

STATE OF MINNESOTA

SEVENTY-FIRST SESSION - 1980

NINETY-EIGHTH DAY

SAINT PAUL, MINNESOTA, FRIDAY, APRIL 11, 1980

The House of Representatives convened at 8:30 a.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:

Aasness	Drew	Kaley	Niehaus	Sherwood
Adams	Eken	Kalis	Norman	Sieben, H.
Ainley	Elioff	Kelly	Novak	Sieben, M.
Albrecht	Ellingson	Kempe	Nysether	Simoneau
Anderson, B.	Erickson	Knickerbocker	Olsen	Stadum
Anderson, D.	Esau	Kostohryz	Onnen	Stoa
Anderson, G.	Evans	Kroening	Osthoff	Stowell
Anderson, I.	Ewald	Kvam	Otis	Sviggum
Anderson, R.	Faricy	Laidig	Patton	Swanson
Battaglia	Fjoslien	Lehto	Pehler	Thiede
Begich	Forsythe	Levi	Peterson, B.	Tomlinson
Berglin	Friedrich	Long	Peterson, D.	Valan
Berkelman	Fritz	Ludeman	Piepho	Valento
Biersdorf	Fudro	Luknic	Pleasant	Vanasek
Blatz	Greenfield	Mann	Prahl	Voss
Brinkman	Halberg	McCarron	Redalen	Waldorf
Byrne	Haukoos	McDonald	Reding	Weaver
Carlson, D.	Heap	McEachern	Rees	Welch
Carlson, L.	Hoberg	Mehrkens	Reif	Welker
Casserly	Hokanson	Metzen	Rice	Wenzel
Clark	Jacobs	Minne	Rodriguez	Wieser
Clawson	Jaros	Moe	Rose	Wigley
Corbid	Jennings	Munger	Rothenberg	Wynia
Crandall	Johnson, C.	Murphy	Sarna	Zubay
Dean	Johnson, D.	Nelsen, B.	Schreiber	Spkr. Norton
Dempsey	Jude	Nelsen, M.	Searle	
Den Ouden	Kahn	Nelson	Searles	

A quorum was present.

Heinitz was excused until 11:30 a.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Vanasek moved that further reading of the Journal be dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of S. F. No. 1696 were placed in the members' files.

INTRODUCTION AND FIRST READING
OF HOUSE BILLS

The following House File was introduced:

Fritz, Drew, Reif, Sarna and Osthoff introduced:

H. F. No. 2501, A bill for an act relating to malt liquor; restricting sales of certain liquors at sports facilities.

The bill was read for the first time and referred to the Committee on General Legislation and Veterans Affairs.

HOUSE ADVISORIES

The following House Advisory was introduced:

Clawson introduced:

H. A. No. 66, A proposal to sunset certain tax expenditures.

The advisory was referred to the Committee on Taxes.

MESSAGES FROM THE SENATE

The following message was received from 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. 2302, A bill for an act relating to financial institutions; requiring all checks and drafts drawn on certain accounts to clearly display the month and year the account was opened.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Dempsey moved that the House concur in the Senate amendments to H. F. No. 2302 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 2302, A bill for an act relating to financial institutions; requiring all checks and drafts drawn on certain accounts to clearly display the month and year the account was opened; specifying exclusions; providing a penalty.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 106 yeas and 16 nays as follows:

Those who voted in the affirmative were:

Aasness	Drew	Kelly	Olsen	Stowell
Adams	Eken	Kempe	Onnen	Sviggunn
Ainley	Elioff	Knickerbocker	Osthoff	Swanson
Albrecht	Erickson	Kroening	Otis	Thiede
Anderson, B.	Esau	Kvam	Patton	Tomlinson
Anderson, D.	Evans	Laidig	Pehler	Valan
Anderson, G.	Ewald	Levi	Peterson, B.	Valento
Anderson, I.	Faricy	Ludeman	Piepho	Voss
Battaglia	Fjoslien	Luknic	Prahl	Waldorf
Begich	Forsythe	Mann	Redalen	Weaver
Berkelman	Friedrich	McDonald	Reding	Welch
Biersdorf	Fritz	McEachern	Rees	Welker
Blatz	Fudro	Mehrkens	Reif	Wenzel
Brinkman	Haukoos	Metzen	Rose	Wieser
Byrne	Hoberg	Minne	Rothenberg	Wigley
Carlson, D.	Hokanson	Munger	Sarna	Wynia
Carlson, L.	Jacobs	Murphy	Schreiber	Zubay
Corbid	Jennings	Nelsen, B.	Searles	Spkr. Norton
Crandall	Johnson, D.	Niehaus	Sherwood	
Dean	Jude	Norman	Sieben, H.	
Dempsey	Kaley	Novak	Sieben, M.	
Den Ouden	Kalis	Nysether	Stadum	

Those who voted in the negative were:

Berglin	Greenfield	Lehto	Rodriguez	Stoa
Casserly	Jaros	McCarron	Simoneau	Vanasek
Clark	Kahn	Peterson, D.		
Ellingson	Kostohryz	Rice		

The bill was repassed, as amended by the Senate, and its title agreed to.

SPECIAL ORDERS

S. F. No. 2099 was reported to the House.

McEachern, Jacobs and Valento offered an amendment to S. F. No. 2099.

POINT OF ORDER

Schreiber raised a point of order pursuant to rule 3.10 that the amendment was not in order. The Speaker ruled the point of order not well taken and the amendment in order.

Casserly raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker ruled the point of order well taken and the amendment out of order.

S. F. No. 2099, A bill for an act relating to housing; permitting an increase in certain grants made by the housing finance agency; authorizing limitations on the assumability of mortgages made or purchased by a state or local agency; creating a veteran's housing assistance program; modifying the program for moderate rehabilitation of rental properties; changing municipal housing rehabilitation programs; appropriating money; amending Minnesota Statutes 1978, Sections 462A.05, Subdivision 17, and by adding a subdivision; 462A.06, Subdivision 11; 462A.21, by adding a subdivision and Minnesota Statutes, 1979 Supplement, Sections 462A.05, Subdivision 15; 462A.21, Subdivision 11; 462C.03, by adding a subdivision; and 462C.05, Subdivision 1.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and roll was called. There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Aasness	Drew	Kaley	Norman	Sherwood
Adams	Eken	Kalis	Novak	Sieben, H.
Ainley	Elioff	Kelly	Nysether	Sieben, M.
Albrecht	Ellingson	Kempe	Olsen	Simoneau
Anderson, B.	Erickson	Kostohryz	Onnen	Stadum
Anderson, D.	Esau	Kroening	Osthoff	Stoa
Anderson, G.	Evans	Kvam	Otis	Stowell
Anderson, I.	Ewald	Laidig	Patton	Sviggum
Battaglia	Faricy	Lehto	Pehler	Swanson
Begich	Fjoslien	Levi	Peterson, B.	Thiede
Berglin	Forsythe	Long	Peterson, D.	Tomlinson
Berkelman	Friedrich	Ludeman	Piepho	Valan
Biersdorf	Fritz	Luknic	Pleasant	Valento
Blatz	Greenfield	Mann	Prahl	Vanasek
Brinkman	Halberg	McCarron	Redalen	Voss
Byrne	Haukoos	McDonald	Reding	Waldorf
Carlson, D.	Heap	McEachern	Rees	Weaver
Carlson, L.	Hoberg	Mehrkins	Reif	Welch
Casserly	Hokanson	Metzen	Rice	Welker
Clark	Jacobs	Minne	Rodriguez	Wenzel
Clawson	Jaros	Munger	Rose	Wieser
Corbid	Jennings	Murphy	Rothenberg	Wigley
Crandall	Johnson, C.	Nelsen, B.	Sarna	Wynia
Dean	Johnson, D.	Nelsen, M.	Schreiber	Zubay
Dempsey	Jude	Nelson	Searle	Spkr. Norton
Den Ouden	Kahn	Niehaus	Searles	

The bill was passed and its title agreed to.

S. F. No. 2104 was reported to the House.

Peterson, B., and Prahl moved to amend S. F. No. 2104, the unofficial engrossment, as follows:

Page 1, line 21, before the period insert "*; provided that the interest rate for any sale of land pursuant to Laws of Minnesota 1979, Chapter 301, Section 10, shall be at four percent per annum*"

Page 2, line 4, after the period, insert new sections to read:

"Sec. 2. Minnesota Statutes 1978, Section 94.11, is amended to read:

94.11 [TERMS OF PAYMENT.] The terms of payment for all lots or tracts so sold shall be not less than ten percent of the purchase price thereof at the time of sale with the balance payable as hereinafter provided. If the purchase price of any lot or parcel is \$5,000 or less the balance shall be paid within 90 days of the date of sale. If the purchase price of any lot or parcel is in excess of \$5,000 the balance shall be paid in not less than equal annual installments for not to exceed five years, at the option of the purchaser, with principal and interest payable annually in advance at (THE RATE OF NOT LESS THAN SIX PERCENT PER ANNUM) *a rate equal to the rate in effect at the time advertised for sale pursuant to section 47.20, subdivision 4, on the unpaid balance, payable to the state treasury on or before June first each year.*

Sec. 3. Minnesota Statutes 1978, Section 282.01, Subdivision 4, is amended to read:

Subd. 4. [CONDUCT OF SALE.] Such sale shall be conducted by the county auditor at the county seat of the county in which such parcels lie, provided that, in St. Louis and Koochiching counties, the sale may be conducted in any county facility within the county, and such parcels shall be sold for cash only and at not less than the appraised value, unless the county board of the county shall have adopted a resolution providing for their sale on terms, in which event such resolution shall control with respect thereto. When the sale is made on terms other than for cash only a payment of at least ten percent of the purchase price must be made at the time of purchase, thereupon the balance shall be paid in not to exceed ten equal annual installments. No standing timber or timber products shall be removed from these lands until an amount equal to the appraised value of all such timber or timber products as may have been standing on such lands at the time of purchase has been paid by the purchaser; provided, that in the case any parcel of land bearing standing timber or timber products is sold at public auction for more than the appraised value, the amount bid in excess of the appraised value shall be allocated between the land and the timber in proportion to the respective appraised values thereof, and no standing timber or timber products shall be removed from such land until the amount of such excess bid allocated to timber or timber products shall have been paid in addition to the appraised value thereof. When sales are made

on such terms the interest rate on the unpaid portion shall be (FOUR PERCENT PER ANNUM) at a rate equal to the rate in effect at the time advertised for sale pursuant to section 47.20, subdivision 4. The purchaser at such sale shall be entitled to immediate possession, subject to the provisions of any existing valid lease made in behalf of the state.

Sec. 4. Minnesota Statutes, 1979 Supplement, Section 282.15, is amended to read:

282.15 [SALES OF FORFEITED LANDS.] Such sale shall be conducted by the auditor of the county wherein such parcels lie and shall be sold to the highest bidder but not for less than the appraised value. Such sales shall be for cash or on the following terms: The appraised value of all merchantable timber on such agricultural lands shall be paid for in full at the date of sale. At least 15 percent of the purchase price of the land shall be paid in cash at the time of purchase, and the balance in not to exceed 20 equal annual instalments, with interest at (THE RATE OF FOUR PERCENT PER ANNUM) a rate equal to the rate in effect at the time advertised for sale pursuant to section 47.20, subdivision 4 on the unpaid balance each year, both principal and interest to become due and payable on December 31 each year following that in which the purchase was made. The purchaser may pay any number of instalments of principal and interest on or before their due date. When the sale is on terms other than for cash in full the purchaser shall receive from the county auditor a contract for deed, in such form as shall be prescribed by the attorney general. The county auditor shall make a report to the commissioner of natural resources not more than 30 days after each public sale, showing the lands sold at such sales, and submit a copy of each contract of sale.

All lands sold pursuant to the provisions hereof shall, on the second day of January following the date of such sale, be restored to the tax rolls and become subject to taxation in the same manner as the same were assessed and taxed before becoming the absolute property of the state.

Sec. 5. Minnesota Statutes 1978, Section 282.222, Subdivision 4, is amended to read:

Subd. 4. [TERMS OF SALE.] All sales under sections 282.-221 to 282.226 shall be for cash or on the following terms: at least 15 percent of the purchase price shall be paid in cash at the time of the sale, and the balance thereof shall be paid in equal annual instalments over a period of 20 years, with interest at (THE RATE OF FOUR PERCENT PER ANNUM) a rate equal to the rate in effect at the time advertised for sale pursuant to section 47.20, subdivision 4, payable annually, on the portion from time to time remaining unpaid, with privilege of

prepayment of any instalment on any interest date. Sales on terms shall be evidenced by a certificate issued by the county auditor in such form as the attorney general shall prescribe, a copy of which shall be submitted to the commissioner of natural resources forthwith. The appraised value of all merchantable timber on such agricultural lands shall be paid for in cash in full at the time of sale. The county auditor shall report all sales to the commissioner of natural resources forthwith. Failure of the purchaser to make any payment of any instalment or of any interest required under any contract within six months from the date on which such payment shall become due, or to pay before they become delinquent all taxes that may be levied upon the land so purchased, shall constitute a default, and thereupon the contract shall be deemed canceled and all right, title, and interest of the purchaser, his heirs, representatives, or assigns in the premises shall terminate without the doing by the state of any act or thing whatsoever. A record of such default shall be made in the state land records kept by or under the direction of the commissioner of natural resources, and a certificate of such default may be made by or under the direction of the commissioner and filed with the county treasurer or recorded in the office of the county recorder of the county in which the premises are situated. Any such record or certificate shall be prima facie evidence of the facts therein stated, but the making of such record or certificate shall not be essential to the taking effect of such cancelation and termination, and thereupon the land described in the contract shall be subject to disposition as provided in this section, upon first having been reclassified and reappraised as provided by section 282.221. The county auditor shall report any such default to the commissioner of natural resources on or before June 30th of each year.

Sec. 6. Minnesota Statutes 1978, Section 282.261, is amended to read:

282.261 [DOWN PAYMENT.] A person repurchasing under section 282.241 shall pay at the time of repurchase not less than one-tenth of such repurchase price and shall pay the balance in ten equal annual instalments, with the privilege of paying the unpaid balance in full at any time, with interest at (THE RATE OF FOUR PERCENT) *a rate equal to the rate in effect at the time advertised for sale pursuant to section 47.20, subdivision 4*, on the balance remaining unpaid each year, the first instalment of principal and interest to become due and payable on December 31 of the year following the year in which the repurchase was made, the remaining instalments to become due and payable on December 31 of each year thereafter until fully paid. He shall pay the current taxes each year thereafter before the same shall become delinquent up to the time when he shall pay the repurchase price in full.

Sec. 7. Minnesota Statutes 1978, Section 282.35, Subdivision 2, is amended to read:

Subd. 2. [SPECIAL ASSESSMENTS TO BE REINSTAT-ED.] Upon the repurchase of land pursuant to subdivision 1 any special assessments heretofore canceled under sections 282.01 to 282.13, or any other law, shall be reinstated by the county auditor and any such special assessments so reinstated which are payable in the future shall be paid at the time and in the manner said special assessments would have been payable except for forfeiture, except that special assessments payable in 1943 shall be paid in full at the time of repurchase. The sum of such special assessments that would except for forfeiture have been levied and assessed against such land between the date of forfeiture and January 1, 1943, and payable before such date, shall be computed by the county auditor and included in the purchase price hereunder. When an application to repurchase a parcel of land under this section is made the county auditor shall compute and determine as in the case of omitted taxes, upon the basis of the assessed valuation of such parcel in effect at the time of forfeiture, the amount of taxes that would have been assessed and levied against such parcel between the date of forfeiture and the date of repurchase, and the amount so determined without penalties and costs, with interest at (FOUR PERCENT) *a rate equal to the rate in effect at the time advertised for sale pursuant to section 47.20, subdivision 4*, shall be included in the purchase price hereunder. When the term "delinquent taxes" is used in subdivision 1, it shall mean the sum of taxes and assessments without penalties or costs, with interest at four percent to the date of repurchase from the time such taxes and assessments became delinquent, accrued against a parcel at the time of forfeiture, and also the sum of taxes and assessments without penalties or costs, with interest at four percent to the date of repurchase from the time such taxes and assessments would have been delinquent that would have been levied and assessed against a parcel between the date of forfeiture and the date of repurchase, computed by the county auditor in the manner provided by this section. If the repurchase is made after May 1, the county auditor shall levy taxes for 1943 on the parcel as in the case of omitted taxes.

Sec. 8. Minnesota Statutes 1978, Section 282.35, Subdivision 3, is amended to read:

Subd. 3. [PAYMENTS TO BE MADE UNDER THIS SECTION.] A person repurchasing under subdivision 1 shall pay at the time of repurchase not less than one-tenth of such repurchase price and shall pay the balance in ten equal annual instalments, with the privilege of paying the unpaid balance in full at any time, with interest at (THE RATE OF FOUR PERCENT) *a rate equal to the rate in effect at the time advertised for sale pursuant to section 47.20, subdivision 4* on the balance remaining unpaid each year, the first instalment of principal and interest to become due and payable on December 31 of the year following the year in which the repurchase was made, the remaining instalments to become due and payable on December 31 of each year thereafter until fully paid. He shall

pay the current taxes each year thereafter before the same shall become delinquent up to the time when he shall pay the repurchase price in full."

Further, amend the title as follows:

Page 1, line 2, after "lands" insert "and tax-forfeited land sales"

Page 1, line 4, delete "Section" and insert "Sections"

Page 1, line 4, before the period insert "94.11; 282.01, Subdivision 4; 282.222, Subdivision 4; 282.261; and 282.35, Subdivisions 2 and 3; and Minnesota Statutes, 1979 Supplement, Section 282.15"

The motion prevailed and the amendment was adopted.

S. F. No. 2104, A bill for an act relating to state lands; changing the interest rate on unpaid sale balances; amending Minnesota Statutes 1978, Section 92.06, Subdivision 1.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 130 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Aasness	Drew	Kahn	Nelson	Searles
Adams	Eken	Kaley	Niehaus	Sherwood
Ainley	Elioff	Kalis	Norman	Sieben, H.
Albrecht	Ellingson	Kelly	Novak	Sieben, M.
Anderson, B.	Erickson	Kempe	Nysether	Simoneau
Anderson, D.	Esau	Knickerbocker	Olsen	Stadum
Anderson, G.	Evans	Kostohryz	Onnen	Stoa
Anderson, I.	Ewald	Kroening	Osthoff	Stowell
Battaglia	Faricy	Kvam	Otis	Sviggum
Begich	Fjoslien	Laidig	Patton	Swanson
Berglin	Forsythe	Lehto	Pehler	Thiede
Berkelman	Friedrich	Levi	Peterson, B.	Tomlinson
Biersdorf	Fritz	Long	Peterson, D.	Valan
Blatz	Fudro	Ludeman	Piepho	Valento
Brinkman	Greenfield	Luknic	Pleasant	Vanasek
Byrne	Halberg	Mann	Prahl	Voss
Carlson, D.	Haukoos	McCarron	Redalen	Waldorf
Carlson, L.	Heap	McDonald	Reding	Weaver
Casserly	Hoberg	McEachern	Rees	Welch
Clark	Hokanson	Mehrkens	Reif	Welker
Clawson	Jacobs	Metzen	Rice	Wenzel
Corbid	Jaros	Minne	Rodriguez	Wieser
Crandall	Jennings	Munger	Rose	Wigley
Dean	Johnson, C.	Murphy	Rothenberg	Wynia
Dempsey	Johnson, D.	Nelsen, B.	Sarna	Zubay
Den Ouden	Jude	Nelsen, M.	Schreiber	Spkr. Norton

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

S. F. No. 1398, A bill for an act relating to accountancy; providing for the licensing of public accountants; clarifying the law; amending Minnesota Statutes 1978, Sections 326.19, Subdivisions 3 and 4, and by adding a subdivision; Minnesota Statutes, 1979 Supplement, Sections 326.165, Subdivisions 1 and 2; 326.17; 326.18; 326.19, Subdivision 2; 326.211, Subdivisions 3 and 9; 326.212, Subdivision 2; and Laws 1979, Chapter 326, Section 16.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 124 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Ainley	Elloff	Kalis	Norman	Sherwood
Albrecht	Ellingson	Kelly	Novak	Sieben, H.
Anderson, B.	Erickson	Kempe	Nysether	Sieben, M.
Anderson, D.	Evans	Knickerbocker	Olsen	Simoneau
Anderson, G.	Ewald	Kostohryz	Onnen	Stadum
Anderson, I.	Faricy	Kroening	Osthoff	Stoa
Battaglia	Fjoslien	Laidig	Otis	Stowell
Begich	Forsythe	Lehto	Patton	Sviggum
Berglin	Friedrich	Levi	Pehler	Swanson
Berkelman	Fritz	Long	Peterson, B.	Thiede
Biersdorf	Fudro	Luknic	Peterson, D.	Tomlinson
Blatz	Greenfield	Mann	Piepho	Valan
Brinkman	Halberg	McCarron	Pleasant	Valento
Byrne	Haukoos	McDonald	Prahl	Vanasek
Carlson, D.	Heap	McEachern	Redalen	Voss
Carlson, L.	Hoberg	Mehrkens	Reding	Waldorf
Casserty	Hokanson	Metzen	Rees	Weaver
Clark	Jacobs	Minne	Reif	Welch
Clawson	Jaros	Moe	Rice	Wenzel
Corbid	Johnson, C.	Munger	Rodriguez	Wieser
Crandall	Johnson, D.	Murphy	Rose	Wigley
Dean	Jude	Nelsen, B.	Rothenberg	Wynia
Dempsey	Kahn	Nelsen, M.	Sarna	Zubay
Drew	Kaley	Nelson	Schreiber	Spkr. Norton
		Niehaus	Searles	

Those who voted in the negative were:

Jennings Ludeman Welker

The bill was passed and its title agreed to.

Sieben, H., 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.

CALL OF THE HOUSE

On the motion of Sieben, H., and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Aasness	Elioff	Kaley	Niehaus	Sherwood
Adams	Ellingson	Kalis	Norman	Sieben, H.
Ainley	Erickson	Knickerbocker	Novak	Simoneau
Albrecht	Esau	Kostohryz	Nysether	Stadum
Anderson, B.	Evans	Kroening	Olsen	Stoa
Anderson, D.	Ewald	Kvam	Onnen	Stowell
Anderson, G.	Faricy	Laidig	Osthoff	Sviggunn
Anderson, I.	Fjoslien	Lehto	Otis	Swanson
Battaglia	Forsythe	Long	Patton	Thiede
Begich	Friedrich	Ludeman	Peterson, D.	Tomlinson
Biersdorf	Fritz	Luknic	Piepho	Valan
Blatz	Halberg	Mann	Pleasant	Valento
Brinkman	Heap	McDonald	Prahl	Vanasek
Byrne	Heinitz	McEachern	Reding	Voss
Carlson, L.	Hoberg	Mehrkens	Rees	Weaver
Clark	Hokanson	Metzen	Rice	Welch
Clawson	Jacobs	Minne	Rodriguez	Welker
Crandall	Jaros	Moe	Rose	Wenzel
Dean	Jennings	Munger	Rothenberg	Wieser
Dempsey	Johnson, C.	Murphy	Sarna	Wigley
Den Ouden	Johnson, D.	Nelsen, B.	Schreiber	Wynia
Drew	Jude	Nelsen, M.	Searle	Zubay
Eken	Kahn	Nelson	Searles	Spkr. Norton

Faricy moved that further proceedings of the roll call be dispensed with and that the Sergeant at Arms be instructed to bring in the absentees. The motion prevailed and it was so ordered.

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2470

A bill for an act relating to public improvements; authorizing alteration, repair, rehabilitation, equipping, and replacement of equipment of public buildings with certain conditions; authorizing purchase and sale of public lands and buildings; appropriating money.

April 11, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 2470, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. 2470 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [PUBLIC LAND AND BUILDINGS; APPROPRIATIONS.] The sums set forth in the column designated "APPROPRIATIONS" are appropriated from the state building fund, or any other fund designated, to the state agencies indicated, to be expended for the acquisition and betterment of public land and buildings and other public improvements of a capital nature, as more specifically described in the following sections of this act.

