:00 p.m., Tuesday, March 9, 1976.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