SUMMARY

ADMINISTRATION	\$17,783,300
NATURAL RESOURCES	1,278,000
ENERGY	39,095,000
MILITARY AFFAIRS	234,000
VETERANS AFFAIRS	2,546,000
EDUCATION	23,257,800
STATE UNIVERSITIES	4,698,000
COMMUNITY COLLEGES	7,390,000
UNIVERSITY OF MINNESOTA	56,746,000
TRANSPORTATION	52,673,000
CORRECTIONS	12,864,100
PUBLIC WELFARE	14,621,500
ECONOMIC SECURITY	489,000
MINNESOTA HISTORICAL SOCIETY	936,000
BOND SALE EXPENSES	133,200
TOTAL	\$234,744,900
General Fund	3,678,400
Game and Fish Fund	454,000

Trunk Highway Fund	9,292,500
Transportation Fund	44,000,000
Building Fund	177,350,000

APPROPRIATIONS

\$

\$

Sec. 2. [ADMINISTRATION.]

To the commissioner of administration
for the purposes specified in this section

17,783,300

(a) Handicapped access to state
buildings

4,265,000

This appropriation shall not be expended for physical remodeling wherever accessibility for the handicapped may be provided by program changes including rescheduling, relocation of classes, or other methods.

The commissioner of administration shall present a proposed work program to the chairman of the house appropriations and senate finance committees and the council for the handicapped for review and comment prior to encumbering money for accessibility remodeling.

(b) Energy conservation

4,300,000

This appropriation is only for energy projects that have an estimated payback in energy savings in five years or less.

The commissioner of administration shall present a proposed work program to the chairman of the house appropriations and senate finance committees for review and comment prior to encumbering money for energy conservation.

None of this appropriation shall be used for painting walls.

\$

- (c) Emergency contingent account 450,000

This appropriation is available for expenditure with the approval of the governor after consultation with the legislative advisory commission pursuant to section 3.30.

- (d) Prepare preliminary plans for conversion of Mechanic Arts High School to state use 50,000

The commissioner of administration in consultation with members of the legislature shall present a plan to the chairman of the house appropriations committee and chairman of the senate finance committee by January 15, 1981 for the utilization of remodeled space in the capitol complex. The plan shall include a consideration of the occupation of some part of the capitol complex by administrative offices of the department of agriculture.

- (e) Modify Capitol Square building to meet life safety fire code 360,000

- (f) Replace capitol dock and outside freight elevator 137,000

- (g) Screen and light Ford building parking lot C and continue grounds improvements 50,000

- (h) Repair capitol roof 800,000

- (i) Install district heating in capitol complex 2,750,000

This appropriation is available for expenditure with the approval of the governor after consultation with the legislative advisory commission pursuant to section 3.30.

- (j) Repair and refinish exterior walls of motor pool and central stores building 93,000

	\$	\$
(k) Remodel supreme court clerk's office	46,000	

(l) Construct pedestrian and utility tunnel to the Ford building	670,000	
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This appropriation is available for expenditure with the approval of the governor after consultation with the legislative advisory commission pursuant to section 3.30.

(m) Construct pedestrian and utility tunnel from Centennial building to Veterans Service building	1,100,000	
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This appropriation is available for expenditure with the approval of the governor after consultation with the legislative advisory commission pursuant to section 3.30.

(n) Construct connecting tunnel to link the Historical Society building with the Mechanic Arts School building and with the gymnasium wing of the Mechanic Arts School building	400,000	
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This appropriation is available for expenditure with the approval of the governor after consultation with the legislative advisory commission pursuant to section 3.30.

(o) Repair Historical Society building rain gutters	49,000	
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(p) Wood fuel conversion projects	1,050,000	
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(1) Vermillion Community College, Ely	375,000	
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(2) Independent School District No. 692, Babbitt	225,000	
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(3) Independent School District No. 696, Ely	225,000	
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(4) Independent School No. 708, Tower-Soudan	225,000	
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\$

\$

The money under clauses (2) to (4) shall be matched by the school district by \$1 for each \$3 of state money. The money under clauses (2) to (4) is a loan. Each loan shall be repaid to the commissioner of finance over a period not to exceed 5 years, with interest at a rate sufficient to cover the cost to the state of borrowing the money. Repayments shall be credited to the state bond fund in the state treasury. The money in clauses (2) to (4) shall not be loaned until an agreement authorized pursuant to section 471.59 is executed by the boards of the designated districts and the state board for community colleges. The agreement shall include the organization of a consortium, the management, accounting and allocation of money among members of the consortium, and the consortium's plans for fuel conversion, plant retrofitting and energy conservation.

(q) Replace break switches	64,000
(r) Modernize and improve elevators in transportation building	619,500
The provisions of Minnesota Statutes, Section 16.821 through 16.827 shall not apply to this project. This appropriation is from the trunk highway fund.	
(s) Replace carpet in governor's reception area	14,800
(t) Raise high voltage switch gear and transformers	135,000
(u) Rehabilitate state ceremonial building	20,000
(v) Emergency contingent account	360,000

This appropriation is available for expenditure with the approval of the governor after consultation with the legislative advisory commission pursuant to section 3.30.

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\$

The appropriations in clauses (q) and (s) to (v) are from the general fund.

Sec. 3. [NATURAL RESOURCES.]

Subdivision 1. To the commissioner of administration or the commissioner of natural resources for the purposes more specifically described in the following subdivisions of this section

1,278,000

Subd. 2. To the commissioner of administration for the purposes specified in this subdivision

1,028,000

(a) Install sewer system at Orr forestry station 8,000

(b) Remodel southern service center 75,000

(c) Improve Rochester regional headquarters facilities 30,000

(d) Improve Badoura forest nursery 385,000

(e) Construct shop and warehouse at New Ulm regional headquarters 382,000

(f) Relocate Dentaybow warehouse or construct shop and warehouse building at Little Fork forestry station 30,000

This appropriation is from the general fund.

(g) Replace well at Lanesboro hatchery 7,000

(h) Construct warehouse for fisheries and forestry at Finland area headquarters 40,000

This building is considered an agricultural building and is exempt from the provisions of the building code relating to public buildings.

(i) Install security fencing and improve road and parking surfaces at various sites 71,000

\$

\$

Of the appropriations in clauses (a) to (e), \$336,000 is from the game and fish fund.

The appropriations in clauses (g), (h), and (i) are from the game and fish fund.

Subd. 3. To the commissioner of natural resources to relocate agricultural dikes along the Red River of the North-state match

250,000

Money spent from this appropriation shall be matched on a dollar for dollar basis by money raised or services provided locally. Federal general revenue sharing money may be counted as money raised locally, but other federal grants or loans shall be used to reduce, equally the state share and the local share of project costs. This project is not eligible for a local dam loan pursuant to Minnesota Statutes, Section 105.482.

Subd. 4. The commissioner of finance in cooperation with the commissioner of administration, the commissioner of natural resources, and the commissioner of public welfare shall develop a plan and estimated costs for locating the Brainerd headquarters facility at the Brainerd state hospital, and an alternative plan and estimated costs for locating it at the St. Andrews school. The plans shall be submitted to the legislature by January 1, 1981.

Sec. 4. [ENERGY.]

Subdivision 1. To the commissioner of finance or the director of the energy agency for the purposes more specifically described in the following subdivisions of this section

39,095,000

Subd. 2. District heating loans

39,025,000

(a) St. Paul

29,525,000

	\$	\$
(b) Moorhead	5,000,000	
(c) Red Wing and Minneapolis	4,000,000	
(d) Preliminary Planning	500,000	

To be spent for the purposes specified in section 23, subdivision 5, clauses (a), (b), and (c), for Bagley, Aitkin, and Virginia.

The appropriations in this subdivision are to the commissioner of finance and shall be expended in accordance with section 23.

Subd. 3. Evaluation of district heating loan applications	70,000
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Approved Complement — 1

This appropriation is from the general fund.

This appropriation and approved complement are for the energy agency. The appropriation is available until June 30, 1981.

Sec. 5. [MILITARY AFFAIRS.]

To the adjutant general for energy conservation projects at armories	234,000
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Sec. 6. [VETERANS AFFAIRS.]

To the commissioner of administration for the purposes specified in this section	2,546,000
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(a) Purchase equipment for Minneapolis nursing facility	212,000
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This appropriation is added to the appropriation in Laws 1976, Chapter 348, Section 3, Subdivision 1.

(b) Complete remodeling of Hastings veterans home	236,000
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(c) Construct a new facility on the Fergus Falls State Hospital grounds for use as a veterans home 2,000,000

The facility shall comply with all federal and state regulations relating to the occupancy of buildings used for a veterans home. This appropriation shall be expended only after federal money for construction costs at a rate of 60 percent or more of total project costs has been secured.

To the extent possible, the commissioner of public welfare and the commissioner of veterans affairs shall cooperate in the provision of shared services for the veterans home at Fergus Falls, including but not limited to, laundry services, food service, grounds-keeping and heating.

(d) Demolish buildings at Hastings and Minneapolis veterans homes 98,000

The commissioner of veterans affairs shall seek the federal share for the projects in this section.

The Minnesota historical society must give written approval before any demolition work in this section is undertaken.

The appropriation in clause (d) is from the general fund.

Sec. 7. [EDUCATION.]

Subdivision 1. To the commissioner of administration, except as otherwise provided, for the purposes more specifically described in the following subdivisions of this section 23,257,800

Subd. 2. Minnesota School for the Deaf 158,800

(a) Install two fire hydrants 16,000

(b) Repair roofs 127,800

	\$	\$
(c) Install drainage tile at Frechette Hall	10,000	

(d) Refinish gymnasium floor and replace supports where needed	5,000	
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The appropriations in this subdivision are from the general fund.

Subd. 3. Minnesota Braille and Sight Saving School	4,205,000	
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(a) To the commissioner of administration for a building for blind and multi-handicapped students to include construction, building demolition, activity building code compliance, utilities, sitework, and fees on the campus of the Minnesota Braille and Sight Saving School	4,200,000	
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Up to \$300,000 of salary savings from the Braille School and the School for the Deaf may be used to supplement this appropriation.

The total cost of this project shall not exceed \$4,500,000.

(b) Refinish gymnasium floor and replace supports where needed	5,000	
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The appropriation in clause (b) is from the general fund.

Subd. 4. To the state board of education for post-secondary vocational-technical construction in the school districts listed in this subdivision	17,894,000	
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Independent School District No. 241, Albert Lea	229,500	
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The total cost of the project shall not exceed \$270,000 whether paid from state, local, or federal money.

Independent School District No. 206, Alexandria	595,000	
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The total cost of the construction shall not exceed \$700,000, whether paid from state, local, or federal money.

Independent School District No. 31,
Bemidji 595,000

The total cost of the construction shall not exceed \$700,000, whether paid from state, local, or federal money.

Independent School District No. 917,
Dakota County 325,000

This appropriation is for an addition to the meat cutting training facility.

The total cost of the construction shall not exceed \$382,400, whether paid from state, local, or federal money.

Independent School District No. 22,
Detroit Lakes 318,800

The total cost of the construction shall not exceed \$375,000, whether paid from state, local, or federal money.

Independent School District No. 595,
East Grand Forks 680,000

This appropriation is contingent upon the signing of a reciprocity agreement relating to post-secondary vocational education by the states of Minnesota and North Dakota.

The total cost of the construction shall not exceed \$800,000, whether paid from state, local, or federal money.

Independent School District No. 894,
Granite Falls 285,600

The total cost of the construction shall not exceed \$336,000, whether paid from state, local, or federal money.

Independent School District No. 423,
Hutchinson 527,000

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\$

The total cost of the construction shall not exceed \$620,000, whether paid from state, local, or federal money.

Independent School District No. 324,
Jackson 212,500

The total cost of the construction shall not exceed \$250,000, whether paid from state, local, or federal money.

Independent School District No. 77,
Mankato 411,400

\$212,500 of this appropriation is for construction at the main campus of the Mankato Area Vocational Technical Institute.

\$198,900 of this appropriation is for renovation of the Union School building for post-secondary vocational purposes.

The total cost of the two projects shall not exceed \$484,000, whether paid from state, local, or federal money.

Independent School District No. 152,
Moorhead 153,000

The total cost of the construction shall not exceed \$180,000, whether paid from state, local, or federal money.

Independent School District No. 916. 209,500

The local portion of the cost of this project is \$80,500.

The total cost of the construction shall not exceed \$290,000, whether paid from state, local, or federal money.

Independent School District No. 535,
Rochester 637,500

This appropriation is for renovation of the heating system.

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The total cost of the project shall not exceed \$750,000, whether paid from state, local, or federal money.

Independent School District No. 742,
St. Cloud 1,300,000

The total cost of the construction shall not exceed \$1,529,400, whether paid from state, local, or federal money.

Independent School District No. 625,
St. Paul 5,500,000

This appropriation is for a construction project on the grounds of the main campus of the St. Paul Technical Vocational Institute.

The total cost of the project shall not exceed \$6,470,600, whether paid from state, local, or federal money.

Independent School District No. 793,
Staples 2,697,000

This amount shall not be paid unless the district, with the approval of the voters as provided in Minnesota Statutes, Chapter 475, finances \$741,000 of the cost of the post-secondary vocational-technical construction project approved in this clause through the issuance of local bonds.

Notwithstanding the provisions of Minnesota Statutes, Section 124.564, starting in fiscal year 1982, the district shall not receive post-secondary vocational debt service aid for the state portion of debt service costs with respect to bonds issued in 1960 and that portion of bonds issued in 1969 and in 1971 to finance the "South Campus" post-secondary vocational-technical wing of the district's high school building and interest thereon, but instead, starting with the levy certified in 1980,

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\$

shall provide fully for the payments due on these bonds and interest thereon through local tax levies as provided in Minnesota Statutes, Chapter 475.

The total cost of the new construction project shall not exceed \$3,438,000 whether paid from state, local or federal money.

Joint Independent School District
No. 287, Suburban Hennepin 1,640,000

The local portion of the cost of this project shall be a minimum of \$603,500 and a maximum of \$760,000. The total cost of the project including money from post-secondary vocational, secondary vocational, and special education services shall not exceed \$2,400,000, whether paid from state, local, or federal money.

Independent School District No. 819,
Wadena 607,200

The local portion of the cost of this project shall be a minimum of \$123,100 and a maximum of \$213,800. The total cost of the project shall not exceed \$821,000, whether paid from state, local, or federal money.

Independent School District No. 861,
Winona 770,000

The local portion of this project shall be a minimum of \$135,900 and a maximum of \$840,000.

The total cost of the construction shall not exceed \$1,610,000, whether paid from state, local, or federal money.

Handicapped Access 200,000

This appropriation is for remodeling to improve access for physically handicapped persons at area vocational technical institutes.

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Subd. 5. To the state board of education

1,000,000

This appropriation shall be used to match local district money used for the construction, enlargement, or modification of school buildings when the commissioner of education has determined that these alterations are directly related to reducing or eliminating racial imbalance, and are a part of a desegregation plan approved by the state board of education. This appropriation may be used only for school districts that were cited for the first time in 1979 by the commissioner of education for noncompliance with department of education rule number EDU 620-639 relating to equality of educational opportunity and school desegregation.

This money shall be expended only after plans have been submitted to the legislative advisory committee for review and their recommendation has been made pursuant to Minnesota Statutes, Section 3.30.

Independent School District No. 709, Duluth, may issue general obligation bonds in the amount of \$1,000,000 for the purpose of erecting an elementary school building. The bonds shall be sold and issued pursuant to the provisions of Minnesota Statutes, Chapter 475, except as provided in this subdivision. The bonds shall not be included in computing any debt limitation for the district and no election shall be required for their sale and issuance.

This subdivision is effective upon approval by a majority of the governing body of Independent School District No. 709, Duluth, and upon compliance with Minnesota Statutes, Section 645.021.

Sec. 8. [STATE UNIVERSITIES.]

Subdivision 1. To the commissioner of administration for the purposes more

specifically described in the following
subdivisions of this section 4,698,000

Subd. 2. Mankato Campus

Improve heating, ventilation, and air
conditioning at Armstrong hall 163,000

Subd. 3. Moorhead Campus

Rehabilitate Lommen hall 900,000

Subd. 4. St. Cloud Campus

Rehabilitate boiler 60,000

Subd. 5. Winona Campus 2,975,000

(a) Rehabilitate Somsen Hall 1,200,000

This appropriation is for the follow-
ing projects:

(1) Replace windows 399,000

(2) Install elevator 225,000

(3) Enclose stairwells 399,000

(4) Architect fees and other related
expenses 177,000

The state university board may trans-
fer amounts among clauses (1) to (4) as
needed.

(b) Remodel Watkins Hall 565,000

(c) Campus site work 326,000

(d) Renovate Phelps Hall 884,000

Subd. 6. Systemwide 600,000

(a) Replace windows 400,000

(b) Roof repairs 200,000

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Sec. 9. [COMMUNITY COLLEGES.]

To the commissioner of administration, except as otherwise provided, for the purposes more specifically described in this section

7,390,000

(a) Construct library, classroom, and college center building and skyway at Minneapolis community college

6,500,000

(b) Roof repairs, road repairs, landscaping, remodeling and maintenance at various campuses

750,000

This appropriation is from the general fund to the chancellor of the community college system.

(c) Prepare plans for expansion of college center, and physical education classroom facilities at Vermillion and Rainy River community colleges

140,000

Sec. 10. [UNIVERSITY OF MINNESOTA.]

Subd. 1. To the regents of the university of Minnesota for the purposes more specifically described in the following subdivisions of this section

56,746,000

Subd. 2. Minneapolis Campus

32,636,000

(a) Construct two interconnected buildings on the West Bank to serve the needs of the Hubert H. Humphrey Institute and the College of Business Administration

13,200,000

Of this amount, a total of \$9,800,000 is for the Hubert H. Humphrey Institute and \$3,400,000 is for the Business College. The regents are authorized to use private funds to increase the Hubert H. Humphrey project to \$11,000,000 and the College of Business Administration project to \$4,000,000.

\$

\$

(b) Construct music facility on the
West Bank Campus 12,000,000

(c) Prepare working drawings for
Fraser Hall remodeling

\$176,000 of the appropriations can-
celled by subdivision 15 of this section
is reappropriated for this purpose.

(d) Complete basement space in
Koltoff Hall

\$800,000 of the appropriations can-
celled by subdivision 15 of this section
is reappropriated for this purpose.

(e) Prepare working drawings for
remodeling Smith Hall, the total cost not
to exceed \$20,000,000

\$850,000 of the appropriations can-
celled by subdivision 15 of this section
is reappropriated for this purpose.

(f) Install new field house floor

\$564,000 of the appropriations can-
celled by subdivision 15 of this section
is reappropriated for this purpose.

(g) University area short range
transportation program

\$1,070,000 of the appropriations can-
celled by subdivision 15 of this section
is reappropriated for this purpose.

This appropriation is not directly or
indirectly a commitment to participation
in Phase II.

(h) Continuation of heating plant
conversion 4,069,000

(i) Remodel vacated clinic space for
school of public health 3,300,000

(j) Remodel vacated space for de-
partment of anesthesiology 67,000

	\$	\$
Subd. 3. St. Paul Campus		16,862,000
(a) Prepare working drawings for Animal Science, Phase II	677,000	
The total cost of the above project shall not exceed \$20,000,000.		
(b) Construct agronomy and plant genetics, plant pathology, and soil science building	15,900,000	
(c) Planning funds for replacement of heating plant boiler	200,000	
(d) Prepare working drawings to remodel portion of North Hall for landscape architecture	85,000	
Subd. 4. Duluth Campus		547,000
(a) Construct greenhouse	287,000	
(b) Complete water distribution system—final phase	260,000	
Subd. 5. Morris Campus		
Remodel Behmler Hall		320,000
Subd. 6. Crookston Campus		2,336,000
(a) Improve heating plant	2,114,000	
(b) Prepare working drawings for Owen Hall	44,000	
(c) Rehabilitate primary electric system	178,000	
Subd. 7. Waseca Campus		871,000
(a) Working drawings for livestock laboratory and holding facility	30,000	
(b) Rehabilitate primary electric system and utilities	241,000	

	\$	\$
(c) Construct mechanized agriculture facility	600,000	
Subd. 8. The Northwest Experiment Station—Crookston		330,000
(a) Remodeling of Agricultural Research Center auditorium	312,000	
(b) Construct chemical storage facility	18,000	

The board of regents may enter into negotiations for the purchase of land not to exceed 40 acres at the Northwest Experiment Station. The university shall consult with the chairmen of the house appropriations committee and the senate finance committee and seek their recommendations prior to making the purchase.

Subd. 9. North Central Experiment Station—Grand Rapids

The board of regents may enter into negotiations for the purchase of land not to exceed 160 acres at the North Central Experiment Station. This authorization shall remain in effect for a period of one year following final approval of this act. The university shall consult with the chairmen of the house appropriations committee and the senate finance committee and seek their recommendations prior to making the purchase.

Subd. 10. West Central Experiment Station—Morris

Improve road surfaces and drainage	61,000
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Subd. 11. Southern Experiment Station—Waseca	199,000
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(a) Construct dairy heifer facility	159,000
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(b) Construct machinery storage building	40,000
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This building is considered an agricultural building and is exempt from the provisions of the building code relating to public buildings.

The board of regents may enter into negotiations for the purchase of land not to exceed 120 acres at the Southern Experiment Station to be used solely for university functions, agricultural research, and educational practices performed by the university. This authorization shall remain in effect for a period of one year following final approval of this act. In the course of the negotiations, the university shall consult with the chairmen of the house appropriations committee and the senate finance committee and seek their recommendations prior to making the purchase.

Subd. 12. Horticultural Research Center—Chanhasen

Refurbish greenhouse	29,000
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Subd. 13. Hormel Institute—Austin

Supplemental appropriation for animal holding facility	130,000
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Subd. 14. System-wide	2,425,000
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(a) Upgrade facilities to accommodate physically handicapped	1,000,000
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(b) OSHA projects	250,000
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(c) Remodel facilities to conserve energy	1,000,000
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The appropriation in (c) above is to be spent on projects as shown on official conference committee work papers.

(d) Remove and replace diseased trees	175,000
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Subd. 15. The unencumbered balances of appropriations made by Laws

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1978, Chapter 792, Section 11, Subdivision 2, Clauses (f) and (h) are cancelled.

Sec. 11. [TRANSPORTATION.]

Subdivision 1. To the commissioner of transportation for the purposes specified in this section

52,673,000

Subd. 2. Transportation capital improvements

30,900,000

This appropriation is from the state transportation fund for the actual construction, reconstruction, and improvement of the state transportation system. Priority for use of this money shall be given to projects that match federal aid or that expedite the completion of the interstate transportation system.

Subd. 3. Bridge Construction

10,000,000

This appropriation is from the state transportation fund for the design, construction, and reconstruction of key bridges and bridge approaches on the state transportation system, including interstate routes. This appropriation shall be expended in accordance with the requirements for expenditure of money from the Minnesota state transportation fund for trunk highway bridges under Minnesota Statutes, Section 174.50 and rules promulgated pursuant to that section.

Subd. 4. Interstate Highway substitution

3,100,000

This appropriation is from the state transportation fund and shall be used to pay the local share of a transportation project for service of urbanized and connecting corridors in unurbanized areas that is approved by the United States secretary of transportation, the governor, and the regional councils and local government units responsible, in substitution for interstate routes withdrawn from the areas.

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Notwithstanding Minnesota Statutes, Section 161.12, the local match apportioned to the city of Minneapolis is available only if the city agrees that the excess right of way located east of the Mississippi returned to the city shall be utilized to provide park facilities and residential housing compatible with the immediate residential area through which it passes.

Subd. 5. Operating facilities	4,649,000
(a) Repair and improve facilities statewide	365,000
(b) Construct salt storage buildings	350,000
(c) Construct electronic communications buildings	70,000
(d) Construct Morris headquarters building	2,323,000
(e) Acquire land at Park Rapids ..	20,000
(f) Construct addition to Golden Valley office	926,000
This appropriation includes \$7,500 for remodeling of the Golden Valley district headquarters office building and \$12,500 for remodeling to provide space for the highway patrol at the Golden Valley office.	
(g) Construct equipment storage building at Aitkin	278,000
(h) New building contingency	315,000
(i) Land contingency	2,000

If the commissioner of transportation does not have sufficient money to match all available federal aid for road and bridge construction during the biennium

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ending June 30, 1981, the commissioner shall defer the construction of some or all of the buildings in this subdivision until it is possible to match federal aid.

Subd. 6. Construct interstate weigh stations at Scanlon, Worthington, and Rogers(2)

4,024,000

The appropriations in subdivisions 5 and 6 are from the trunk highway fund.

Subd. 7. The commissioner of transportation may expend any portion of the appropriation made by Laws 1978, Section 8, Subdivision 4, clause (b) for planning, design, and preliminary development of a consolidated truck station serving the Dakota County area. Preliminary development may include land acquisition, site development, Utility extension and other on site activities required preparatory to building construction for a consolidated facility as presented to the 1980 session of the legislature.

Sec. 12. [CORRECTIONS.]

Subdivision 1. To the commissioner of administration for the purposes more specifically described in the following subdivisions of this section.

12,864,100

Subd. 2. Minnesota Correctional Facility—Red Wing

210,000

(a) Roof, gutter and down-spout repairs 73,800

(b) Replace greenhouse windows 16,800

(c) Insulate attics in four buildings 25,700

(d) Upgrade electrical capacitors 10,100

	\$	\$
(e) Repair Knox cottage masonry, complete tuckpointing projects, repair storm sewer	56,000	
(f) Resurface roads and parking lots	28,000	

The appropriation in clause (f) is from the general fund.

Subd. 3. Minnesota Correctional Facility—Lino Lakes

282,100

(a) Renovate boilers and boiler room floor	28,100
(b) Repair cottage roofs, windows, showers and roads	81,700
(c) Remodel cottages to increase capacity and improve living conditions ..	28,900
(d) Remodel industry area	65,000
(e) Security intercom system	22,400
(f) Insulate ceilings and mechanical areas	22,400
(g) Repair water tank	33,600

The appropriation in clause (g) is from the general fund.

Subd. 4. Minnesota Correctional Facility—Shakopee

Repair steps to Anthony and Higbee cottages	3,200
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This appropriation is from the general fund.

Subd. 5. Willow River Camp

82,200

(a) Construct steel frame building for truck body shop and truck driver training programs	63,100
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	\$	\$
(b) Replace kitchen/dining hall roof	12,400	
(c) Tile barracks floors	6,700	
Subd. 6. Minnesota Correctional Facility—Sauk Centre		159,500
(a) Roof repair to Sullivan and Evers buildings	43,000	
(b) Remodel Mary Lyon school	54,200	
(c) Remodel and repair Sinclair Lewis Hall	24,700	
(d) Replace underground water lines	28,600	
(e) Replace boiler	9,000	
Subd. 7. Thistledew Camp Insulation		60,500
Subd. 8. Minnesota Correctional Facility—Stillwater		3,448,600
(a) Water treatment plant addition	11,200	
(b) Health and safety measures	977,400	
(c) Power plant improvements	2,292,000	

The commissioners of administration, finance, and corrections shall jointly study the feasibility of purchasing steam from the Northern States Power plant, and submit a report to the chairman of the senate finance committee and the chairman of the house appropriations committee for their recommendation. This appropriation is available for either modifying the present power plant or for the Northern States Power alternative, but shall not be available until a recommendation has been received from the two chairmen.

(d) Tuckpointing	168,000
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The appropriation in clause (d) is from the general fund.

Subd. 9. Minnesota Correctional Facility—St. Cloud	798,000
(a) New windows in cell house B	61,600
(b) New windows in industries building	73,900
(c) Replace cell house screens	52,500
(d) Refinish interior walls of cells in A, B, and C cell houses	183,700
(e) Construct second deck in maintenance area	84,000
(f) Boiler repairs	26,900
(g) New stairway to "G" dorm area	33,600
(h) Reroof E house and dayroom, new toilets in welding and upholstery shops	52,000
(i) Dayroom for B house	150,000
(j) Recarpet dining room	16,000
(k) Tuckpointing	50,400
(l) Paint water tower	13,400

The appropriations in clauses (j) to (l) are from the general fund.

Subd. 10. Correctional facility for women offenders	305,000
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This appropriation is available immediately to the commissioners of administration and corrections for the following purposes:

(a) Determine the feasibility of utilizing existing structures at the Shakopee site;

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(b) Study the potential for shared or cooperative programming and joint facility usage;

(c) Study the feasibility of a new facility at Shakopee;

(d) Development of operational program statements;

(e) Development of operational cost estimates;

(f) Development of an architectural space program;

(g) Development of schematic architectural drawings;

(h) Completion of design development, including cost estimates; and

(i) Full consideration of the economics of other locations.

A report shall be submitted to the 1981 legislature.

Subd. 11. Jail Construction Grants

7,500,000

This appropriation is for grants to counties for detention facilities pursuant to Minnesota Statutes, Section 241.022, as amended by this act, to be available until expended.

This appropriation shall be used only to fund phase one local correctional facility construction as described in the department of corrections statewide jail plan of 1980, and to fund grants to groups of counties that contain at least one county whose jail, lockup, or other adult correctional facility has been inspected by the commissioner and determined to be subject to condemnation or in immediate need of major repair and renovation as of January 1, 1980, and that desire to jointly operate

\$

\$

a newly constructed or renovated existing facility.

For local correctional facility construction commenced before March 1, 1980, under construction and unoccupied on the effective date of this act, the total grant for a particular facility shall not exceed \$6,250 per approved bed, or 12.5 percent of the total cost of construction or renovation, whichever is less.

For local correctional facility construction commencing on or after March 1, 1980, the total grant for a particular facility shall not exceed \$12,500 per approved bed, as established in the statewide jail plan, or 25 percent of the total cost of construction or renovation, whichever is less.

Subd. 12. Advisory Task Force on Jails

15,000

This appropriation is from the general fund to the commissioner of corrections, to be available until June 30, 1981.

Subd. 13. The commissioner of administration may transfer unencumbered balances in any of the subdivisions in this section, other than subdivisions 11 and 12, to other subdivisions in this section. The transfers may be completed after notifying the chairmen of the senate finance committee and house appropriations committee of the purpose, reason, and amount of the transfer.

Sec. 13. [PUBLIC WELFARE.]

Subdivision 1. To the commissioner of administration for the purposes more specifically described in the following subdivisions of this section

14,621,500

Subd. 2. Ah-Gwah-Ching State Nursing Home

937,000

	\$	\$
(a) Relocate paint shop	46,000	
(b) Fire alarms and replacing wooden floors and doors	244,000	
(c) Remodel Hall pavilion, B and C buildings	379,000	
(d) New water tower	180,000	
(e) Ash handling system	64,000	

The remaining unexpended appropriation from Laws 1971, Chapter 963, Section 2, Subdivision 14, Clause (2), shall be added to the appropriation in clause (e).

(f) Tuckpointing power house, C and E buildings	24,000	
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The appropriation in clause (f) is from the general fund.

Subd. 3. Oak Terrace State Nursing Home	622,000	
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(a) Roof repairs to buildings 11 and 17	65,000	
(b) Patient ward remodeling	552,000	
(c) Road resurfacing	5,000	

The appropriation in clause (c) is from the general fund.

Subd. 4. Anoka State Hospital	268,000	
(a) Emergency generator	180,000	

This appropriation is from the general fund.

(b) Repair smokestack, replace water service	88,000	
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Subd. 5. Brainerd State Hospital	3,099,000	
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(a) Roof repair	187,000	
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	\$	\$
(b) Remodel building 7	42,000	
(c) Improve Security in building 1	12,000	
(d) Improve Security in building 22	48,000	
(e) Remodel building 6	831,000	
(f) Remodel building 8	975,500	
(g) Remodel building 21	975,500	
(h) Road and parking lot repairs	28,000	

The appropriation in clause (h) is from the general fund.

Subd. 6. Cambridge State Hospital

889,000

(a) Roof repair	272,000
(b) Code remodeling for infirmary, cottages 1, 3, 4, 9, and 12, and Delwood North and South	217,000
(c) Elevators in cottages 8 and 11	168,000
(d) Emergency generator	207,000
(e) Road and parking lot repairs	25,000

The appropriation in clause (e) is from the general fund.

Subd. 7. Faribault State Hospital

3,193,000

(a) Remodel Seneca and Mohawk	769,000
(b) Remodel Elm, Hickory and the medical hospital	1,417,000
(c) Exit stair towers for Oaks	100,000
(d) Reroof Linden and Seneca	372,000
(e) Renovate laundry	275,000
(f) Repair roads	150,000

	\$	\$
(g) Testing and monitoring of electricity	25,000	
(h) Emergency battery lighting	85,000	

The appropriations in clauses (g) and (h) are from the general fund.

Subd. 8. Fergus Falls State Hospital

2,178,000

(a) Remodel men's geriatrics building

750,000

(b) Fire and life safety and remodel Kirkbride building, West Detached and South West

1,148,000

(c) Roof repair for the Kirkbride building, kitchen, and geriatrics building

215,000

(d) Road and parking lot repairs ..

65,000

The appropriations in clause (d) is from the general fund.

Subd. 9. Moose Lake State Hospital

734,500

(a) Roof repair for buildings 1, 2, 3, 4, 51, 52 and 60

174,000

(b) Remodel buildings 1, 2, 3, 4, 10, 50, 54, 55, 56, and 65

435,500

(c) Renovate lock system

75,000

(d) Road and parking lot repairs ..

50,000

The appropriation in clause (d) is from the general fund.

Subd. 10. Rochester State Hospital

321,000

(a) Water chiller system for building 8

165,000

	\$	\$
(b) Replace boiler controls, renovate elevators in buildings PS 2 and Medical 2, repair roads	133,000	
(c) Caulking and tuckpointing	23,000	
The appropriations in clauses (b) and (c) are from the general fund.		
Subd. 11. St. Peter State Hospital		1,375,000
(a) Complete construction of the new security hospital	702,000	
The \$276,000 loan made available to the commissioner of administration to allow acceptance of the bids for the new security hospital is cancelled to the general fund.		
(b) Reroof machine shop and laundry	142,000	
(c) Life safety code improvements	500,000	
(d) Improvements to campus electrical distribution system and water treatment system	31,000	
Subd. 12. Willmar State Hospital		355,000
(a) Life safety code improvements	130,000	
(b) Remodel bathing facilities	140,000	
(c) Roof repairs to Cottage 1, pump house 5 and all cottage porches	70,000	
(d) Construct loading dock in laundry	10,000	
(e) Repair deep well	5,000	
The appropriation in clause (e) is from the general fund.		
Subd. 13. Furniture and carpeting		500,000
Subd. 14. Demolition of buildings		150,000

\$

\$

Notwithstanding any law to the contrary, the commissioner of public welfare shall demolish any old or obsolete buildings immediately using any present or prior appropriation.

The appropriations in subdivisions 13 and 14 are from the general fund.

Subd. 15. In order to expedite the projects at state hospitals and nursing homes provided for in this section, the commissioner of administration may retain the designing architects and engineers currently working on similar projects at these hospitals and need not follow the procedure for selection of architects and engineers set forth in Minnesota Statutes, Chapter 16.

Subd. 16. The commissioner of administration may prioritize the need for road repair at the various department of public welfare institutions and reallocate the road repair appropriations accordingly.

Subd. 17. The commissioner of administration may transfer unencumbered balances in any of the subdivisions in this section to other subdivisions in this section. The transfers may be completed after notifying the chairmen of the senate finance committee and house appropriations committee of the purpose, reason, and amount of the transfer.

Sec. 14. [ECONOMIC SECURITY.]

To the commissioner of administration to renovate St. Paul area office

489,000

Sec. 15. [MINNESOTA HISTORICAL SOCIETY.]

To the Minnesota historical society for the purposes specified in this section

936,000

(a) Exhibit construction and development

180,000

\$

\$

This appropriation is for exhibit construction and development in the gymnasium wing of the Mechanic Arts School building.

(b) Install sprinkler system at society building	66,000
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(c) Plan and design Itasca Interpretive center	100,000
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The historical society may use unexpended balances from other construction projects to supplement this appropriation. The total spent for this purpose shall not exceed \$250,000.

(d) Restore Lac Qui Parle Mission	88,000
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The Minnesota historical society shall consult with the research committees of the Chippewa County and Lac Qui Parle County historical societies with regard to the history of the area and the restoration of the site.

(e) Restore Meighen Store	100,000
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(f) Restore Ft. Ridgely, Phase I	39,800
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(g) Restore Birch Coulee	15,000
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(h) Fort Snelling Visitor Center	
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\$425,000 of federal money received in reimbursement for the appropriation in Laws 1978, Chapter 792, Section 12, Subdivision 2 is appropriated to the Minnesota historical society for the Fort Snelling Visitor Center.

(i) Interior and exterior renovation at Hill house	135,000
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(j) Improve energy conservation at historic houses	12,000
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(k) Exhibit preparation and storage area and restrooms	25,200
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\$

\$

(1) Storage and relocation of collection items 175,000

This appropriation is for the rental of storage space in the Mechanic Arts School building and the relocation of collection items to that space.

The appropriations in clauses (i) to (1) are from the general fund.

Sec. 16. [BOND SALE EXPENSES.]

To the commissioner of finance for bond sale expenses pursuant to Minnesota Statutes, Section 16A.64, Subdivision 4. 133,200

Sec. 17. [BOND SALE; DEBT SERVICE.] *Subdivision 1. To provide the money appropriated in this act from the state building fund the commissioner of finance upon request of the governor shall sell and issue bonds of the state in an amount up to \$177,350,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, Sections 16A.63 to 16A.67 and by the Constitution, Article XI, Sections 4 to 7.*

Subd. 2. To provide the money appropriated in this act from the state transportation fund the commissioner of finance upon request of the governor shall sell and issue bonds of the state in an amount up to \$44,000,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, Section 174.51, and by the Constitution, Article XI, Sections 4 to 7. The proceeds of the bonds except premium and accrued interest are appropriated to and shall be deposited in the Minnesota state transportation fund for expenditure in accordance with section 11, subdivisions 2, 3, and 4 and Minnesota Statutes, Section 174.50.

Sec. 18. [CONSULTATION REQUIRED.] *No land shall be purchased and no buildings shall be purchased, constructed, or erected on lands of the university of Minnesota until the regents have first consulted with the chairman of the senate finance committee and the chairman of the house appropriations committee and obtained their recommendations, which are advisory only.*

Sec. 19. [REVIEW OF PLANS.] *The commissioner of administration, the commissioner of transportation, and the board of regents of the university of Minnesota shall not prepare final plans and specifications for any construction or major remodel-*

ing authorized by this act until the using agency or department has presented the program and schematic plans to the chairman of the house appropriations committee and the chairman of the senate finance committee and the chairmen have made their recommendations thereon. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

Sec. 20. [APPROPRIATIONS FOR CONSTRUCTION; TRANSFER.] Upon the awarding of final contracts for the completion of any project for construction or other permanent improvement authorized by this act, the commissioners of administration and transportation and the board of regents of the university of Minnesota as to appropriations made to them may transfer any unencumbered balance in the project account to any other project enumerated in the same section of the appropriation act as the project about to be completed. The money transferred pursuant to this section is appropriated for the purposes for which transferred. The commissioners of administration and transportation and the board of regents of the university of Minnesota shall report to the chairman of the house appropriations committee and the chairman of the senate finance committee on any transfer made pursuant to this section.

Sec. 21. [APPROPRIATIONS FOR CONSTRUCTION; FEDERAL MONEY; EXCEEDING AUTHORIZED COST.] The commissioner of administration, the commissioner of transportation, and the board of regents of the university of Minnesota shall apply for the maximum federal share for each capital improvement project for which money is appropriated by this act. Encumbrance or expenditure of money in excess of the project authorization shall be made only after the commissioner of administration, the commissioner of transportation, and the board of regents, as appropriate, have consulted with the chairman of the house appropriations committee and the chairman of the senate finance committee and the chairmen have made their recommendations thereon. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

Sec. 22. [METHODS OF ACQUISITION.] Where money has been appropriated by this act to the commissioner of administration to acquire lands or sites for public buildings or real estate, acquisition may be by gift, purchase, or condemnation proceedings. Condemnation proceedings shall be pursuant to chapter 117.

Sec. 23. Minnesota Statutes 1978, Chapter 116H, is amended by adding a section to read:

[116H.31] [DISTRICT HEATING LOANS.] Subdivision 1. **[POLICIES.]** Developing and improving efficient and economical district heating systems is a public purpose for state financing and a proper function of state government. Climate and

geography make a reliable, economic supply of energy essential for industrial, commercial and residential heating. Imported supplies are increasingly costly, unreliable, and environmentally disadvantageous. District heating systems employing cogeneration techniques and innovative technology offer an important means of increasing the efficiency of Minnesota's energy systems and reducing the state's reliance on imported energy supplies. The combination of the large initial capital cost and investors' lack of familiarity with district heating has made the private market reluctant to provide the necessary capital for district heating projects. As a result, public leadership, cooperation, and aid are needed to demonstrate the feasibility of district heating systems by establishing economically viable municipal district heating systems as demonstration projects. Municipal district heating systems may be financed by loans from the state.

Subd. 2. [DEFINITIONS.] In this section:

- (a) "Commissioner" means the commissioner of finance.
- (b) "Director" means the director of the Minnesota energy agency.
- (c) "District heating" means the use of a central energy conversion facility to produce hot water or steam for distribution to homes or businesses. District heating facilities may also produce electricity in addition to hot water or steam.
- (d) "Municipality" means any county, city, town, municipal power agency, or public utility, as defined in section 452.01, subdivision 3, owned and operated by a city, however organized.

Subd. 3. [ELIGIBILITY.] The commissioner of finance, upon request of the director of the energy agency, shall make loans to municipalities for the acquisition and betterment of district heating systems. A loan shall be made only to a municipality that has demonstrated that:

- (a) The municipality has the financial capability to sponsor the project;
- (b) The project is technologically and economically feasible;
- (c) The district heating project will become a cogeneration facility or, if the project involves an existing district steam heating system, the project will become integrated with a hot water district heating system; and
- (d) The municipality has made adequate provision to assure proper and efficient operation and maintenance of the project after construction is completed.

Subd. 4. [PRIORITIES.] The director shall give higher priority to a project that does more to achieve the following goals:

(a) The district heating conversion facility employs cogeneration techniques;

(b) The facility uses renewable or non-petroleum sources of energy;

(c) The district heating facility will save petroleum or natural gas;

(d) The operation of the district heating facility will not have an adverse impact on the environment;

(e) The district heating facility may readily be expanded to serve additional customers or to supply additional amounts of energy, and market demand for the energy exists;

(f) The project has obtained additional financing from the federal government, private sources, or other sources of capital; and

(g) Other goals the director finds desirable for district heating systems.

Subd. 5. [ELIGIBLE COST.] The eligible cost of any municipal district heating project includes (a) preliminary planning to determine the economic, engineering, and environmental feasibility of the project; (b) engineering, architectural, legal, fiscal, economic, and project administrative costs of the agency and the municipality, and other investigations and studies; (c) surveys, designs, plans, working drawings, specifications, procedures, and other actions necessary to the planning, design, and construction of the project; (d) erection, building, acquisition, alteration, remodeling, improvement, and extension of district heating systems, including (1) the capital expenditure incurred by users of the system who undertake modifications of their physical plants to utilize the thermal energy and (2) the capital expenditure incurred by any wholesale supplier of thermal energy to make those modifications necessary to provide the thermal energy to the municipality; (e) inspection and supervision of construction; and (f) loans to potential users of the district heating system to finance conversion of, additions to, or other necessary alterations of their energy systems to facilitate use of energy supplied by the district heating system.

Subd. 6. [AMOUNT.] The amount of a loan shall not exceed:

(a) 40 percent of the costs included under subdivision 5, clause (a);

(b) 80 percent of the costs included under subdivision 5, clauses (b) to (f).

Subd. 7. [TERMS.] A loan is repayable over a period not to exceed 20 years, with interest at a rate sufficient to cover the cost to the state of borrowing the money.

Subd. 8. [APPLICATION.] Application for a loan shall be made by a municipality to the director on a form prescribed by the director by rule. The director shall review each application and determine:

- (a) Whether or not the project is eligible for a loan;
- (b) The priority of the project when ranked with all other eligible projects for which a loan application has been submitted;
- (c) The total estimated cost of the project;
- (d) The amount of the loan for which the project is eligible;
- (e) The terms upon which the loan would be made; and
- (f) The means by which the municipality proposes to finance the project, including:
 - (1) A loan authorized by state law; or
 - (2) A grant of money appropriated by state law; or
 - (3) A grant to the municipality by an agency of the federal government within the amount of money then appropriated to that agency and allocated by it to projects within the state; or
 - (4) The appropriation of proceeds of bonds or other money of the municipality to an account for the construction of the project; or
 - (5) User charges, franchise fees, special assessments, or taxes; or
 - (6) Any or all of the means referred to in clauses (1) to (5).

Subd. 9. [PROJECT APPROVAL.] The director shall prepare and submit to the legislature a list of district heating projects, if any, for which loan applications have been submitted and reviewed. The list shall contain supporting information, including descriptions of the projects, plans, and the determina-

tions made by the director pursuant to subdivision 8. The director shall request the commissioner of finance to make loans for projects within the limits of appropriations provided by the legislature.

Subd. 10 [PAYMENT; OBLIGATION.] The commissioner shall not pay money to a municipality pursuant to an approved loan until he has determined that:

(a) Financing of the project as proposed by the municipality is assured by an irrevocable undertaking, by resolution of the governing body of the municipality, to use all money made available by the financing plan exclusively for the construction of the project, and to pay any additional amount by which the cost of the project exceeds the estimate by the appropriation to the construction account of additional municipal money or the proceeds of additional bonds to be issued by the municipality; and that

(b) The governing body of the municipality has adopted a resolution obligating the municipality to repay the loan according to the terms of the loan. The obligation may be payable solely from user charges, special assessments or other money available to the municipality. The resolution shall obligate the municipality to annually impose and collect user charges or special assessments or to use any other money available to it from any other specified source, in amounts and at times that if collected in full will annually produce at least five percent in excess of the amount needed for all annual costs of the system, including annual repayment on state loans. A municipality may also pledge to levy an ad valorem tax to guarantee the payments under the loan agreement. For the purpose of repaying the loan the municipality by resolution of its governing body may fix the rates and charges for district heating system service and products, may enter into contracts for the payment by others of costs of construction, maintenance, and use of the project in accordance with section 444.075, and may pledge the revenues derived therefrom. The commissioner shall condition a loan upon the establishment of rates and charges or the execution of contracts sufficient to produce annually the revenues pledged for repayment of all annual costs of the system, including annual repayment of the state loan.

Subd. 11. [RECEIPTS.] All principal and interest payments received by the commissioner in repayment of the loans authorized by this section shall be deposited in the state treasury and credited to the state bond fund and are appropriated to the commissioner for the purposes of that account.

Subd. 12. [RULES.] The director shall adopt rules necessary to carry out this section. The director may adopt temporary rules pursuant to section 15.0412, subdivision 5, meeting the requirements of this section. The rules shall contain as a minimum:

- (a) *Procedures for application by municipalities; and*
- (b) *Criteria for reviewing loan applications, including those specified in subdivisions 3 and 4.*

Sec. 24. Minnesota Statutes 1978, Chapter 121, is amended by adding a section to read:

[121.2155] [VOCATIONAL-TECHNICAL BUILDING APPROPRIATIONS.] *Money appropriated from the state building fund to the state board of education for post-secondary vocational-technical construction in school districts shall be used for grants to school districts for the acquisition and betterment of land, buildings, and capital improvements for area vocational-technical institutes. These grants shall only be made upon the conditions and in accordance with all standards and criteria established in state board rules and in the legislative act authorizing the specific post-secondary vocational facilities project. A grant shall cover 85 percent of the cost of the post-secondary vocational facilities authorized by the specific legislative act, and 15 percent of the cost of these facilities shall be financed by the school district operating the post-secondary vocational-technical school, unless otherwise provided by the specific legislative act. No local bonds shall be authorized, issued, or sold, nor shall any election be held to authorize the issuance of bonds, if the proceeds will be used to finance a project for which specific legislative approval is required, until after that specific legislative approval has been given.*

Sec. 25. Minnesota Statutes 1978, Section 174.50, Subdivision 1, is amended to read:

174.50 [MINNESOTA STATE TRANSPORTATION FUND.] Subdivision 1. *State assistance is needed to supplement local effort and the highway user tax distribution fund in financing capital improvements to preserve and develop a balanced transportation system throughout the state. Such a system is a proper function and concern of state government and necessary to protect the safety and personal and economic welfare of all citizens. It requires capital expenditures for public facilities, improvements, and equipment that are complementary, additional, or alternate to the trunk highway system and are a proper purpose for contracting public debt and engaging in works of internal improvement under Article XI, Section 5, clause (a) of the Constitution. Reasons for such expenditures are to provide auxiliary facilities for the convenience and safety of persons crossing highways and persons living and working adjacent thereto; to remove or bridge natural obstructions to transportation; to avoid harmful environmental impact of highways on urban, scenic, and recreational areas; to meet the requirements and expedite the completion of the federal interstate highway system; and to reduce the number of private motor cars*

on highways by aiding the development of alternate modes of transportation. Capital expenditures for these purposes exceed requirements for the establishment and maintenance of highways and should be funded from sources other than taxes authorized in Article XIV of the Constitution. Immediate improvement needs are reconstruction and replacement of key bridges and approaches to remove obstructions to the flow of traffic on state and county highways, municipal streets and township roads; and expediting the completion of the interstate highway system in Minnesota by paying the state and local shares of interstate highway segments, and interstate highway substitution projects when approved by the United States secretary of transportation, the governor and the regional councils and local government units responsible.

Sec. 26. Minnesota Statutes 1978, Chapter 198, is amended by adding a section to read:

[198.32] [VETERANS HOME; FERGUS FALLS.] *The commissioner of veterans affairs shall establish a 150 bed veterans home on the grounds of the Fergus Falls state hospital. The veterans home shall be licensed in accordance with the boarding care rules of the department of health. To the extent practical, the veterans home at Fergus Falls shall also be operated as a domiciliary home for veterans in accordance with the United States Veteran's Administration regulations, as amended through January 1, 1980, for veterans' domiciliary homes.*

Sec. 27. Minnesota Statutes 1978, Chapter 216B, is amended by adding a section to read:

[216B.166] [COGENERATING POWER PLANTS.] *Subdivision 1. The legislature finds and declares that significant public benefits may be derived from the cogeneration of electrical and thermal energy and that cogenerated district heating may result in improved utilization and conservation of fuel, the substitution of coal for scarce oil and natural gas, the substitution of domestic fuel for imported fuel, and the establishment of a reliable, competitively priced heat source. Since the cost of cogenerated thermal energy is dependent upon the method used to allocate costs between the production of electric and thermal energy at a power plant, and because the method of cost allocation can be a significant factor in determining investment in district heating, it is necessary to develop cost allocation methods.*

Subd. 2. For the purpose of this section, the following terms shall have the meanings given.

(a) "Cogeneration" means a combined process whereby electrical and thermal energy are simultaneously produced by a public utility power plant.

(b) "District heating" means a process whereby thermal energy is distributed within a community for use as a primary heat source.

(c) "District heating utility" means any person that owns and operates a facility for district heating.

Subd. 3. The methods used to allocate or assign costs between electrical and thermal energy produced by cogeneration power plants owned by public utilities shall be consistent with the following principles:

(a) The method used shall result in a cost per unit of electricity that is no greater than the cost per unit that would exist if the power plants owned by the public utility had been normally constructed and operated without cogenerating capability;

(b) Costs that the public utility incurs for the exclusive benefit of the district heating utility, including but not limited to backup and peaking facilities, shall be assigned to thermal energy produced by cogeneration;

(c) The methods and procedures may be different for retrofitted than for new cogeneration power plants; and

(d) The methods should encourage cogeneration while preventing subsidization by electric consumers so that both heating and electricity consumers are treated fairly and equitably with respect to the costs and benefits of cogeneration.

Sec. 28. Minnesota Statutes 1978, Section 241.022, Subdivision 3, is amended to read:

Subd. 3. [APPLICATION FOR GRANTS.] Any county or group of counties operating any of the facilities described in subdivision 1 or desiring to construct and operate or to rehabilitate existing facilities may apply for assistance under this section by submitting to the commissioner of corrections for his approval its plans, specifications, budget, program for training and treatment, and staffing pattern, including personnel qualifications. The commissioner shall prescribe the format and procedures for handling grant applications. The commissioner may recommend (SUCH) changes or modifications (AS) that he deems necessary to effect substantial compliance with the standards provided in subdivision 2. When the commissioner has determined that any county or group of counties has substantially complied with the minimum standards, or is making satisfactory progress toward (SUCH) compliance he may (PAY) award a grant to (SUCH) the counties. Grants shall be awarded to eligible counties in the order in which their applications are accepted and approved by the commissioner. (AN) The amount of a grant shall not (TO) exceed (50) 25 percent of the cost of construction or rehabilitation of the facilities described in this section (, AND,). Fifty per-

cent of the grant shall be paid to the county or group of counties upon approval of the application by the commissioner, and the remaining 50 percent shall be paid after inspection of the newly constructed or renovated facility and a determination by the commissioner that it substantially conforms to minimum standards. In the case of improvement of program and continued operation of any program in a regional facility as described in subdivision 1, he may pay to the governing board of such facility a sum not to exceed \$1,800 per year for each adult bed and \$3,200 per year for each juvenile bed as approved in the submitted plans and specifications.

Sec. 29. [ADVISORY TASK FORCE ON JAILS.] Subdivision 1. [APPOINTMENT; PURPOSE.] By July 1, 1980, the commissioner of corrections shall appoint a 13 member advisory task force to:

(a) Study and make recommendations to the commissioner concerning the scope, content, reasonableness and necessity for the existing rules for operation, construction and remodeling of jails;

(b) Make recommendations to the commissioner of corrections concerning the statutory duties and obligations of the commissioner to implement and enforce the minimum jail standards and the policies and procedures of the commissioner in the discharge of his duties; and

(c) Study and make recommendations on other aspects as requested by the commissioner.

Subd. 2. [MEMBERSHIP; CHAIRMAN.] The advisory task force shall consist of the following:

(a) Three county commissioners;

(b) Three sheriffs;

(c) One judge of the district court designated by the chief justice of the state supreme court;

(d) A member of the house of representatives appointed by the speaker;

(e) A member of the senate appointed by the subcommittee on committees;

(f) A county attorney; and

(g) Three public members, at least one of whom has had lengthy experience in general commercial construction.

The task force shall elect one of the public members to serve as chairman.

In making his appointments the commissioner shall, insofar as possible, ensure that the appointees are representative of the geography of the state; that the economic diversity of the counties is represented; that counties having old, new, large and small jail facilities are represented; and that densely populated and sparsely populated counties are represented.

Subd. 3. [TERMS, COMPENSATION, REMOVAL.] The provisions of section 15.059 shall govern the terms, compensation and removal of the members of the advisory task force.

Sec. 30. Minnesota Statutes 1978, Section 253.015, is amended to read:

253.015 [LOCATION; MANAGEMENT; COMMITMENT; SUPERINTENDENT.] The state hospitals located at Anoka, Brainerd, Fergus Falls (*except for that portion designated as a veterans home*), (HASTINGS,) Moose Lake, Rochester, St. Peter, and Willmar shall constitute the state hospitals for mentally ill, and shall be maintained under the general management of the commissioner of public welfare. The commissioner of public welfare shall determine to what state hospital mentally ill persons shall be committed from each county and notify the probate judge thereof, and of changes made from time to time. The chief executive officer of each hospital for the mentally ill shall be known as the superintendent.

Sec. 31. Minnesota Statutes 1978, Section 412.321, Subdivision 1, is amended to read:

412.321 [MUNICIPAL UTILITIES.] Subdivision 1. [AUTHORITY TO OWN AND OPERATE.] Any statutory city may own and operate any waterworks, *district heating system*, or gas, light, power, or heat plant for supplying its own needs for utility service or for supplying utility service to private consumers or both. It may construct and install all facilities reasonably needed for that purpose and may lease or purchase any existing utility properties so needed. It may, in lieu of providing for the local production of gas, electricity, water, *hot water, steam*, or heat, purchase the same wholesale and resell it to local consumers. After any such utility has been acquired, the council, except as its powers have been limited through establishment of a public utilities commission in the city, shall make all necessary rules and regulations for the protection, maintenance, operation, extension, and improvement thereof and for the sale of its utility products.

Sec. 32. Minnesota Statutes 1978, Section 412.351, is amended to read:

412.351 [COMMISSION, JURISDICTION.] The council shall, in the ordinance establishing the commission, decide which of the following public utilities shall be within the commission's jurisdiction: (1) the city water system; (2) light and power system, including any system then in use or later acquired for the production and distribution of steam heat; (3) gas system; (4) sanitary or storm sewer system or both, including the city sewage disposal plant; (5) public buildings owned or leased by the city; (6) *district heating system*. As used subsequently in sections 412.351 to 412.391, the term "public utility" means any water, light and power, gas or sewer system, or public buildings thus placed by ordinance under the jurisdiction of the public utilities commission. Any public utility not placed under the jurisdiction of the public utilities commission by the ordinance establishing the commission may be placed under the jurisdiction of the commission by an amendment to the original ordinance.

Sec. 33. Minnesota Statutes 1978, Section 412.361, Subdivision 3, is amended to read:

Subd. 3. The commission shall have power to buy all fuel and supplies, and it may purchase wholesale electric energy, steam heat, *hot water energy*, gas or water, as the case may be, for municipal distribution.

Sec. 34. Minnesota Statutes, 1979 Supplement, Section 429.021, Subdivision 1, is amended to read:

429.021 [LOCAL IMPROVEMENTS, COUNCIL POWERS.] Subdivision 1. [IMPROVEMENTS AUTHORIZED.] The council of a municipality shall have power to make the following improvements:

(1) To acquire, open, and widen any street, and to improve the same by constructing, reconstructing, and maintaining sidewalks, pavement, gutters, curbs, and vehicle parking strips of any material, or by grading, graveling, oiling, or otherwise improving the same, including the beautification thereof and including storm sewers or other street drainage and connections from sewer, water or similar mains to curb lines.

(2) To acquire, develop, construct, reconstruct, extend and maintain storm and sanitary sewers and systems, including outlets, holding areas and ponds, treatment plants, pumps, lift stations, service connections, and other appurtenances of a sewer system, within and without the corporate limits.

(3) To construct, reconstruct, extend and maintain steam heating mains.

(4) To install, replace, extend and maintain street lights and street lighting systems and special lighting systems.

(5) To acquire, improve, construct, reconstruct, extend and maintain water works systems, including mains, valves, hydrants, service connections, wells, pumps, reservoirs, tanks, treatment plants, and other appurtenances of a water works system, within and without the corporate limits.

(6) To acquire, improve and equip parks, open space areas, playgrounds and recreational facilities within or without the corporate limits.

(7) To plant trees on streets and provide for their trimming, care and removal.

(8) To abate nuisances and to drain swamps, marshes and ponds on public or private property and to fill the same.

(9) To construct, reconstruct, extend, and maintain dikes and other flood control works.

(10) To construct, reconstruct, extend and maintain retaining walls and area walls.

(11) To acquire, construct, reconstruct, improve, alter, extend, operate, maintain and promote a pedestrian skyway system.

(12) To acquire, construct, reconstruct, extend, operate, maintain and promote underground pedestrian concourses.

(13) To acquire, construct, improve, alter, extend, operate, maintain and promote public malls, plazas or courtyards.

(14) *To construct, extend, and maintain district heating systems.*

Sec. 35. Minnesota Statutes 1978, Chapter 465, is amended by adding a section to read:

[465.74] [AUTHORIZATION TO OPERATE DISTRICT HEATING SYSTEMS.] *Subdivision 1. [CITIES OF THE FIRST CLASS.] A city operating or authorized to operate a public utility pursuant to chapter 452 or its charter may acquire, construct, own, and operate a municipal district heating system pursuant to the provisions of that chapter or its charter. Acquisition or construction of a municipal district heating system that is not financed by a pledge of the city's full faith and credit shall not be subject to the election requirement of sections 452.11 and 452.12 or any other law or city charter provision, but must be approved by a three-fifths vote of the city's council or other governing body. Loans obtained by a city pursuant to section 23 that are not secured by a pledge of the city's full faith and credit are not subject to the limitations on the amount*

of money which may be borrowed upon a pledge of the city's full faith and credit or the election requirements for general obligation borrowing, contained in section 452.08 or any other law.

Subd. 2. [CITIES OF THE SECOND AND THIRD CLASS.] *A city authorized to operate an electric light plant or an electric light and power plant pursuant to chapter 455 or its charter may acquire, construct, own, and operate a municipal district heating system under that chapter or its charter.*

Subd. 3. [EXTENSION OF SERVICE OUTSIDE CITY.] *A municipal district heating system, operating pursuant to this section, may sell hot water energy to customers located outside of the municipality and within the state but not more than a distance of 30 miles from the corporate limits of the municipality.*

Subd. 4. [NET DEBT LIMITS.] *The loan obligations incurred by a political subdivision pursuant to section 23 shall not be considered as a part of its indebtedness under the provisions of its governing charter or of any law of this state fixing a limit of indebtedness.*

Sec. 36. [SYSTEM AUDIT.] *A municipality operating a district heating system funded in part under the lending provisions of section 23 shall contract a qualified engineering auditing firm to examine the performance of the system every two years after the beginning of operation of the system. The audit shall specifically examine the adequacy of system revenues to insure the proper maintenance and long-term operation of the system. The audit report shall be forwarded to the governor, the energy agency, and the commissioner of finance.*

Sec. 37. [EFFECTIVE DATE.] *This act is effective the day following final enactment."*

Further, delete the title and insert:

"A bill for an act relating to public improvements; authorizing the acquisition and betterment of public land and buildings and other public improvements of a capital nature with certain conditions; authorizing loans to municipalities for district heating systems; establishing a loan program for wood fuel conversion projects; establishing grants-in-aid for construction or renovation of lockups, jails and other correctional facilities; requiring the establishment of rates by the public service commission that encourage cogeneration plants; authorizing issuance of state bonds; appropriating money; amending Minnesota Statutes 1978, Sections 174.50, Subdivision 1; 241.022, Subdivision 3; 253.015; 412.321, Subdivision 1; 412.351; 412.361, Subdivision 3; Chapters 116H, by adding sections; 121, by adding

a section; 198, by adding a section; 216B, by adding a section; and 465, by adding a section."

We request adoption of this report and repassage of the bill.

House Conferees: GORDON O. VOSS, DELBERT F. ANDERSON, MICHAEL R. SIEBEN, BOB ANDERSON and GLEN H. ANDERSON.

Senate Conferees: ROGER D. MOE, ROBERT J. TENNESSEN, HUBERT H. HUMPHREY III, JACK I. KLEINBAUM and JOHN B. KEEFE.

Searle, Stadum, Dean, Weiser, McDonald, Nysether and Valan moved that the conference committee report on H. F. No. 2470 be rejected, that a new conference committee be appointed by the Speaker, and that the bill be returned to the conference committee.

A roll call was requested and properly seconded.

The question was taken on the motion to reject the Conference Committee report on H. F. No. 2470 and the roll was called. There were 62 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Aasness	Fjoslien	Kvam	Peterson, B.	Stowell
Ainley	Forsythe	Laidig	Piepho	Svigum
Albrecht	Friedrich	Levi	Pleasant	Thiede
Biersdorf	Fritz	Ludeman	Redalen	Valan
Blatz	Halberg	Luknic	Rees	Valento
Carlson, D.	Haukoos	McDonald	Reif	Weaver
Crandall	Heap	Mehrkens	Rose	Welker
Dean	Heinitz	Nelsen, B.	Rothenberg	Wieser
Dempsey	Hoberg	Niehaus	Schreiber	Wigley
Den Ouden	Jennings	Norman	Searle	Zubay
Drew	Johnson, D.	Nysether	Searles	
Erickson	Kaley	Olsen	Sherwood	
Esau	Knickerbocker	Onnen	Stadum	

Those who voted in the negative were:

Adams	Clawson	Kahn	Murphy	Sieben, M.
Anderson, B.	Corbid	Kalis	Nelsen, M.	Simoneau
Anderson, D.	Eken	Kelly	Nelson	Stoa
Anderson, G.	Elioff	Kempe	Novak	Swanson
Anderson, I.	Ellingson	Kostohryz	Osthoff	Tomlinson
Anderson, R.	Evans	Kroening	Otis	Vanasek
Battaglia	Ewald	Lehto	Patton	Voss
Begich	Faricy	Long	Pehler	Waldorf
Berglin	Fudro	Mann	Peterson, D.	Welch
Berkelman	Greenfield	McCarron	Prahl	Wenzel
Brinkman	Hokanson	McEachern	Reding	Wynia
Byrne	Jacobs	Metzen	Rice	Spkr. Norton
Carlson, L.	Jaros	Minne	Rodriguez	
Cassery	Johnson, C.	Moe	Sarna	
Clark	Jude	Munger	Sieben, H.	

The motion did not prevail.

Voss moved that the report of the Conference Committee on H. F. No. 2470 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2470, A bill for an act relating to public improvements; authorizing alteration, repair, rehabilitation, equipping, and replacement of equipment of public buildings with certain conditions; authorizing purchase and sale of public lands and buildings; appropriating money.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Sieben, H., moved that those not voting be excused from voting. The motion prevailed.

There were 73 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Aasness	Drew	Johnson, C.	Murphy	Sieben, H.
Adams	Eken	Kahn	Nelsen, B.	Sieben, M.
Anderson, D.	Elioff	Kelly	Nelsen, M.	Simoneau
Anderson, G.	Ellingson	Kroening	Nelson	Stoa
Anderson, I.	Erickson	Laidig	Norman	Swanson
Anderson, R.	Esau	Lehto	Novak	Tomlinson
Battaglia	Evans	Long	Osthoff	Vanasek
Berglin	Ewald	Luknic	Otis	Voss
Berkelman	Faricy	Mann	Pehler	Waldorf
Byrne	Fjoslien	McCarron	Peterson, D.	Welch
Carlson, L.	Fudro	Mehrkens	Prahl	Wenzel
Casserly	Greenfield	Metzen	Reding	Wynia
Clark	Hokanson	Minne	Rice	Spkr. Norton
Clawson	Jacobs	Moe	Rodriguez	
Dean	Jaros	Munger	Rose	

Those who voted in the negative were:

Ainley	Forsythe	Kalis	Onnen	Sherwood
Albrecht	Friedrich	Kempe	Patton	Stadum
Anderson, B.	Fritz	Knickerbocker	Peterson, B.	Stowell
Begich	Halberg	Kostohryz	Piepho	Sviggum
Biersdorf	Haukoos	Kvam	Pleasant	Thiede
Blatz	Heap	Levi	Redalen	Valan
Brinkman	Heinitz	Ludeman	Rees	Valento
Carlson, D.	Hoberg	McDonald	Reif	Weaver
Corbid	Jennings	McEachern	Rothenberg	Welker
Crandall	Johnson, D.	Niehaus	Sarna	Wieser
Dempsey	Jude	Nysether	Searle	Wigley
Den Ouden	Kaley	Olsen	Searles	Zubay

Not having received a three-fifths majority required by the state constitution, the bill, as amended by Conference, was not repassed.

Sieben, H., 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.

Nelson was excused until later in today's session.

The following conference committee reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 797

A bill for an act relating to juveniles; juvenile traffic offenders; requiring prosecution of juveniles who commit minor traffic offenses under laws controlling adult offenders; amending Minnesota Statutes 1978, Sections 260.111, Subdivision 1; 260.115, Subdivision 1; 260.121, Subdivision 3; and 260.193.

April 9, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 797, report that we have agreed upon the items in dispute and recommend as follows:

The Senate recede from its amendment and that H. F. No. 797 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 120.15, is amended to read:

120.15 [CLASSES FOR TRUANTS.] A board may maintain ungraded classes for the instruction of children between seven and 16 years of age who are habitually truant or not in attendance.

(ALL SUCH CHILDREN SHALL BE DEEMED DELINQUENT AND) The board may compel their attendance at such ungraded classes, or any department of the public schools, as the board may determine, and cause them to be brought before the juvenile court of the county for appropriate discipline.

Sec. 2. Minnesota Statutes 1978, Section 152.15, is amended by adding a subdivision to read:

Subd. 4a. Any person 18 years of age or over who violates section 152.09, subdivision 1, clause (2), by possessing on school premises a controlled substance listed on Schedules I or II which is a narcotic drug is punishable by a fine of up to twice that authorized by section 152.15, subdivision 2, clause (1), by a term of imprisonment of up to twice that authorized by section 152.15, subdivision 2, clause (1), or both. Any person 18 years of age or over who violates section 152.09, subdivision 1, clause (2), by possessing on school premises any other controlled substance listed on Schedules I, II, III, IV or V, except a small amount of marijuana, is punishable by a fine of up to twice that authorized by section 152.15, subdivision 2, clauses (2), (3), or (4), by a term of imprisonment up to twice that authorized by section 152.15, subdivision 2, clauses (2), (3), or (4), or both.

For the purposes of this subdivision, "school premises" means the premises of an elementary, middle, or secondary school, or secondary vocational center.

Sec. 3. Minnesota Statutes 1978, Section 260.015, Subdivision 5, is amended to read:

Subd. 5. "Delinquent child" means a child:

(a) Who has violated any state or local law or ordinance, except as provided in section 260.015, subdivision 6, clause (g), and except as provided in section 260.193, subdivision 1; or

(b) Who has violated a federal law or a law of another state and whose case has been referred to the juvenile court (; OR)

((C) WHO IS HABITUALLY TRUANT FROM SCHOOL;
OR)

((D) WHO IS UNCONTROLLED BY HIS PARENT, GUARDIAN, OR OTHER CUSTODIAN BY REASON OF BEING WAYWARD OR HABITUALLY DISOBEDIENT).

Sec. 4. Minnesota Statutes 1978, Section 260.015, Subdivision 6, is amended to read:

Subd. 6. "Dependent child" means a child:

(a) Who is without a parent, guardian, or other custodian;
or

(b) Who is in need of special care and treatment required by his physical or mental condition and whose parent, guardian, or other custodian is unable to provide it; or

(c) Whose parent, guardian, or other custodian for good cause desires to be relieved of his care and custody; or

(d) Who is without proper parental care because of the emotional, mental, or physical disability, or state of immaturity of his parent, guardian, or other custodian; or

(e) *Who is uncontrolled by his parent, guardian or other custodian by reason of being wayward or habitually disobedient; or*

(f) *Who is habitually truant from school; or*

(g) *Who has committed an offense which would not constitute a violation of a state law or local ordinance if he were an adult.*

Sec. 5. Minnesota Statutes 1978, Section 260.173, Subdivision 3, is amended to read:

Subd. 3. If the child had been taken into custody and detained as one who is alleged to be (DELINQUENT) *dependent* by reason of:

(a) Being uncontrolled by his parent, guardian or other custodian, because of waywardness or habitual disobedience; or

(b) Having committed an offense which would not constitute a violation of a state law or local ordinance if he were an adult; or

(c) Having been previously adjudicated (DELINQUENT) *dependent*, or conditionally released by the juvenile court without adjudication of (DELINQUENCY) *dependency*, has violated his probation, parole, or other field supervision under which he had been placed as a result of behavior described in this subdivision; he may be placed only in a shelter care facility.

Sec. 6. Minnesota Statutes 1978, Section 260.185, Subdivision 1, is amended to read:

260.185 [DISPOSITIONS; DELINQUENT CHILD.] Subdivision 1. If the court finds that the child is delinquent, it shall enter an order making any of the following dispositions of the case which are deemed necessary to the rehabilitation of the child:

(a) Counsel the child or his parents, guardian, or custodian;

(b) Place the child under the supervision of a probation officer or other suitable person in his own home under conditions prescribed by the court including reasonable rules for his conduct and the conduct of his parents, guardian, or custodian, designed

for the physical, mental, and moral well-being and behavior of the child, or with the consent of the commissioner of corrections, in a group foster care facility which is under the management and supervision of said commissioner;

(c) Subject to the supervision of the court, transfer legal custody of the child to one of the following:

(1) A child placing agency; or

(2) The county welfare board; or

(3) A reputable individual of good moral character. No person may receive custody of two or more unrelated children unless he is licensed as a residential facility pursuant to sections 245.781 to 245.813; or

(4) (EXCEPT FOR CHILDREN FOUND TO BE DELINQUENT AS DEFINED IN SECTION 260.015, SUBDIVISION 5, CLAUSES (C) AND (D).) A county home school, if the county maintains a home school or enters into an agreement with a county home school; or

(5) A county probation officer for placement in a group foster home established under the direction of the juvenile court and licensed pursuant to section 241.021;

(d) (EXCEPT FOR CHILDREN FOUND TO BE DELINQUENT AS DEFINED IN SECTION 260.015, SUBDIVISION 5, CLAUSES (C) AND (D).) Transfer legal custody by commitment to the commissioner of corrections;

(e) If the child is found to have violated a state or local law or ordinance which has resulted in damage to the property of another, the court may order the child to make reasonable restitution for such damage;

(f) If the child is in need of special treatment and care for his physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails to provide this treatment or care, the court may order it provided.

(g) If the court believes that it is in the best interests of the child and of public safety that the driver's license of the child be cancelled until his eighteenth birthday, the court may recommend to the commissioner of transportation the cancellation of the child's license for any period up to the child's eighteenth birthday, and the commissioner is hereby authorized to cancel such license without a hearing. At any time before the termination of the period of cancellation, the court may, for good cause, recommend to the commissioner of transportation that the child

be authorized to apply for a new license, and the commissioner may so authorize.

Any order for a disposition authorized under this section shall contain written findings of fact to support the disposition ordered, and shall also set forth in writing the following information:

(a) Why the best interests of the child are served by the disposition ordered; and

(b) What alternative dispositions were considered by the court and why such dispositions were not appropriate in the instant case.

(THIS SUBDIVISION APPLIES TO DISPOSITIONS OF JUVENILES FOUND TO BE DELINQUENT AS DEFINED IN SECTION 260.015, SUBDIVISION 5, CLAUSE (C) OR (D) MADE PRIOR TO, ON, OR AFTER JANUARY 1, 1978.)

Sec. 7. Minnesota Statutes 1978, Section 260.191, Subdivision 1, is amended to read:

260.191 [DISPOSITIONS; CHILDREN WHO ARE NEGLECTED, DEPENDENT, OR NEGLECTED AND IN FOSTER CARE.] Subdivision 1. If the court finds that the child is neglected, dependent, or neglected and in foster care, it shall enter an order making any of the following dispositions of the case:

(a) Place the child under the protective supervision of the county welfare board or child placing agency in his own home under conditions prescribed by the court directed to the correction of the neglect or dependency of the child (;).

(b) Transfer legal custody to one of the following:

(1) A child placing agency; or

(2) The county welfare board;

(c) If the child is in need of special treatment and care for his physical or mental health, the court may order the child's parent, guardian, or custodian to provide it. If the parent, guardian, or custodian fails to provide this treatment or care, the court may order it provided.

(d) *Counsel the child or his parent, guardian or custodian.*

Any order for a disposition authorized under this section shall contain written findings of fact to support the disposition ordered, and shall also set forth in writing the following information:

(a) Why the best interests of the child are served by the disposition ordered; and

(b) What alternative dispositions were considered by the court and why such dispositions were not appropriate in the instant case."

Delete the title and insert:

"A bill for an act relating to juveniles; prescribing penalties for the possession of controlled substances on school premises; redefining "delinquent" and "dependent" children; providing for an alternative disposition for dependent children; amending Minnesota Statutes 1978, Sections 120.15; 152.15, by adding a subdivision; 260.015, Subdivisions 5 and 6; 260.173, Subdivision 3; 260.185, Subdivision 1; and 260.191, Subdivision 1."

We request adoption of this report and repassage of the bill.

House Conferees: JOHN T. CLAWSON and PEGGY BYRNE.

Senate Conferees: JERALD C. ANDERSON and GERRY SIKORSKI.

Clawson moved that the report of the Conference Committee on H. F. No. 797 be adopted and that the bill be repassed as amended by the Conference Committee.

Olsen moved that the Conference Committee report on H. F. No. 797 be rejected and that the bill be returned to Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Olsen motion to reject the Conference Committee report on H. F. No. 797 and the roll was called. There were 77 yeas and 56 nays as follows:

Those who voted in the affirmative were:

Aasness	Elioff	Johnson, D.	Nelsen, B.	Sherwood
Adams	Erickson	Kaley	Niehaus	Stadum
Ainley	Esau	Kelly	Norman	Sviggum
Albrecht	Evans	Kempe	Nysether	Swanson
Anderson, D.	Fjoslien	Knickerbocker	Olsen	Thiede
Anderson, I.	Forsythe	Kroening	Peterson, B.	Valan
Anderson, R.	Friedrich	Kvam	Redalen	Valento
Battaglia	Fritz	Laidig	Rees	Weaver
Begich	Fudro	Levi	Reif	Welker
Berkelman	Halberg	Ludeman	Rice	Wenzel
Biersdorf	Haukoos	Luknic	Rodriguez	Wieser
Blatz	Heap	McDonald	Rose	Wigley
Carlson, D.	Heinitz	McEachern	Sarna	Zubay
Crandall	Hoberg	Mehrkens	Schreiber	
Den Ouden	Hokanson	Metzen	Searle	
Drew	Jennings	Minne	Searles	

Those who voted in the negative were:

Anderson, B.	Eken	Lehto	Patton	Stowell
Anderson, G.	Ellingson	Long	Pehler	Tomlinson
Berglin	Ewald	Mann	Peterson, D.	Vanasek
Brinkman	Faricy	McCarron	Piepho	Voss
Byrne	Greenfield	Moe	Pleasant	Waldorf
Carlson, L.	Jacobs	Munger	Prahl	Welch
Cassery	Jaros	Murphy	Reding	Wynia
Clark	Johnson, C.	Nelsen, M.	Rothenberg	Spkr. Norton
Clawson	Jude	Novak	Sieben, H.	
Corbid	Kahn	Onnen	Sieben, M.	
Dean	Kalis	Osthoff	Simoneau	
Dempsey	Kostohryz	Otis	Stoa	

The Olsen motion prevailed.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1121

A bill for an act relating to taxation; updating the definition of gross income for income tax purposes for individuals, trusts and estates with certain modifications; providing for exempt-interest dividends for certain mutual funds; extending the political contribution credit to congressional and local candidates; clarifying certain definitions; providing a tax credit for energy conservation expenditures; clarifying the renewable energy source credit; increasing the dependent care credit; extending investment tax credits to family corporations; making certain changes in the minimum tax and in the treatment of small business corporations; allowing a ten year carryback of product liability losses; providing for deferral of certain gains recognized in the disposition of broadcasting property; reducing certain property tax classification ratios; increasing homestead credits; changing the property tax status of certain mobile homes; providing for delayed assessments for certain improvements; increasing homestead base value; providing a classification for neighborhood real estate trusts; adjusting levy limits and providing for certain special levies; providing for certain hearings and appeals on special assessments; clarifying property tax settlements; clarifying certain property tax refund filing due dates; extending eligibility for property tax refunds to certain claimants; providing for adjustment of property tax refunds due to abatements; providing state reimbursement for certain property; authorizing heat applied tax stamping machines; increasing the sales tax on retail sales from vending machines; providing a sales tax exemption for certain arts admissions; fixing maximum interest rates on public obligations; excepting certain debt obligations from public sale requirement; appropriating money; amending Minnesota Statutes 1978, Sections 124.212, Subdivision 2; 168.012, Subdivision 9; 273.13, Subdivisions 3 and 17b, and by adding a subdivision; 275.51, by adding a subdivision; 275.52, Subdivisions 2 and 5; 276.04; 276.09; 276.10; 276.11; 290.01, by adding a subdivision; 290.09, Subdivisions 2, 24 and 28; 290.095, by adding a subdivision; 290.13, by adding a subdivision; 290.26, Subdivision 2; 290.49, Subdivision 10; 290.971, Subdivisions 1, 3 and 6; 290.972, Sub-

divisions 1, 3 and 5; 290A.06; 290A.11, by adding a subdivision; 290A.17; 290A.18; 290A.19; 297.03, Subdivision 6; 297A.02; 297A.25, Subdivision 1; 375.192, Subdivision 1; 429.061, Subdivisions 1 and 2; 429.081; 474.06; 475.55; 475.60, Subdivision 2; Chapters 273, by adding sections; and 298, by adding sections; Minnesota Statutes, 1979 Supplement, Sections 273.122; 273.13, Subdivisions 4, 5a, 6, 7, 14a and 19; 275.50, Subdivision 5; 290.01, Subdivision 20; 290.06, Subdivisions 11 and 14; 290.067, Subdivisions 1 and 2; 290.09, Subdivision 3; 290.091; 290.095, Subdivision 1; 290.14; 290.17, Subdivision 1; 290.37, Subdivision 1; 290A.03, Subdivision 3; repealing Minnesota Statutes 1978, Section 290.971, Subdivision 5; and Minnesota Statutes, 1979 Supplement, Section 290.23, Subdivision 16.

April 10, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1121, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1121 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

INCOME TAX

Section 1. Minnesota Statutes, 1979 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, position or services; income derived from the ownership 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; except that gross income shall not include "exempt function income" of a "home-owners association" as those terms are defined in Section 528 of the Internal Revenue Code of 1954, as amended through December 31, 1979.

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, 1972, 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.

(v) The Internal Revenue Code of 1954, as amended through December 31, 1976, including the amendments made to section 280A (relating to licensed day care centers) in H. R. 3477 as it passed the Congress on May 16, 1977, shall be in effect for the taxable years beginning after December 31, 1976. The provisions of the Tax Reform Act of 1976, P.L. 94-455, which affect adjusted gross income shall become effective for purposes of this chapter at the same time they become effective for federal income tax purposes. Section 207 (relating to extension of period for non-recognition of gain on sale or exchange of residence) and section 402 (relating to time for making contributions to pension plans of self employed people) of P.L. 94-12 shall be effective for taxable years beginning after December 31, 1974.

(THE AMENDMENTS MADE TO SECTIONS 219(C) (3) AND 220(C) (4) (EXTENDING THE TIME FOR WHICH A TAXPAYER IS DEEMED TO HAVE MADE A CONTRIBUTION TO AN INDIVIDUAL RETIREMENT ACCOUNT FOR THE TAXABLE YEAR) BY SECTION 157(A) OF P.L. 95-600 SHALL BE EFFECTIVE FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1977.)

The provisions of section 4 of P.L. 95-458, and sections 131, 133, 134, 141, 152, 156, 157, and 405 of P.L. 95-600 (relating to pensions, individual retirement accounts, deferred compensation plans, and to the sale of a residence) shall be effective at the same time that these provisions became effective for federal income tax purposes.

(vi) The Internal Revenue Code of 1954, as amended through December 31, 1979, shall be in effect for taxable years beginning after December 31, 1979.

For taxable years beginning after December 31, 1980 and before January 1, 1983, the provisions of section 404 (relating to partial exclusions of dividends and interest received by individuals) of the Crude Oil Windfall Profit Tax Act of 1980, P.L. 96-223, shall apply.

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 this chapter, 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) the reimbursed expenditure resulted in a tax benefit;

(6) 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) *the* 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;

(7) 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;

(8) 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, 1976,) to the extent of the credit under section 38 of the Internal Revenue Code of 1954 (, AS AMENDED THROUGH DECEMBER 31, 1976,) that was previously allowed as a deduction either under section 290.01, subdivision 20 (b) (7) or under section 290.09, subdivision 24;

(9) Expenses and losses arising from a farm which are not allowable under section 290.09, subdivision 29;

(10) Expenses and depreciation attributable to substandard buildings disallowed by section 290.101;

(11) The amount by which the gain determined pursuant to section 41.59, subdivision 2 exceeds the amount of such gain included in federal adjusted gross income;

(12) To the extent deducted in computing the taxpayer's federal adjusted gross income for the taxable year, losses (REALIZED) *recognized* upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(13) Interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, (AS AMENDED THROUGH DECEMBER 31, 1976,) if the nonprofit corporation is domiciled outside of Minnesota; (AND)

(14) Exempt-interest dividends, as defined in section 852(b) (5)(A) of the Internal Revenue Code of 1954, (AS AMENDED THROUGH DECEMBER 31, 1976,) not included in federal ad-

justed gross income pursuant to section 852(b)(5)(B) of the Internal Revenue Code of 1954, (AS AMENDED THROUGH DECEMBER 31, 1976,) except for that portion of (SUCH) exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

(15) the amount of any excluded gain (REALIZED) recognized by a trust on the sale or exchange of property as defined in section 641(c)(1) of the Internal Revenue Code of 1954;

(16) An amount equal to one-sixth of any gain from the sale or other disposition of property deducted under sections 1202(a) and 1202(c)(1) of the Internal Revenue Code of 1954;

(17) To the extent not included in the taxpayer's federal adjusted gross income, the amount of any gain, from the sale or other disposition of property having a lower adjusted basis for Minnesota income tax purposes than for federal income tax purposes. This modification shall not exceed the difference in basis. If the gain is considered a long term capital gain for federal income tax purposes, the modification shall be limited to 50 percent of the portion of the gain. This modification is limited to property that qualified for the energy credit contained in section 290.06, subdivision 14, and to property acquired in exchange for the release of the taxpayer's marital rights contained in section 290.14, clause (9); and

(18) The amount of any loss from a source outside of Minnesota which is not allowed under section 290.17 including any capital loss or net operating loss carryforwards or carrybacks resulting from the loss.

(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 50 per centum of (SUCH) the 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) *the* securities but includible in gross income for federal income tax purposes;

(4) 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) *the* losses;

(5) If included in federal adjusted gross income, the amount of any credit received, whether received as a refund or credit to another taxable year's income tax liability, pursuant to chapter 290A, and the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether (SUCH) *the* amount is received as a refund or credited to another taxable year's income tax liability;

(6) To the extent included in federal adjusted gross income, *or the amount reflected as the ordinary income portion of a lump sum distribution under section 402(e) of the Internal Revenue Code of 1954*, notwithstanding any other law to the contrary, the amount received by any person (i) from the United States, its agencies or instrumentalities, the Federal Reserve Bank or from the state of Minnesota or any of its political or governmental subdivisions or from any other state or its political or governmental subdivisions, or a Minnesota volunteer firefighter's relief association, by way of payment as a pension, public employee retirement benefit, or any combination thereof, or (ii) as a retirement or survivor's benefit made from a plan qualifying under section 401, 403, 404, 405, 408, 409 or 409A of the Internal Revenue Code of 1954 (*AS AMENDED THROUGH DECEMBER 31, 1977*). The maximum amount of this subtraction shall be (\$10,000) *\$11,000* less the amount by which the individual's federal adjusted gross income, *plus the ordinary income portion of a lump sum distribution as defined in section 402(e) of the Internal Revenue Code of 1954*, exceeds \$17,000. In the case of a volunteer firefighter who receives an involuntary lump sum distribution of his pension or retirement benefits, the maximum amount of this subtraction shall be (\$10,000) *\$11,000*; this subtraction shall not be reduced by the amount of the individual's federal adjusted gross income in excess of \$17,000;

(7) 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, 1976*), 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;

(8) To the extent included in the taxpayer's federal adjusted gross income for the taxable year, gain (REALIZED) *recog-*

nized upon a transfer of property to the spouse or former spouse of the taxpayer in exchange for the release of the spouse's marital rights;

(9) The amount of any distribution from a qualified pension or profit sharing plan included in federal adjusted gross income in the year of receipt to the extent of any contribution not previously allowed as a deduction by reason of a change in federal law which was not adopted by Minnesota law for a taxable year beginning in 1974 or later;

(10) Interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of the property on a family farm security loan executed (AFTER DECEMBER 31, 1977 AND) before January 1, 1982 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60;

((11) THE AMOUNT OF GAIN ON THE SALE OF THE TAXPAYER'S RESIDENCE EXCLUDED FROM THE FEDERAL GROSS INCOME OF THE TAXPAYER PURSUANT TO SECTION 121 OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1978 PROVIDED THAT A TAXPAYER WHO ELECTS UNDER THAT SECTION SHALL NOT, FOR THE PURPOSE OF THIS SUBDIVISION, ALSO TAKE AN EXCLUSION ACCORDING TO THE PROVISIONS OF SECTION 121 OF THE INTERNAL REVENUE CODE, AS AMENDED THROUGH DECEMBER 31, 1976;)

((12)) (11) The first \$3,000 of compensation for personal services in the armed forces of the United States or the United Nations, and the next \$2,000 of compensation for personal services in the armed forces of the United States or the United Nations wholly performed outside the state of Minnesota. *This modification does not apply to compensation defined in clause (b)(6); (AND)*

((13)) (12) The amount of any income earned for personal services rendered *outside of Minnesota* prior to the date when the taxpayer became a resident of Minnesota. *This modification does not apply to compensation defined in clause (b)(6);*

(13) *In the case of wages or salaries paid or incurred on or after January 1, 1977, the amount of any credit for employment of certain new employees under sections 44B and 51 to 53 of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, 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;*

(14) *In the case of work incentive program expenses paid or incurred on or after January 1, 1979, the amount of any credit for expenses of work incentive programs under sections 40, 50A and 50B of the Internal Revenue Code of 1954 which is claimed as a credit against the taxpayer's federal tax liability, 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;*

(15) *Unemployment compensation to the extent includible in gross income for federal income tax purposes under section 85 of the Internal Revenue Code of 1954;*

(16) *To the extent included in federal adjusted gross income, severance pay that may be treated as a lump sum distribution under the provisions of section 290.032, subdivision 5;*

(17) *The amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17; and*

(18) *Minnesota exempt-interest dividends as provided by section 2.*

(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) *the* 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) *the* corporation is liquidated or the individual shareholder disposes of (HIS) *the* 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) *the* 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) *the* reserve is distributed to shareholders (SUCH) *the* 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) *the* 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) *the* 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) *the* 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. 2. Minnesota Statutes 1978, Section 290.01, is amended by adding a subdivision to read:

Subd. 27. [MINNESOTA EXEMPT-INTEREST DIVIDENDS.] If, at the close of each quarter of its taxable year, at least 50 percent of the value (as defined in section 851(c)(4) of the Internal Revenue Code of 1954 as amended through December 31, 1979) of the total assets of a regulated investment company (as defined and limited by section 851 of the Internal Revenue Code of 1954 as amended through December 31, 1979 and to which sections 851 to 855 of the Code apply for the taxable

year) consists of obligations described in subdivision 20, clause (b)(1), or section 290.08, subdivision 8, determined without regard to section 290.08, subdivision 13, the company shall be qualified to pay Minnesota exempt-interest dividends, as defined herein, to its shareholders.

(A) A Minnesota exempt-interest dividend means any dividend or part thereof (other than a capital gain dividend as defined in subdivision 21, clause (5) or an exempt-interest dividend as defined in section 852(b)(5)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1979) paid by a regulated investment company and designated by it as a Minnesota exempt-interest dividend in a written notice mailed to its shareholders not later than 45 days after the close of its taxable year. If the aggregate amount so designated with respect to a taxable year of the company, including Minnesota exempt-interest dividends paid after the close of the taxable year as described in section 290.21, subdivision 6, is greater than the excess of—

(i) The amount of interest that would be excludable from gross income under section 290.08, subdivision 8 determined without regard to section 290.08, subdivision 13, if the company were subject to chapter 290, whether or not the company is subject to chapter 290, over

(ii) The amounts that would be disallowed as deductions under section 290.09, subdivisions 3(b) and 13, if the company were subject to chapter 290, whether or not the company is subject to chapter 290, as a result of the company's ownership of obligations described in section 290.08, subdivision 8, determined without regard to section 290.08, subdivision 13, the portion of such distribution which shall constitute a Minnesota exempt-interest dividend shall be only that proportion of the amount so designated as the amount of the excess for the taxable year bears to the amount so designated.

(B) A Minnesota exempt-interest dividend shall be treated by the shareholders for all purposes of chapter 290 as an item of interest excludable from gross income under subdivision 20, clause (b)(1), and section 290.08, subdivision 8, subject to section 290.08, subdivision 13. Such purposes include but are not limited to—

(i) The determination of gross income and taxable income,

(ii) The determination of distributable net income under section 290.23,

(iii) The allowance of, or calculation of the amount of, any credit or deduction, and

(iv) *The determination of the basis in the hands of any shareholder of any share of stock of the company.*

Sec. 3. Minnesota Statutes, 1979 Supplement, Section 290.06, Subdivision 11, is amended to to read:

Subd. 11. [CONTRIBUTIONS TO POLITICAL PARTIES AND CANDIDATES.] In lieu of the credit against taxable net income provided by section 290.21, subdivision 3, clause (e), a taxpayer may take a credit against the tax due under this chapter of 50 percent (BUT NOT MORE THAN \$50) of his contributions to (A POLITICAL PARTY AND CANDIDATE.) *candidates for elective state or federal public office and to any political party. The maximum credit for an individual shall not exceed \$50 and, for a married couple (,) filing jointly, (MAY TAKE A SIMILAR CREDIT OF) shall not (MORE THAN) exceed \$100. No credit shall be allowed under this subdivision for a contribution to any candidate, other than a candidate for elective judicial office or federal office, who has not signed an agreement to limit his campaign expenditures as provided in section 10A.32, subdivision 3b. (THE COMMISSIONER OF REVENUE SHALL PROVIDE IN THE TAX INSTRUCTION BOOKLET LANGUAGE UNDERSTANDABLE TO A PERSON OF AVERAGE INTELLIGENCE WHICH STATES THAT THE TAXPAYER MAY ONLY CLAIM A CREDIT AGAINST HIS TAX DUE FOR CONTRIBUTIONS TO CANDIDATES FOR (A) JUDICIAL OFFICE OR (B) STATEWIDE OR LEGISLATIVE OFFICE WHO HAVE AGREED TO LIMIT THEIR EXPENDITURES. FOR PURPOSES OF THIS SUBDIVISION, "CANDIDATE" MEANS A CANDIDATE AS DEFINED IN SECTION 10A.01, SUBDIVISION 5 OTHER THAN A COUNTY COURT, PROBATE COURT OR COUNTY MUNICIPAL COURT JUDGESHIP. THE DEPARTMENT OF REVENUE SHALL PROVIDE ON THE FIRST PAGE OF THE MINNESOTA TAX FORM AN APPROPRIATE PROVISION FOR THE CREDIT PROVIDED BY THIS SUBDIVISION) For purposes of this subdivision, a political party means a major political party as defined by section 10A.01, subdivision 12.*

This credit shall be allowed only if the contribution is verified in the manner the commissioner of revenue shall prescribe.

Sec. 4. Minnesota Statutes, 1979 Supplement, Section 290.06, Subdivision 3c, is amended to read:

Subd. 3c. [CREDITS AGAINST TAX.] Notwithstanding the provisions of subdivision 3a for taxable years which begin after December 31, 1978 and before January 1, 1980, the taxes due under the computation in accordance with section 290.06 shall be credited with the following amounts:

(1) In the case of an unmarried individual and in the case of the estate of a decedent, \$55, and in the case of a trust, \$5;

(2) In the case of a married individual, living with a spouse, \$110. If the spouses file separate, combined or joint returns the personal credits may be taken by either or divided between them;

(3) In the case of an individual, \$55 for each person (other than a spouse) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. A payment to a divorced or separated spouse, other than a payment for support of minor children under a temporary order or final decree of dissolution or legal separation, shall not be considered a payment by the other spouse for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$55;

(b) In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$55;

(c) In the case of a married individual, living with a spouse, an additional \$55 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$55 for each spouse who is blind at the close of the individual's taxable year. If such husband and wife make separate, combined or joint returns, these credits may be taken by either or divided between them;

(d) In the case of an individual, another \$55 for each person, other than a spouse, who is blind and dependent upon and receiving his chief support from the taxpayer;

(e) For the purposes of sub-paragraphs (b), (c) and (d) of paragraph (4), an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(f) In the case of an unmarried individual who is deaf at the close of the taxable year, an additional \$55.

(g) In the case of a married individual, an additional \$55 for each spouse who is deaf at the close of the taxable year. If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them.

(h) In the case of an individual, an additional \$55 for each person (other than a spouse) who is deaf and dependent upon and receiving his chief support from the taxpayer.

(i) For the purposes of subparagraphs (f), (g) and (h) of paragraph (4), an individual is deaf if the average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse.

(5) (a) In the case of an unmarried individual who is a quadriplegic at the close of the taxable year, an additional \$55;

(b) In the case of a married individual, living with a spouse, an additional \$55 for each spouse who is a quadriplegic at the close of the taxable year. *If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them; (AND)*

(c) In the case of an individual, another \$55 for each person, other than a spouse, who is *quadriplegic and dependent upon and receiving his chief support from the taxpayer (, AND WHO IS A QUADRIPLEGIC AT THE CLOSE OF THE TAXABLE YEAR) and*

(d) *For the purposes of subparagraphs (a), (b) and (c) of paragraph (5), "quadriplegic" means an individual who has a congenital or traumatic partial or total loss of all four limbs or who has a disability that substantially impairs the functioning of all four limbs.*

(6) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under Extra Session Laws 1967, Chapter 32, is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by Extra Session Laws 1933, Chapter 53, as amended;

(7) In the case of a non-resident individual, credits under paragraphs 1, 2, 3, 4 and 5 shall be apportioned in the proportion of the gross income from sources in Minnesota to the gross income from all sources, and in any event a minimum credit of \$5 shall be allowed.

Sec. 5. Minnesota Statutes, 1979 Supplement, Section 290.06, Subdivision 3d, is amended to read:

Subd. 3d. [LOW INCOME ALTERNATIVE TAX.] (THE TAXES DUE AS COMPUTED IN ACCORDANCE WITH SECTION 290.06, SUBDIVISIONS 2C, 3C, AND 3E SHALL BE CREDITED WITH THE FOLLOWING AMOUNTS) A claimant as defined in 290.012 may pay a tax computed under this subdivision in lieu of the tax computed under sections 290.06, subdivisions 2c, 3e, 3f, 9, 9a, 11, 14 and 290.081 without the provisions of section 290.012 and this subdivision:

(1) For taxable years beginning after December 31, (1978, A CREDIT EQUAL TO HIS TAX LIABILITY IN THE CASE OF) 1979, the alternative tax shall be zero for the following claimants:

(a) An unmarried claimant with an income of (\$5,500) \$5,800 or less;

(b) A claimant with one dependent, with an income of (\$7,000) \$7,400 or less;

(c) A claimant with two dependents, with an income of (\$8,000) \$8,800 or less;

(d) A claimant with three dependents, with an income of (\$8,900) \$10,000 or less;

(e) A claimant with four dependents, with an income of (\$9,600) \$10,500 or less; and

(f) A claimant with five or more dependents, with an income of (\$10,000) \$11,000 or less.

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

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

The commissioner of revenue shall provide alternative tax tables which will include these credits.

((4) FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1980, THE COMMISSIONER OF REVENUE SHALL DETERMINE AND ANNOUNCE BY OCTOBER 1 OF 1981 AND EACH SUBSEQUENT YEAR, THE PERCENTAGE INCREASE FROM AUGUST, 1980 TO, IN 1981, AUGUST, 1981, AND, IN SUBSEQUENT YEARS, FROM AUGUST OF THE PRECEDING YEAR TO AUGUST OF THE CURRENT YEAR IN THE REVISED ALL URBAN CONSUMER PRICE INDEX FOR THE MINNEAPOLIS-ST. PAUL MET-

ROPOLITAN AREA PREPARED BY THE UNITED STATES DEPARTMENT OF LABOR WITH 1967 AS A BASE YEAR. EACH YEAR, THE INCOME EXCLUSION AMOUNTS CONTAINED IN CLAUSE (1) SHALL BE INCREASED BY THE DETERMINED PERCENTAGE, ROUNDED TO THE NEAREST DOLLAR TO PRODUCE THE INFLATION ADJUSTED EXCLUSION AMOUNTS FOR THE TAXABLE YEAR.)

Sec. 6. Minnesota Statutes, 1979 Supplement, Section 290.06, Subdivision 3f, is amended to read:

Subd. 3f. [CREDITS AGAINST TAX.] Notwithstanding the provisions of subdivision 3a, and subject to the provisions of subdivision 3g for taxable years which begin after December 31, 1979, the taxes due under the computation in accordance with this section shall be credited with the following amounts:

(1) In the case of an unmarried individual and in the case of the estate of a decedent, \$60, and in the case of a trust, \$5;

(2) In the case of a married individual, living with a spouse, \$120. If the spouses file separate, combined or joint returns the personal credits may be taken by either or divided between them;

(3) In the case of an individual, \$60 for each person (other than a spouse) dependent upon and receiving his chief support from the taxpayer. One taxpayer only shall be allowed this credit with respect to any given dependent. A payment to a divorced or separated spouse, other than a payment for support of minor children under a temporary order or final decree of dissolution or legal separation, shall not be considered a payment by the other spouse for the support of any dependent.

(4) (a) In the case of an unmarried individual who has attained the age of 65 before the close of his taxable year, an additional \$60;

(b) In the case of an unmarried individual who is blind at the close of the taxable year, an additional \$60;

(c) In the case of a married individual, living with a spouse, an additional \$60 for each spouse who has attained the age of 65 before the close of the individual's taxable year, and an additional \$60 for each spouse who is blind at the close of the individual's taxable year. If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them;

(d) In the case of an individual, another \$60 for each person, other than a spouse, who is blind and dependent upon and receiving his chief support from the taxpayer;

(e) For the purposes of sub-paragraphs (b), (c) and (d) of paragraph (4), an individual is blind if his central visual acuity does not exceed 20/200 in the better eye with correcting lenses, or if his visual acuity is greater than 20/200 but is accompanied by a limitation in the fields of vision such that the widest diameter of the visual field subtends an angle no greater than 20 degrees.

(f) In the case of an unmarried individual who is deaf at the close of the taxable year, an additional \$60.

(g) In the case of a married individual, an additional \$60 for each spouse who is deaf at the close of the taxable year. If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them.

(h) In the case of an individual, an additional \$60 for each person (other than a spouse) who is deaf and dependent upon and receiving his chief support from the taxpayer.

(i) For the purposes of subparagraphs (f), (g) and (h) of paragraph (4), an individual is deaf if the average loss in the speech frequencies (500-2000 Hertz) in the better ear, unaided, is 92 decibels, American National Standards Institute, or worse.

(5) (a) In the case of an unmarried individual who is a quadriplegic at the close of the taxable year, an additional \$60;

(b) In the case of a married individual, living with a spouse, an additional \$60 for each spouse who is a quadriplegic at the close of the taxable year. *If the spouses file separate, combined or joint returns, these credits may be taken by either or divided between them;* (AND)

(c) In the case of an individual, another \$60 for each person, other than a spouse, who is *quadriplegic and* dependent upon and receiving his chief support from the taxpayer (, AND WHO IS A QUADRIPLEGIC AT THE CLOSE OF THE TAXABLE YEAR.); and

(d) *For the purposes of subparagraphs (a), (b) and (c) of paragraph 5, "quadriplegic" means an individual who has a congenital or traumatic partial or total loss of all four limbs or who has a disability that substantially impairs the functioning of all four limbs.*

(6) In the case of an insurance company, it shall receive a credit on the tax computed as above equal in amount to any taxes based on premiums paid by it during the period for which the tax under Extra Session Laws 1967, Chapter 32, is imposed by virtue of any law of this state, other than the surcharge on premiums imposed by Extra Session Laws 1933, Chapter 53, as amended.

(7) In the case of a non-resident individual, credits under paragraphs 1, 2, 3, 4 and 5 shall be apportioned in the proportion of the gross income from sources in Minnesota to the gross income from all sources, and in any event a minimum credit of \$5 shall be allowed.

Sec. 7. Minnesota Statutes, 1979 Supplement, Section 290.06, Subdivision 14, is amended to read:

Subd. 14. [RESIDENTIAL ENERGY CREDIT.] A credit of 20 percent of the first \$10,000 of renewable energy source expenditures, including the expenditures described in clauses (a), (b) and (d) if made by an individual taxpayer on a Minnesota building of six dwelling units or less and expenditures for biomass conversion equipment described in clause (c), may be deducted from the tax due under this chapter of the taxable year in which the expenditures were made. For purposes of this subdivision, the term "building" shall include a condominium or townhouse used by the taxpayer as a residence. In the case of qualifying expenditures incurred in connection with a building under construction by a contractor, the credit shall be deducted from the tax liability of the first individual to purchase the building for use as a principal residence or for residential rental purposes; the contractor shall not be eligible for the credit given pursuant to this subdivision for that expenditure.

A "renewable energy source expenditure" which qualifies shall include:

(a) Expenditures which qualify for the federal renewable energy source credit, pursuant to Section 44C of the Internal Revenue Code of 1954, as amended through December 31, 1978, and any regulations promulgated pursuant thereto, *provided that, after December 31, 1980, any solar collector included in the claimed expenditure is certified by the energy agency. A solar collector is a device designed to absorb incident solar radiation, convert it to thermal energy, and transfer the thermal energy to a fluid passing through or in contact with the device. "Solar collector" shall not include passive solar energy systems as defined in clause (d);*

(b) Expenditures for earth sheltered dwelling units. For purposes of this credit, an "earth sheltered dwelling unit" shall mean a structure which complies with applicable building standards and which is constructed so that:

(1) 80 percent or more of the (WALL) roof area is covered with a minimum depth of 12 inches of earth; and

(2) 50 percent or more of the wall area is covered with a minimum depth of 12 inches of earth; and

(3) Those portions of the structure not insulated with a minimum of seven feet of earth shall have additional insulation;

(c) Expenditures for biomass conversion equipment *located in Minnesota* which produces ethanol, methane or methanol for use as a *gaseous or as a liquid fuel* which is not offered for sale; and

(d) Expenditures for passive solar energy systems. For purposes of this credit, a "passive solar energy system" is defined to include systems which utilize elements of the building and its operable components to heat or cool a building unit *with the sun's energy* by means of conduction, convection, radiation, or evaporation. A passive system shall include:

(1) Collection aperture, including glazing installed in south facing walls and roofs; and

(2) Storage element, including thermal mass in the form of water, masonry, rock, concrete, or other mediums which is designed to store heat collected from solar radiation.

A passive system may include:

(1) Control and distribution element, including fans, louvers, and air ducts; and/or

(2) Retention element, including movable insulation used to minimize heat loss caused by nocturnal radiation through areas used for direct solar heat gain during daylight hours.

Eligible passive expenditures shall be for equipment, materials or devices that are an integral part of the components listed above and essential to the functioning of a passive design which qualifies pursuant to rules promulgated by the commissioner of revenue in cooperation with the director of the energy agency. Expenditures for equipment, materials, or devices which are a part of the normal heating, cooling, or insulation system of a building are not eligible for the credit.

If a credit was allowed to a taxpayer under this subdivision for any prior taxable year, the dollar amount of the maximum expenditure for which a taxpayer may qualify for a credit under this subdivision in subsequent years shall be \$10,000 reduced by the amount of expenditures which a credit was claimed pursuant to this subdivision in prior years. *A taxpayer shall never be allowed to claim more than \$10,000 of expenditures during the duration of the renewable energy credit.*

The credit provided in this subdivision shall not be allowed in a taxable year if the amount of the credit would be less than \$10.

If the credit allowable under this subdivision exceeds the amount of tax due in a taxable year, the excess credit shall

not be refunded but may be carried forward to the succeeding taxable year and added to the credit allowable for that year. No amount may be carried forward to a taxable year beginning after December 31, 1984.

A shareholder in a family farm corporation and each partner in a partnership operating a family farm shall be eligible for the credit provided by this subdivision in the same manner and to the same extent allowed a joint owner of property under (CLAUSE (A)) *section 44C (d) of the Internal Revenue Code of 1954, as amended through December 31, 1979.* "Family farm corporation" and "family farm" have the meanings given in section 500.24.

The credit provided in this subdivision is subject to the provisions of Section 44C, (c) (7), (d) (1) to (3), and (e), of the Internal Revenue Code of 1954, as amended through December 31, 1978, and any regulations promulgated pursuant thereto.

The commissioner of revenue in cooperation with the director of the energy agency shall promulgate rules establishing additional qualifications and definitions for the credits provided in (CLAUSES (A) TO (D)) *this subdivision.*

Notwithstanding section 290.61, the commissioner of revenue may request the energy agency to assist in the review and auditing of the information furnished by the taxpayer for purposes of claiming this credit. The provisions of section 290.61 shall apply to employees of the energy agency who receive information furnished by a taxpayer for purposes of claiming this credit.

The director of the energy agency shall promulgate rules establishing the criteria for certification of solar collectors as required by clause (a). The criteria shall:

- (1) Specify the testing procedures to be used in the evaluation of solar collectors;*
- (2) Establish minimum levels of collector quality for safety;*
- (3) Provide a means to determine the maintainability and structural integrity of solar collectors;*
- (4) Establish a system for evaluating and rating the thermal performance of solar collectors;*
- (5) Specify the procedures to follow to obtain certification of a solar collector;*
- (6) Conform to the maximum extent practicable to the solar collector certification requirements of other states which have adopted certification procedures; and*

(7) *Allow for individual variation so as not to hamper the development of innovative solar collectors.*

The director of the energy agency may promulgate temporary rules pursuant to section 15.0412, subdivision 5 to establish this certification procedure.

This subdivision is effective for expenditures made during taxable years beginning after December 31, 1978 and before January 1, 1983.

Sec. 8. Minnesota Statutes 1978, Section 290.08, Subdivision 24, is amended to read:

Subd. 24. [FAMILY FARM SECURITY LOAN INTEREST.] Gross income shall not include interest, including payment adjustment to the extent that it is applied to interest, earned by the seller of property on a family farm security loan executed (AFTER DECEMBER 31, 1977 AND) before January 1, 1982 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60.

Sec. 9. Minnesota Statutes, 1979 Supplement, Section 290.081, is amended to read:

290.081 [INCOME OF NONRESIDENTS, RECIPROCITY.]
(a) The compensation received for the performance of personal or professional services within this state by an individual who resides and has his place of abode and place to which he customarily returns at least once a month in another state, shall be excluded from gross income to the extent such compensation is subject to an income tax imposed by the state of his residence; provided that such state allows a similar exclusion of compensation received by residents of Minnesota for services performed therein, or

(b) Whenever a nonresident taxpayer has become liable for income taxes to the state where he resides upon his net income for the taxable year derived from the performance of personal or professional services within this state and subject to taxation under this chapter, there shall be allowed as a credit against the amount of income tax payable by him under this chapter, such proportion of the tax so paid by him to the state where he resides as his gross income subject to taxation under this chapter bears to his entire gross income upon which the tax so paid to such other state was imposed; provided, that such credit shall be allowed only if the laws of such state grant a substantially similar credit to residents of this state subject to income tax under such laws, or

(c) If any taxpayer who is a resident of this state, or a domestic corporation or corporation commercially domiciled therein, has become liable for taxes on or measured by net

income to another state or a province or territory of Canada upon, if the taxpayer is an individual or a resident estate or resident trust, any income, or if it is a corporation, upon income derived from the performance of personal or professional services within such other state or province or territory of Canada and subject to taxation under this chapter he or it shall be entitled to a credit against the amount of taxes payable under this chapter, of such proportion thereof, as such gross income subject to taxation in such state or province or territory of Canada bears to his entire gross income subject to taxation under this chapter; provided (1) that such credit shall in no event exceed the amount of tax so paid to such other state or province or territory of Canada on the gross income earned within such other state or province or territory of Canada and subject to taxation under this chapter, and (2) that such credit shall not be allowed if such other state or province or territory of Canada allows residents of this state a credit against the taxes imposed by such state or province or territory of Canada for taxes payable under this chapter substantially similar to the credit provided for by paragraph (b) of this section, and (3) the allowance of such credit shall not operate to reduce the taxes payable under this chapter to an amount less than would have been payable if the gross income earned in such other state or province or territory of Canada had been excluded in computing net income under this chapter.

(d) The commissioner shall by regulation determine with respect to gross income earned in any other state the applicable clause of this section. When it is deemed to be in the best interests of the people of this state, the commissioner may determine that the provisions of clause (a) shall not apply.

(e) "Tax So Paid" as used in this section means taxes on or measured by net income payable to another state or province or territory of Canada on income earned within the taxable year for which the credit is claimed, provided that such tax is actually paid in that taxable year, or subsequent taxable years.

(f) For the purposes of clause (a), whenever the Wisconsin tax on Minnesota residents which would have been paid Wisconsin without clause (a) exceeds the Minnesota tax on Wisconsin residents which would have been paid Minnesota without clause (a), or vice versa, then the state with the net revenue loss resulting from clause (a) shall receive from the other state the amount of such loss. This provision shall be effective for all years beginning after December 31, 1972. The data used for computing the loss to either state shall be determined on or before September 30 of the year following the close of the previous calendar year.

Interest shall be payable on all delinquent balances relating to taxable years beginning after December 31, 1977. The commissioner of revenue is authorized to enter into agreements with the state of Wisconsin specifying the reciprocity payment due

date, conditions constituting delinquency, interest rates, and a method for computing interest due on any delinquent amounts.

If an agreement cannot be reached as to the amount of the loss, the commissioner of revenue and the taxing official of the state of Wisconsin shall each appoint a member of a board of arbitration and these members shall appoint the third member of the board. The board shall select one of its members as chairman. Such board may administer oaths, take testimony, subpoena witnesses, and require their attendance, require the production of books, papers and documents, and hold hearings at such places as are deemed necessary. The board shall then make a determination as to the amount to be paid the other state which determination shall be final and conclusive.

Notwithstanding the provisions of section 290.61, the commissioner may furnish copies of returns, reports, or other information to the taxing official of the state of Wisconsin, a member of the board of arbitration, or a consultant under joint contract with the states of Minnesota and Wisconsin for the purpose of making a determination as to the amount to be paid the other state under the provisions of this section. Prior to the release of any information under the provisions of this section, the person to whom the information is to be released shall sign an agreement which provides that he will protect the confidentiality of the returns and information revealed thereby to the extent that it is protected under the laws of the state of Minnesota.

Sec. 10. Minnesota Statutes 1978, Section 290.09, Subdivision 2, is amended to read:

Subd. 2. [TRADE OR BUSINESS EXPENSES; EXPENSES FOR PRODUCTION OF INCOME.] (a) In General. There shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including

(1) A reasonable allowance for salaries or other compensation for personal services actually rendered;

(2) Traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and

(3) Rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity. For purposes of the preceding sentence, the place of residence of a member of congress within the state shall be considered his home, but amounts expended by such members within each taxable year for living expenses shall not be deductible for income tax purposes in excess of \$3,000.

(b) Expenses for Production of Income. In the case of an individual, there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year.

(1) For the production or collection of income;

(2) For the management, conservation, or maintenance of property held for the production of income; or

(3) In connection with the determination, collection, or refund of any tax.

(c) Campaign expenditures in an amount not to exceed the limits set out in section 210A.22, not subsequently reimbursed, which have been personally paid by a candidate for public office if the candidate has complied with the expenditure limitations set out in section 210A.22:

(No deduction shall be allowed under this clause for any contribution or gift which would be allowable as a credit under section 290.21 were it not for the percentage limitations set forth in such section);

(d) All expense money paid by the legislature to legislators;

(e) The provisions of section 280A (disallowing certain expenses in connection with the business use of the home and rental of vacation homes) of the Internal Revenue Code of 1954, as amended through December 31, (1976) 1979, shall be applicable in determining the availability of any deduction under this subdivision.

(f) Entertainment, amusement, or recreation expenses shall be allowed under this subdivision only to the extent that they qualify as a deduction under section 274 of the Internal Revenue Code of 1954, as amended through December 31, 1979.

Sec. 11. Minnesota Statutes, 1979 Supplement, Section 290.-067, Subdivision 1, is amended to read:

290.067 [DEPENDENT CARE CREDIT.] Subdivision 1. [AMOUNT OF CREDIT.] A taxpayer may take as a credit against the tax due from him and his spouse, if any, under this chapter an amount equal to (50 PERCENT OF) the dependent care credit for which he is eligible pursuant to the provisions of section 44A of the Internal Revenue Code of 1954, as amended through December 31, (1978) 1979, subject to the limitations provided in subdivision 2.

Sec. 12. Minnesota Statutes 1978, Section 290.067, Subdivision 2, is amended to read:

Subd. 2. [LIMITATIONS.] The credit for expenses incurred for the care of each dependent shall not exceed (\$150) \$400 in any taxable year, and the total credit for all dependents of a claimant shall not exceed (\$300) \$800 in a taxable year. The total credit shall be reduced by five percent of the amount by which the combined federal adjusted gross income of the claimant and his spouse, if any, exceeds (\$12,000) \$15,000. A married claimant shall file his income tax return for the year for which he claims the credit either jointly or separately on one form with his spouse. In the case of a married claimant only one spouse may claim the credit. No expense for which a medical expense deduction is claimed pursuant to section 290.09, subdivision 10, shall be claimed as a dependent care expense.

Sec. 13. Minnesota Statutes, 1979 Supplement, Section 290.09, Subdivision 3, is amended to read:

Subd. 3. [INTEREST.] (a) All interest paid or accrued within the taxable year on indebtedness, except as hereinafter provided.

(b) Interest paid or accrued within the taxable year on indebtedness incurred or continued to purchase or carry obligations or securities the income from which is excludable from gross income under section 290.08, or shares of a regulated investment company which during the taxable year of the holder thereof distributes Minnesota exempt-interest dividends as defined in section 2, or on indebtedness incurred or continued in connection with the purchasing or carrying of a single premium life insurance, annuity, or endowment contract, shall not be allowed as deduction. (For purposes of this paragraph, a contract shall be treated as a single premium contract if substantially all the premiums on the contract are paid within a period of four years from the date on which the contract is purchased, or if an amount is deposited after January 1, 1955 with the insurer for payment of a substantial number of future premiums on the contract.)

(c) If personal property or educational services are purchased under a contract which provides that payment of part or all of the purchase price is to be made in installments, and in which carrying charges are separately stated but the interest charge cannot be ascertained, then the payments made during the taxable year under the contract shall be treated for purposes of this paragraph as if they included interest equal to six percent of the average unpaid balance under the contract during the taxable year, and such interest shall be allowed as a deduction. For purposes of the preceding sentence, the average unpaid balance is the sum of the unpaid balance outstanding on the first day of each month beginning during the taxable year, divided by 12. In the case of any contract to which this paragraph applies, the amount treated as interest for any taxable year shall not exceed

the aggregate carrying charges which are properly attributable to such taxable year.

For purposes of this subdivision the term "educational services" means any service including lodging which is purchased from an educational institution (as defined in section 151(e) (4) of the Internal Revenue Code of 1954, as amended through December 31, 1976) and which is provided for a student of such institution.

(d) A cash basis taxpayer may elect to deduct interest as it accrues on a reverse mortgage loan as defined in section 47.58, subdivision 1, rather than when it is actually paid. This election must be made, if at all, in the first taxable year in which it is available to the cash basis taxpayer and, if made, shall be binding on the taxpayer for each subsequent taxable year until maturity of the loan.

Sec. 14. Minnesota Statutes 1978, Section 290.09, Subdivision 28, is amended to read:

Subd. 28. [REAL ESTATE INVESTMENT TRUSTS; DEDUCTIBLE DIVIDENDS.] A "real estate investment trust," as defined in section 856 of the Internal Revenue Code of 1954, as amended through December 31, (1976) 1979, and to which sections 856 to (858) 860 of the Code apply for the taxable year, may deduct its dividends paid to the extent permitted by section (857(B) (2) (C)) 857(b) (2) (B) of the Code (, AND ITS CAPITAL GAINS DIVIDENDS PAID AS DEFINED AND LIMITED BY SECTION 857(B) (3) (C) OF THE CODE). Such a trust and its shareholders and beneficiaries shall be subject to all of the provisions of sections 857 and 858 of the Code which are applicable under this chapter, in determining their respective taxable net incomes, provided that the (EXCESS) amount determined and (SUBJECTED TO) *available for the alternative* tax under section 857(b) (3) (A) (ii) of the Code shall be included in gross income subject to the deduction provided by section 290.16, subdivision 4.

Sec. 15. Minnesota Statutes, 1979 Supplement, Section 290.-091, is amended to read:

290.091 [MINIMUM TAX ON PREFERENCE ITEMS.]

(a) In addition to all other taxes imposed by this chapter there is hereby imposed, a tax which, in the case of a resident individual, estate or trust, shall be equal to 40 percent of the amount of the taxpayer's minimum tax liability for tax preference items pursuant to the provisions of sections (56) 55 to 58 and 443(d) of the Internal Revenue Code of 1954 as amended through December 31, (1976) 1979 except that for purposes of the tax imposed by this section, excess itemized deductions as defined in section 57(b) shall not include any deduction taken for Minne-

sota income tax paid and capital gain as defined in section 57(a) of the Internal Revenue Code shall not include that portion of any gain occasioned by sale, transfer or the granting of a perpetual easement pursuant to any eminent domain proceeding or threat thereof as described in section 290.13, subdivision 5. This modification shall apply to the years in which the gain or reduction in loss is actually included in federal adjusted gross income even though amounts received pursuant to the eminent domain proceedings were received in prior years. *In the case of a taxpayer other than a corporation, an amount equal to one-half of the net capital gain for the taxable year shall be used as the definition of capital gain in place of the deduction determined under section 1202 of the Internal Revenue Code.* In the case of a resident individual, estate or trust having preference items which could not be taken to reduce income from sources outside the state pursuant to section 290.17, subdivision 1, or any other taxpayer the tax shall equal 40 percent of that federal liability, multiplied by a fraction the numerator of which is the amount of the taxpayer's preference item income allocated to this state pursuant to the provisions of sections 290.17, subdivision 1, to 290.20, and the denominator of which is the taxpayer's total preference item income for federal purposes.

(b) In the case of a resident individual, estate or trust having preference items in taxable years beginning after December 31, 1976, and before January 1, 1978, which are not allocable to Minnesota under the provisions of sections 290.17 to 290.20 in effect for such years, the tax shall equal 40 percent of the taxpayer's federal minimum tax liability, multiplied by a fraction the numerator of which is the amount of the taxpayer's preference items allocable to Minnesota under the provisions of sections 290.17 to 290.20 in effect for (SUCH) those years and the denominator of which is the taxpayer's total preference items for federal purposes.

((C) THE PREFERENCE ITEMS FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1978 SHALL NOT INCLUDE THE PORTION OF THE SALE OF RESIDENCE EXCLUDED UNDER SECTION 121 OF THE INTERNAL REVENUE CODE OF 1954 AS AMENDED THROUGH DECEMBER 31, 1978.)

Sec. 16. Minnesota Statutes, 1979 Supplement, Section 290.095, Subdivision 1, is amended to read:

290.095 [OPERATING LOSS DEDUCTION.] Subdivision 1. [ALLOWANCE OF DEDUCTION.] (a) There shall be allowed as a deduction for the taxable year the amount of any net operating loss deduction as defined in subdivision 2, clause (b); provided, however, that the modifications specified in subdivision 4 shall be made in computing the taxable net income for the taxable year before the net operating loss deduction shall be allowed.

(b) A net operating loss deduction shall be available under this section only to corporate taxpayers except as provided in subdivisions 6, 7 and 9 hereof, and, with respect to individuals, (ESTATES AND TRUSTS,) no deduction shall be allowed for or with respect to losses which constitute tax preference items as set forth in section 290.17, subdivision 1.

Sec. 17. Minnesota Statutes 1978, Section 290.095, is amended by adding a subdivision to read:

Subd. 10. [PRODUCT LIABILITY LOSS CARRYBACK.] In the case of a taxpayer which has a product liability loss, as defined in section 172(i) of the Internal Revenue Code of 1954 as amended through December 31, 1979, for a taxable year beginning after September 30, 1979 (referred to as "loss year"), the product liability loss shall be a net operating loss carryback to each of the 10 taxable years preceding the loss year.

Sec. 18. Minnesota Statutes 1978, Section 290.13, is amended by adding a subdivision to read:

Subd. 5a. [GAIN OR LOSS FROM SALE OR EXCHANGE TO EFFECTUATE POLICIES OF F.C.C.] If the sale or exchange of property, including stock in a corporation, is certified by the Federal Communications Commission to be necessary or appropriate to effectuate a change in a policy of, or the adoption of a new policy by the commission with respect to the ownership and control of radio broadcasting stations, the sale or exchange shall, if the taxpayer so elects, be treated as an involuntary conversion of the property within the meaning of subdivision 5. For purposes of this subdivision, "radio broadcasting" includes telecasting.

For purposes of subdivision 5 as made applicable by the provisions of this subdivision, stock of a corporation operating a radio broadcasting station located in Minnesota, whether or not representing control of the corporation, shall be treated as property similar or related in service or use to the property so converted. The part of the gain, if any, on the sale or exchange to which subdivision 5 is not applied shall nevertheless not be recognized, if the taxpayer so elects, to the extent that it is applied to reduce the basis for determining gain or loss on sale or exchange of property of a character subject to the allowance for depreciation under section 290.09, subdivision 7, remaining in the hands of the taxpayer immediately after the sale or exchange, or acquired in the same taxable year and with its situs in the state of Minnesota. The manner and amount of the reduction shall be determined under regulations prescribed by the commissioner. Any election made by the taxpayer under this subdivision shall be made by a statement to that effect in his return for the taxable year in which the sale or exchange takes place, and the election shall be binding for that taxable year and all subsequent taxable years.

The basis of property acquired on a sale or exchange treated as an involuntary conversion under this subdivision shall be determined pursuant to the provisions of subdivision 5.

Sec. 19. Minnesota Statutes, 1979 Supplement, Section 290.-14, is amended to read:

290.14 [GAIN OR LOSS ON DISPOSITION OF PROPERTY, BASIS.] The basis for determining the gain or loss from the sale or other disposition of property acquired on or after January 1, 1933, shall be the cost to the taxpayer of such property, with the following exceptions:

(1) If the property should have been included in the last inventory, it shall be the last inventory value thereof;

(2) If the property was acquired by gift, it shall be the same as it would be if it were being sold or otherwise disposed of by the last preceding owner not acquiring it by gift; if the facts required for this determination cannot be ascertained, it shall be the fair market value as of the date, or approximate date, of acquisition by (SUCH) *the* last preceding owner, as nearly as the requisite facts can be ascertained by the commissioner;

(3) If the property was acquired by gift through an inter vivos transfer in trust, it shall be the same as it would be if it were being sold or otherwise disposed of by the grantor;

(4) Except as otherwise provided in this clause, the basis of property in the hands of a person acquiring the property from a decedent or to whom the property passed from a decedent shall, if not sold, exchanged or otherwise disposed of before the decedent's death by (SUCH) *the* person, be the fair market value of the property at the date of decedent's death.

For the purposes of the preceding paragraph, the following property shall be considered to have been acquired from or to have passed from the decedent:

(a) Property acquired by bequest, devise, or inheritance, or by the decedent's estate from the decedent;

(b) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent, with the right reserved to the decedent at all times before his death to revoke the trust;

(c) Property transferred by the decedent during his lifetime in trust to pay the income for life to or on the order or direction of the decedent with the right reserved to the decedent at all times before his death to make any change in the enjoyment thereof through the exercise of a power to alter, amend, or terminate the trust;

(d) Property passing without full and adequate consideration under a general power of appointment exercised by the decedent by will;

(e) In the case of a decedent's dying after December 31, 1956, property acquired from the decedent by reason of death, form of ownership, or other conditions (including property acquired through the exercise or non-exercise of a power of appointment), if by reason thereof the property is required to be included in determining the value of the decedent's gross estate for Minnesota inheritance tax purposes. In (SUCH) *this* case, if the property is acquired before the death of the decedent, the basis shall be the amount determined under the first paragraph of this clause reduced by the amount allowed to the taxpayer as deductions in computing taxable net income under this chapter or prior Minnesota income tax laws for exhaustion, wear and tear, obsolescence, amortization, and depletion on (SUCH) *the* property before the death of the decedent. (SUCH) *The* basis shall be applicable to the property commencing on the death of the decedent. This paragraph shall not apply to annuities described in section 290.08; and property described in paragraphs (a), (b), (c) and (d) of this clause.

This clause shall not apply to property which constitutes a right to receive an item of income in respect of a decedent under section 290.077. Nor shall it apply to restricted stock options described in section 290.078 which the employee has not exercised at death.

(5) If the property was acquired after December 31, 1932, upon an exchange described in section 290.13, subdivision 1, the basis shall be the same as in the case of the property exchanged, decreased in the amount of any money received by the taxpayer and increased in the amount of gain or decreased in the amount of loss to the taxpayer that was recognized upon (SUCH) *the* exchange under the law applicable to the year in which the exchange was made. If the property so acquired consisted in part of the type of property permitted by section 290.13, subdivision 1, to be received without the recognition of gain or loss, and in part of other property, the basis provided in this clause shall be allocated between the properties, other than money, received, and for the purpose of the allocation there shall be assigned to (SUCH) *the* other property an amount equivalent to its fair market value at the date of the exchange. This clause shall not apply to property acquired by a corporation by the issuance of its stock or securities as the consideration, in whole or in part, for the transfer of the property to it;

(6) If substantially identical property was acquired in the place of stocks or securities which were sold or disposed of and in respect of which loss was not allowed as a deduction under section 290.09, subdivision 5, ~~the basis~~ in the case of property so acquired shall be the same as in the case of the stock or securities

so sold or disposed of, increased by the excess of the repurchase price of (SUCH) *the* property over the sale price of (SUCH) *the* stock or securities, or decreased by the excess of the sale price of (SUCH) *the* stock or securities over the repurchase price of (SUCH) *the* property;

(7) If the property was acquired after December 31, 1932, as the result of a compulsory or involuntary conversion described in section 290.13, subdivision 5, the basis shall be the same as in the case of the property so converted, decreased in the amount of any money received by the taxpayer which was not expended in accordance with the provisions of law applicable to the year in which (SUCH) conversion was made, determining the taxable status of the gain or loss upon (SUCH) conversion, and increased in the amount of gain or decreased in the amount of loss to the taxpayer recognized upon (SUCH) conversion under the law applicable to the year in which (SUCH) conversion was made.

(8) Neither the basis nor the adjusted basis of any portion of real property shall, in the case of a lessor of (SUCH) *the* property, be increased or diminished on account of income derived by the lessor in respect of (SUCH) *the* property and excludable from gross income under section 290.08, subdivision 14.

If an amount representing any part of the value of real property attributable to buildings erected or other improvements made by a lessee in respect of (SUCH) *the* property was included in gross income of the lessor for any taxable year beginning before January 1, 1943, the basis of each portion of (SUCH) *the* property shall be properly adjusted for the amount (SO) included in gross income.

(9) If the property was acquired by the taxpayer as a transfer of property in exchange for the release of the taxpayer's marital rights, the basis of the property shall be the same as it would be if it were being sold or otherwise disposed of by the person who transferred the property to the taxpayer.

(10) *The basis of property subject to the provisions of section 1034 of the Internal Revenue Code of 1954, as amended through December 31, 1979 (relating to the rollover of gain on sale of principal residence) shall be the same as the basis for federal income tax purposes. The basis shall be increased by the amount of gain realized on the sale of a principal residence outside of Minnesota, while a nonresident of this state, which gain was not recognized because of the provisions of section 1034.*

Sec. 20. Minnesota Statutes, 1979 Supplement, Section 290.-17, Subdivision 1, is amended to read:

290.17 [GROSS INCOME, ALLOCATION TO STATE.]
Subdivision 1. [INCOME OF RESIDENT INDIVIDUALS, ESTATES AND TRUSTS.] The gross income of individuals during the period of time when they are residents of Minnesota

(AND THE GROSS INCOME OF RESIDENT ESTATES AND TRUSTS) shall be their gross income as defined in section 290.01, subdivision 20, except that the amount of otherwise deductible losses incurred in connection with income derived from sources outside the state shall be reduced by the sum of the taxpayer's items of tax preference as defined in section 57 of the Internal Revenue Code of 1954, as amended through December 31, 1978, which are attributable to losses incurred in connection with sources of income outside the state.

Sec. 21. Minnesota Statutes 1978, Section 290.17, is amended by adding a subdivision to read:

Subd. 1a. [SUBSEQUENT ADJUSTMENT.] When a loss has been reduced by the amount of tax preference items pursuant to subdivision 1, and the taxpayer subsequently sells or otherwise disposes of an asset in relation to which arose an item of tax preference which caused the reduction of the loss, the taxpayer may increase the basis of the asset by the amount of the tax preference item that was used to reduce the loss. If the asset is a depletable asset, the taxpayer may elect to so increase its basis upon disposition or to reduce the amount of otherwise taxable income subsequently produced by that asset by the amount of the tax preference item.

Sec. 22. Minnesota Statutes 1978, Section 290.26, Subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Contributions of an employer to an employee's trust or annuity plan and compensation under a deferred-payment plan or to a simplified employee pension shall be allowed as a deduction in accordance with the provisions of (SECTION) Sections 404 or 408(k) of the Internal Revenue Code of 1954, as amended through December 31, (1976) 1979 as adapted to the provisions of this (ACT) chapter under (REGULATIONS) rules issued by the commissioner of revenue.

Sec. 23. Minnesota Statutes, 1979 Supplement, Section 290.37, Subdivision 1, is amended to read:

290.37 [FILING REQUIREMENTS FOR INDIVIDUALS.]
Subdivision 1. [PERSONS MAKING RETURNS.] The commissioner of revenue shall annually determine the gross income levels at which individuals and estates shall be required to file a return for each taxable year.

The trustee or other fiduciary of property held in trust shall file a return with respect to the taxable net income of such trust if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed, or if the gross income of such trust exceeds \$750, if in either case such trust belongs to the class of taxable persons.

Every corporation shall file a return with respect to its taxable net income if in excess of \$500, or if its gross income exceeds \$5,000. The return in this case shall be signed by an officer of the corporation.

The receivers, trustees in bankruptcy, or assignees operating the business or property of a taxpayer shall file a return with respect to the taxable net income of such taxpayer if that exceeds an amount on which a tax at the rates herein provided would exceed the specific credits allowed (or, if the taxpayer is a corporation, if the taxable net income exceeds \$500), or if such taxpayer's gross income exceeds \$5,000.

Such return shall (a) be verified or contain a written declaration that it is made under the penalties of criminal liability for wilfully making a false return, and (b) shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid.

For purposes of this subdivision the term "gross income" shall mean gross income as defined in section 61 of the Internal Revenue Code of 1954, as amended through December 31, 1976, modified and adjusted in accordance with the provisions of sections 290.01, subdivision 20, clauses (b) (6) and (b) (11), 290.08, and 290.17 (AND 290.65).

Sec. 24. Minnesota Statutes 1978, Chapter 290, is amended by adding a section to read:

[290.431] [NON-GAME WILDLIFE CHECKOFF.] *Effective with returns filed for taxable years beginning after December 31, 1979, every person who files an income tax return or property tax refund claim form may designate that \$1 or more shall be deducted from the refund that would otherwise be payable to that person and paid into a fund to be established for the management of non-game wildlife. The commissioner of revenue shall, on the first page of the income tax return and the property tax refund claim form, notify filers of their right to designate that a portion of their refund shall be paid into the non-game wildlife management fund. The sum of the amounts so designated to be paid shall be annually appropriated from the general fund to the commissioner of natural resources and credited to the non-game wildlife management fund for use by the non-game section of the division of wildlife in the department of natural resources.*

Sec. 25. Minnesota Statutes 1978, Section 290.49, Subdivision 10, is amended to read:

Subd. 10. [INCORRECT DETERMINATION OF FEDERAL ADJUSTED GROSS INCOME.] Notwithstanding any other provision of this chapter, if a taxpayer whose gross income is

determined under section 290.01, subdivision 20, omits from income such an amount as will under the Internal Revenue Code of 1954, as amended through December 31, 1976 extend the statute of limitations for the assessment of federal income taxes; or otherwise incorrectly determines his federal adjusted gross income resulting in adjustments by the Internal Revenue Service then the period of assessment and determination of tax shall be the same as that under the Internal Revenue Code of 1954, as amended through December 31, 1976. *When a change is made to federal income during the extended time provided under this subdivision, the provisions under section 290.56 regarding additional extensions apply.*

Sec. 26. Minnesota Statutes 1978, Section 290.971, Subdivision 1, is amended to read:

290.971 [ELECTION OF CERTAIN SMALL BUSINESS CORPORATIONS AS TO TAXABLE STATUS; DEFINITIONS.] Subdivision 1. **[SMALL BUSINESS CORPORATION.]** For purposes of this chapter, the term "small business corporation" means a domestic corporation of the United States which is not a member of an affiliated group (as defined in section 1504 of the Internal Revenue Code of 1954, as amended through December 31, (1976) 1979) and which does not

(1) have ((EXCEPT AS PROVIDED IN SUBDIVISION 5)) more than (TEN) 15 shareholders;

(2) have as a shareholder a person (other than an estate and other than a trust described in subdivision 6) who is not an individual;

(3) have a nonresident alien as a shareholder; and

(4) have more than one class of stock, and has elected under the provisions of section 1372(a) of the Internal Revenue Code of 1954, as amended through December 31, (1976) 1979 to be taxed as a small business corporation under the provisions of said Internal Revenue Code of 1954, as amended through December 31, (1976) 1979.

Sec. 27. Minnesota Statutes 1978, Section 290.971, Subdivision 3, is amended to read:

Subd. 3. [STOCK OWNED BY HUSBAND AND WIFE.] For purposes of subdivision 1(1) (STOCK WHICH)

((1) IS COMMUNITY PROPERTY OF A HUSBAND AND WIFE (OR THE INCOME FROM WHICH IS COMMUNITY INCOME) UNDER THE APPLICABLE COMMUNITY PROPERTY LAW OF A STATE, OR)

(2) IS HELD BY A HUSBAND AND WIFE AS JOINT TENANTS, TENANTS BY THE ENTIRETY, OR TENANTS IN COMMON, OR)

(3) WAS, ON THE DATE OF DEATH OF A SPOUSE, STOCK DESCRIBED IN PARAGRAPH (1) OR (2), AND IS, BY REASON OF SUCH DEATH, HELD BY THE ESTATE OF THE DECEASED SPOUSE AND THE SURVIVING SPOUSE, OR BY THE ESTATES OF BOTH SPOUSES (BY REASON OF THEIR DEATHS ON THE SAME DATE), IN THE SAME PROPORTION AS HELD BY THE SPOUSES BEFORE SUCH DEATH, OR)

(4) WAS, ON THE DATE OF THE DEATH OF A SURVIVING SPOUSE, STOCK DESCRIBED IN PARAGRAPH (3), AND IS, BY REASON OF SUCH DEATH, HELD BY THE ESTATES OF BOTH SPOUSES IN THE SAME PROPORTION AS HELD BY THE SPOUSES BEFORE THEIR DEATHS, SHALL BE TREATED AS OWNED BY ONE SHAREHOLDER) *a husband and wife (and their estates) shall be treated as one shareholder.*

Sec. 28. Minnesota Statutes 1978, Section 290.971, Subdivision 6, is amended to read:

Subd. 6. [CERTAIN TRUSTS PERMITTED AS SHAREHOLDERS.] For purposes of subdivision 1, the following trusts may be shareholders:

(1) (a) A trust all of which is treated as owned by the grantor (*who is an individual who is a citizen or resident of the United States*) under sections 671 to 679 of the Internal Revenue Code of 1954, as amended through December 31, (1976) 1979.

(b) *A trust which was described in subparagraph (a) immediately before the death of the grantor and which continues in existence after such death, but only for the 60-day period beginning on the day of the grantor's death. If a trust is described in the preceding sentence and if the entire corpus of the trust is includable in the gross estate of the grantor, the preceding sentence shall be applied by substituting "2-year period" for "60-day period."*

(2) A trust created primarily to exercise the voting power of stock transferred to it.

(3) Any trust with respect to stock transferred to it pursuant to the terms of a will, but only for the 60 day period beginning on the day on which (SUCH) the stock is transferred to it.

In the case of a trust described in paragraph (1), the grantor shall be treated as the shareholder.

In the case of a trust described in paragraph (2), each beneficiary of the trust shall, for the purposes of subdivision 1, paragraph (1), be treated as a shareholder.

Sec. 29. Minnesota Statutes 1978, Section 290.972, Subdivision 1, is amended to read:

290.972 [ELECTION BY SMALL BUSINESS CORPORATION.] Subdivision 1. [ELIGIBILITY.] Except as provided in subdivision 6 any small business corporation (SUBJECT TO THE LAWS IMPOSED BY THIS CHAPTER,) and its shareholders may, in accordance with the provisions of this section, elect to have (SAID) *the* corporation and its shareholders taxed as though (SAID) *the* corporation were a partnership. (SUCH) *The* election shall be valid only if all persons who are shareholders in (SUCH) *the* corporation on the day on which the election is made

((1) ON THE FIRST DAY OF THE FIRST TAXABLE YEAR FOR WHICH SUCH ELECTION IS EFFECTIVE, IF SUCH ELECTION IS MADE ON OR BEFORE SUCH FIRST DAY, OR)

((2) ON THE DAY ON WHICH THE ELECTION IS MADE, IF THE ELECTION IS MADE AFTER SUCH FIRST DAY,)

consent to (SUCH) *the* election.

Sec. 30. Minnesota Statutes 1978, Section 290.972, Subdivision 3, is amended to read:

Subd. 3. [WHERE AND HOW MADE.] (1) [IN GENERAL.] An election under subdivision 1 may be made by a small business corporation for any taxable year at any time during the (FIRST MONTH OF SUCH) *preceding* taxable year, or at any time during the (MONTH PRECEDING SUCH FIRST MONTH) *first 75 days of the taxable year*. (SUCH) *The* election shall be made in (SUCH) *a* manner as the commissioner shall prescribe by (REGULATION) *rule*.

(2) [TREATMENT OF CERTAIN LATE ELECTIONS.]
If

(a) *a small business corporation makes an election under subdivision 1 for any taxable year, and*

(b) *such election is made after the first 75 days of the taxable year and on or before the last day of such taxable year, then such election shall be treated as made for the following taxable year.*

In the case of a trust described in paragraph (2), each beneficiary of the trust shall, for the purposes of subdivision 1, paragraph (1), be treated as a shareholder.

Sec. 29. Minnesota Statutes 1978, Section 290.972, Subdivision 1, is amended to read:

290.972 [ELECTION BY SMALL BUSINESS CORPORATION.] Subdivision 1. [ELIGIBILITY.] Except as provided in subdivision 6 any small business corporation (SUBJECT TO THE LAWS IMPOSED BY THIS CHAPTER,) and its shareholders may, in accordance with the provisions of this section, elect to have (SAID) *the* corporation and its shareholders taxed as though (SAID) *the* corporation were a partnership. (SUCH) *The* election shall be valid only if all persons who are shareholders in (SUCH) *the* corporation on the day on which the election is made

((1) ON THE FIRST DAY OF THE FIRST TAXABLE YEAR FOR WHICH SUCH ELECTION IS EFFECTIVE, IF SUCH ELECTION IS MADE ON OR BEFORE SUCH FIRST DAY, OR)

((2) ON THE DAY ON WHICH THE ELECTION IS MADE, IF THE ELECTION IS MADE AFTER SUCH FIRST DAY,)

consent to (SUCH) *the* election.

Sec. 30. Minnesota Statutes 1978, Section 290.972, Subdivision 3, is amended to read:

Subd. 3. [WHERE AND HOW MADE.] (1) [IN GENERAL.] An election under subdivision 1 may be made by a small business corporation for any taxable year at any time during the (FIRST MONTH OF SUCH) *preceding* taxable year, or at any time during the (MONTH PRECEDING SUCH FIRST MONTH) *first 75 days of the taxable year*. (SUCH) *The* election shall be made in (SUCH) *a* manner as the commissioner shall prescribe by (REGULATION) *rule*.

(2) [TREATMENT OF CERTAIN LATE ELECTIONS.]
If

(a) *a small business corporation makes an election under subdivision 1 for any taxable year, and*

(b) *such election is made after the first 75 days of the taxable year and on or before the last day of such taxable year, then such election shall be treated as made for the following taxable year.*

(3) In case of sickness, absence, or other disability, or when in the judgment of the commissioner good cause exists, he may upon application extend the time for making the election under subdivision 1 for not more than twelve months following the close of the taxable year for which the election is sought (; PROVIDED, HOWEVER, THAT AN APPLICATION FOR AN EXTENSION OF TIME WITH RESPECT TO TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1960 AND PRIOR TO DECEMBER 31, 1963 MAY BE FILED NOT LATER THAN DECEMBER 31, 1965).

Sec. 31. Minnesota Statutes 1978, Section 290.972, Subdivision 5, is amended to read:

Subd. 5. [TERMINATION.] (1) [NEW SHAREHOLDERS.] (A) An election under subdivision 1 made by a small business corporation shall terminate if any person who was not a shareholder in (SUCH) *the* corporation

((I) ON THE FIRST DAY OF THE FIRST TAXABLE YEAR OF THE CORPORATION FOR WHICH THE ELECTION IS EFFECTIVE, IF SUCH ELECTION IS MADE ON OR BEFORE SUCH FIRST DAY, OR)

((II)) on the day on which the election is made (, IF SUCH ELECTION IS MADE AFTER SUCH FIRST DAY),

becomes a shareholder in (SUCH) *the* corporation and affirmatively refuses to consent to (SUCH) *the* election on or before the 60th day after the day on which he acquires the stock.

(B) If the person acquiring the stock is the estate of a decedent, the period under subparagraph (A) for affirmatively refusing to consent to the election shall expire on the 60th day after whichever of the following is the earlier:

(i) The day on which the executor or administrator of the estate qualifies; or

(ii) The last day of the taxable year of the corporation in which the decedent died.

(C) Any termination of an election under subparagraph (A) by reason of the affirmative refusal of any person to consent to (SUCH) *the* election shall be effective for the taxable year of the corporation in which (SUCH) *the* person becomes a shareholder in the corporation (AND FOR ALL SUCCEEDING TAXABLE YEARS OF THE CORPORATION) *or, if later, the first taxable year for which the election would otherwise have been effective, and for all succeeding taxable years of the corporation.*

(2) [REVOCATION.] An election under subdivision 1 made by a small business corporation may be revoked by it for any

taxable year of the corporation after the first taxable year for which the election is effective. An election may be revoked only if all persons who are shareholders in the corporation on the day on which the revocation is made consent to the revocation. A revocation under this paragraph shall be effective

(A) for the taxable year in which made, if made before the close of the first month of (SUCH) *the* taxable year,

(B) for the taxable year following the taxable year in which made, if made after the close of (SUCH) *the* first month,

and for all succeeding taxable years of the corporation. (SUCH) *The* revocation shall be made in (SUCH) *a* manner as the commissioner shall prescribe by (REGULATION) *rule*.

(3) [CEASES TO BE SMALL BUSINESS CORPORATION.] An election under subdivision 1 made by a small business corporation shall terminate if at any time

(A) after the first day of the first taxable year of the corporation for which the election is effective, if such election is made on or before such first day, or

(B) after the day on which the election is made, if such election is made after such first day,

the corporation ceases to be a small business corporation (as defined in section 290.971, subdivision 1). Such termination shall be effective for the taxable year of the corporation in which the corporation ceases to be a small business corporation and for all succeeding taxable years of the corporation.

(4) [FOREIGN INCOME.] An election under subdivision 1 made by a small business corporation shall terminate if for any taxable year of the corporation for which the election is in effect, such corporation derives more than 80 percent of its gross receipts from sources outside the United States. Such termination shall be effective for the taxable year of the corporation in which it derives more than 80 percent of its gross receipts from sources outside the United States, and for all succeeding taxable years of the corporation.

(5) [PASSIVE INVESTMENT INCOME.] (A) Except as provided in subparagraph (B), an election under subdivision 1 made by a small business corporation shall terminate if, for any taxable year of the corporation for which the election is in effect, such corporation has gross receipts more than 20 percent of which is passive investment income. Such termination shall be effective for the taxable year of the corporation in which it has gross receipts of such amount, and for all succeeding taxable years of the corporation.

(B) Subparagraph (A) shall not apply with respect to a taxable year in which a small business corporation has gross receipts more than 20 percent of which is passive investment income, if

(i) such taxable year is the first taxable year in which the corporation commenced the active conduct of any trade or business or the next succeeding taxable year; and

(ii) the amount of passive investment income for such taxable year is less than \$3,000.

(C) For purposes of this paragraph, the term "passive investment income" means gross receipts derived from royalties, rents, dividends, interest, annuities, and sales or exchanges of stock or securities (gross receipts from such sales or exchanges being taken into account for purposes of this paragraph only to the extent of gains therefrom). Gross receipts derived from sales or exchanges of stock or securities for purposes of this paragraph shall not include amounts received by an electing small business corporation which are treated under section 331 of the Internal Revenue Code of 1954, as amended through December 31, (1976) 1979 (relating to corporate liquidations), as payments in exchange for stock where the electing small business corporation owned more than 50 percent of each class of the stock of the liquidating corporation.

Sec. 32. [DIRECTION TO REVISOR.] *In the next and subsequent editions of Minnesota Statutes the revisor of statutes shall substitute the words "Internal Revenue Code of 1954, as amended through December 31, 1979" for the words "Internal Revenue Code of 1954, as amended through December 31, 1976" or "Internal Revenue Code of 1954, as amended through December 31, 1977" or "Internal Revenue Code of 1954, as amended through December 31, 1978" wherever such words occur in chapter 290, except section 290.01, subdivision 20.*

Sec. 33. [REPEALER.] *Minnesota Statutes 1978, Section 290.971, Subdivision 5, and Minnesota Statutes, 1979 Supplement, Section 290.23, Subdivision 16 are repealed.*

Sec. 34. [EFFECTIVE DATE.] *Except as otherwise provided, section 1, clause (b)(13) is effective for taxable years beginning after December 31, 1976, and section 1, clauses (a)(12), (a)(17), (a)(18), (b)(6) (but only in regard to the changes relating to lump sum distributions), (b)(8), (b)(11), (b)(12), (b)(14), (b)(16), and (b)(17) are effective for taxable years beginning after December 31, 1978. For purposes of allowable carrybacks, section 1, clauses (b)(13) and (b)(14) are effective at the same time the carrybacks were allowable for federal income tax purposes. For taxable years beginning before January 1, 1980, section 1, clauses (b)(13) and (b)(14) are effective only if the taxpayer also applies the provision dis-*

allowing a portion of wages as required under section 280C of the Internal Revenue Code of 1954 for that taxable year. Section 7 is effective for expenditures made during taxable years beginning after December 31, 1978 and before January 1, 1983, except as otherwise specifically provided. Section 1, clause (b)(10) and section 8 are effective for interest received during taxable years beginning after December 31, 1977 on loans executed before January 1, 1982. Sections 11 and 12 are effective for taxable years beginning after December 31, 1980. Section 18 is effective for sales and exchanges occurring after December 31, 1975. Sections 16, 20, 22, 23 and 26 through 31, and 33 are effective for taxable years beginning after December 31, 1978. Section 25 is effective July 1, 1980.

The rest of this article is effective for taxable years beginning after December 31, 1979, except as otherwise provided.

ARTICLE II

PROPERTY TAX

Section 1. Minnesota Statutes 1978, Section 168.012, Subdivision 9, is amended to read:

Subd. 9. Mobile homes shall not be taxed as motor vehicles using the public streets and highways and shall be exempt from the motor vehicle tax provisions of this chapter. *Except as provided in section 273.13*, mobile homes shall be taxed as personal property. The provisions of Minnesota Statutes 1957, Section 272.02 or any other act providing for tax exemption shall be inapplicable to mobile homes, except such mobile homes as are held by a licensed dealer and exempted as inventory. House trailers not used on the highway during any calendar year shall be taxed as mobile homes if occupied as human dwelling places.

Sec. 2. Minnesota Statutes, 1979 Supplement, Section 256.82, is amended to read:

256.82 [PAYMENTS BY STATE.] Based upon estimates submitted by the county agency to the state agency, which shall state the estimated required expenditures for the succeeding month, upon the direction of the state agency payment shall be made monthly in advance by the state to the counties of all federal funds available for that purpose for such succeeding month, together with an amount of state funds equal to 70 percent of the difference between the total estimated cost and the federal funds so available for payments made after December 31, 1979 and before January 1, 1981, and (80) 85 percent of the difference for payments made after December 31, 1980. Adjustment of any overestimate or underestimate made by any county shall be made upon the direction of the state agency in any succeeding month.

Sec. 3. Minnesota Statutes, 1979 Supplement, Section 256D.-03, Subdivision 2, is amended to read:

Subd. 2. After December 31, 1979, and before January 1, 1981, state aid shall be paid to local agencies for 60 percent and, after December 31, 1980, for (70) 75 percent of all general assistance grants up to the standards of section 256D.01, subdivision 1, according to procedures established by the commissioner. Any local agency may, from its own resources, make payments of general assistance at a standard higher than that established by the commissioner, without reference to the standards of section 256D.01, subdivision 1.

Sec. 4. Minnesota Statutes, 1979 Supplement, Section 256D.-36, Subdivision 1, is amended to read:

256D.36 [1973 CATEGORICAL AID RECIPIENTS; PROVISIONS FOR SUPPLEMENTAL AID.] Subdivision 1. Commencing January 1, 1974, the commissioner shall certify to each local agency the names of all county residents who were eligible for and did receive aid during December, 1973 pursuant to a categorical aid program of old age assistance, aid to the blind, or aid to the disabled. From and after January 1, 1980, until January 1, 1981, the state shall pay 70 percent and the county shall pay 30 percent of the supplemental aid calculated for each county resident certified under this section who is an applicant for or recipient of supplemental security income. After December 31, 1980, the state shall pay (80) 85 percent and the county shall pay (20) 15 percent of the aid. The amount of supplemental aid for each individual eligible under this section shall be calculated pursuant to the formula prescribed in Title II, Section 212 (a) (3) of Public Law 93-66, as amended.

Sec. 5. Minnesota Statutes 1978, Section 272.01, Subdivision 2, is amended to read:

Subd. 2. (a) When any real or personal property which for any reason is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association or corporation in connection with a business conducted for profit (; EXCEPT WHERE SUCH USE IS BY WAY OF A CONCESSION IN OR RELATIVE TO THE USE IN WHOLE OR PART OF A PUBLIC PARK, MARKET, FAIR GROUNDS, AIRPORT, PORT AUTHORITY, MUNICIPAL AUDITORIUM, MUNICIPAL MUSEUM OR MUNICIPAL STADIUM), there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) *The tax imposed by this subdivision shall not apply to (1) property leased or used by way of a concession in or relative to the use in whole or part of a public park, market, fair grounds, port authority, municipal auditorium, municipal museum or municipal stadium or (2) property constituting or used*

as a public pedestrian ramp, concourse, passenger check-in area or ticket sale counter, boarding area or luggage claim area in connection with a public airport.

(c) Taxes imposed by this subdivision shall be due and payable as in the case of personal property taxes and such taxes shall be assessed to such lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, (SUCH) *the* taxes shall constitute a debt due from the lessee or user to the state, township, city, county and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. *If property subject to the tax imposed by this subdivision is released or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.*

Sec. 6. Minnesota Statutes, 1979 Supplement, Section 272.02, Subdivision 1, is amended to read:

272.02 [EXEMPT PROPERTY.] Subdivision 1. Except as provided in other subdivisions of this section or in section 272.025, or section 273.13, subdivisions 17, 17b, 17c or 17d, all property described in this section to the extent herein limited shall be exempt from taxation:

- (1) All public burying grounds;
- (2) All public schoolhouses;
- (3) All public hospitals;
- (4) All academies, colleges, and universities, and all seminaries of learning;
- (5) All churches, church property, and houses of worship;
- (6) Institutions of purely public charity *except property assessed pursuant to section 273.13, subdivisions 17, 17b, 17c or 17d;*
- (7) All public property exclusively used for any public purpose;
- (8) All natural cheese held in storage for aging by the original Minnesota manufacturer;
- (9) (a) Class 2 property of every household of the value of \$100, maintained in the principal place of residence of the owner thereof. The county auditor shall deduct such exemption from the total valuation of such property as equalized by the revenue

commissioner assessed to such household, and extend the levy of taxes upon the remainder only. The term "household" as used in this section is defined to be a domestic establishment maintained either (1) by two or more persons living together within the same house or place of abode, subsisting in common and constituting a domestic or family relationship, or (2) by one person.

(b) During the period of his active service and for six months after his discharge therefrom, no member of the armed forces of the United States shall lose status of a householder under paragraph (a) which he had immediately prior to becoming a member of the armed forces.

In case there is an assessment against more than one member of a household the \$100 exemption shall be divided among the members assessed in the proportion that the assessed value of the Class 2 property of each bears to the total assessed value of the Class 2 property of all the members assessed. The Class 2 property of each household claimed to be exempt shall be limited to property in one taxing district, except in those cases where a single domestic establishment is maintained in two or more adjoining districts.

Bonds and certificates of indebtedness hereafter issued by the state of Minnesota, or by any county or city of the state, or any town, or any common or independent school district of the state, or any governmental board of the state, or any county or city thereof, shall hereafter be exempt from taxation; provided, that nothing herein contained shall be construed as exempting such bonds from the payment of a tax thereon, as provided for by section 291.01, when any of such bonds constitute, in whole or in part, any inheritance or bequest, taken or received by any person or corporation.

(10) Farm machinery manufactured prior to 1930, which is used only for display purposes as a collectors item;

(11) The taxpayer shall be exempted with respect to, all agricultural products, inventories, stocks of merchandise of all sorts, all materials, parts and supplies, furniture and equipment, manufacturers material, manufactured articles including the inventories of manufacturers, wholesalers, retailers and contractors; and the furnishings of a room or apartment in a hotel, rooming house, tourist court, motel or trailer camp, tools and machinery which by law are considered as personal property, and the property described in section 272.03, subdivision 1 (c), except personal property which is part of an electric generating, transmission, or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings and structures. Railroad docks and wharves which are part of the operating property of a railroad company as defined in section 270.80 are not exempt.

(12) Containers of a kind customarily in the possession of the consumer during the consumption of commodities, the sale of which are subject to tax under the provisions of the excise tax imposed by Extra Session Laws 1967, Chapter 32;

(13) All livestock, poultry, all horses, mules and other animals used exclusively for agricultural purposes;

(14) All agricultural tools, implements and machinery used by the owners in any agricultural pursuit.

(15) Real and personal property used primarily for the abatement and control of air, water, or land pollution to the extent that it is so used, *other than real property used primarily as a solid waste disposal site.*

Any taxpayer requesting exemption of all or a portion of any equipment or device, or part thereof, operated primarily for the control or abatement of air or water pollution shall file an application with the commissioner of revenue. Any such equipment or device shall meet standards, regulations or criteria prescribed by the Minnesota Pollution Control Agency, and must be installed or operated in accordance with a permit or order issued by that agency. The Minnesota Pollution Control Agency shall upon request of the commissioner furnish information or advice to the commissioner. If the commissioner determines that property qualifies for exemption, he shall issue an order exempting such property from taxation. Any such equipment or device shall continue to be exempt from taxation as long as the permit issued by the Minnesota Pollution Control Agency remains in effect.

(16) Wetlands. For purposes of this subdivision, "wetlands" means land which is mostly under water, produces little if any income, and has no use except for wildlife or water conservation purposes. "Wetlands" shall be land preserved in its natural condition, drainage of which would be lawful, feasible and practical and would provide land suitable for the production of livestock, dairy animals, poultry, fruit, vegetables, forage and grains, except wild rice. "Wetlands" shall include adjacent land which is not suitable for agricultural purposes due to the presence of the wetlands. Exemption of wetlands from taxation pursuant to this section shall not grant the public any additional or greater right of access to the wetlands or diminish any right of ownership to the wetlands.

Sec. 7. Minnesota Statutes 1978, Section 273.13, Subdivision 3, is amended to read:

Subd. 3. [CLASS 2a; MOBILE HOMES; SECTIONAL STRUCTURES.] (a) *Except as provided in this subdivision* all mobile homes (, AS DEFINED IN SECTION 168.011, SUBDIVISION 8,) shall constitute class 2a and shall be valued and assessed at (40) 28 percent of the market value thereof. The valuation of class 2a property shall be subject to review and the taxes payable thereon in the manner provided in (LAWS 1975,

CHAPTER 376) section 274.19. For purposes of this section, a "mobile home" means a structure transportable in one or more sections, which is built on a permanent chassis, and designed to be used as a dwelling with or without a permanent foundation when connected to the required utilities, and contains the plumbing, heating, air-conditioning, and electrical systems therein, including any accessory structure which is an addition or supplement to the mobile home and, when installed, becomes a part of the mobile home.

(b) A mobile home which meets each of the following criteria shall be valued and assessed as an improvement to real property, the appropriate real property classification shall apply, and the valuation shall be subject to review and the taxes payable in the manner provided for real property:

(i) The owner of the unit holds title to the land upon which it is situated;

(ii) The unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the mobile homes building code contained in sections 327.31 to 327.34, and the rules adopted thereto, or is affixed to the land in a manner comparable to other real property in the taxing district; and

(iii) The unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(c) A mobile home which meets each of the following criteria shall be assessed at the rate provided by the appropriate real property classification but shall be classified as 2a property, and the valuation shall be subject to review and the taxes payable thereon in the manner provided in section 274.19:

(i) The owner of the unit is a lessee of the land pursuant to the terms of a lease;

(ii) The unit is affixed to the land by a permanent foundation or is installed at its location in accordance with the mobile homes building code contained in sections 327.31 to 327.34, and the rules adopted thereto, or is affixed to the land in a manner comparable to other real property in the taxing district; and

(iii) The unit is connected to public utilities, has a well and septic tank system, or is serviced by water and sewer facilities comparable to other real property in the taxing district.

(d) Sectional structures shall be valued and assessed as an improvement to real property provided the owner of the structure holds title to the land upon which it is located or is a qualifying lessee of the land under the provisions of section 273.19. For purposes of this clause "sectional structure" means a building

or structural unit which has been in whole or substantial part manufactured or constructed at an off site location to be wholly or partially assembled on site alone or with other units and attached to a permanent foundation.

(e) The commissioner of revenue may promulgate rules pursuant to the administrative procedure act for the purpose of establishing additional criteria for the classification of mobile homes and sectional structures pursuant to the provisions of this subdivision.

Sec. 8. Minnesota Statutes, 1979 Supplement, Section 273.13, Subdivision 4, is amended to read:

Subd. 4. [CLASS 3.] (a) Tools, implements and machinery of an electric generating, transmission or distribution system or a pipeline system transporting or distributing water, gas, or petroleum products or mains and pipes used in the distribution of steam or hot or chilled water for heating or cooling buildings, which are fixtures, all agricultural land, except as provided by classes 1, 3b, 3e, all buildings and structures assessed as personal property and situated upon land of the state of Minnesota or the United States government which is rural in character and devoted or adaptable to rural but not necessarily agricultural use shall constitute class 3 and shall be valued and assessed at 33-1/3 percent of the market value thereof, except as provided in clause (b). Except as provided in subdivision 5a, all real property devoted to temporary and seasonal residential occupancy for recreational purposes, and which is not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, shall be class 3 property and assessed accordingly. For this purpose, property is devoted to commercial use on a specific day if it is used, or offered for use, and a fee is charged for such use.

(b) For taxes assessed in (1979) 1980, payable in (1980) 1981 and thereafter, agricultural land (AND REAL PROPERTY DEVOTED TO TEMPORARY AND SEASONAL RESIDENTIAL OCCUPANCY FOR RECREATION PURPOSES) which is classified as class 3 shall be assessed at (25) 19 percent of its market value (, AND FOR TAXES ASSESSED IN 1980, PAYABLE IN 1981 AND THEREAFTER, IT SHALL BE ASSESSED AT 22 PERCENT OF ITS MARKET VALUE). *For taxes assessed in 1980, payable in 1981 and thereafter, real property devoted to temporary and seasonal residential occupancy for recreation purposes which is classified as class 3 shall be assessed at 21 percent of its market value.*

Sec. 9. Minnesota Statutes, 1979 Supplement, Section 273.13, Subdivision 5a, is amended to read:

Subd. 5a. [CLASS 3A.] Class 3a shall constitute commercial use real property which abuts a lakeshore line and is de-

voted to temporary and seasonal residential occupancy for recreational purposes but not devoted to commercial purposes for more than 200 days in the year preceding the year of assessment, which includes a portion used as a homestead by the owner, with the following limitations: the area of the property which shall be included in class 3a shall not exceed 100 feet of lakeshore footage for each cabin or *campsite* located on the property, up to a total of 800 feet, and 500 feet in depth measured away from the lakeshore. Class 3a shall be assessed at 12 percent of the market value thereof in (1979) 1980, for taxes payable in (1980) 1981, and thereafter. The remainder of the parcel shall be classified and assessed according to the provisions of subdivision 4.

Sec. 10. Minnesota Statutes, 1979 Supplement, Section 273.13, Subdivision 6, is amended to read:

Subd. 6. [CLASS 3B.] Agricultural land, except as provided by class 1 hereof, and which is used for the purposes of a homestead shall constitute class 3b and shall be valued and assessed (AT 12 PERCENT OF ITS MARKET VALUE IN 1979,) for taxes payable in (1980) 1981 and thereafter *as follows: the first \$50,000 of market value shall be valued and assessed at 14 percent; the remaining market value shall be valued and assessed at 19 percent.* The property tax to be paid on class 3b property as otherwise determined by law less any reduction received pursuant to section 273.135 (, REGARDLESS OF WHETHER OR NOT THE MARKET VALUE IS IN EXCESS OF THE HOMESTEAD BASE VALUE,) shall be reduced by (50) 58 percent of the tax for taxes payable in (1980) 1981 (,) and (55 PERCENT) thereafter; provided that the amount of said reduction shall not exceed (\$550 FOR TAXES PAYABLE IN 1980, AND \$600 THEREAFTER) \$650. Valuation subject to relief shall be limited to 240 acres of land, most contiguous surrounding, bordering, or closest to the house occupied by the owner as his dwelling place, and such other structures as may be included thereon utilized by the owner in an agricultural pursuit, provided that noncontiguous land shall constitute class 3b only if the homestead is classified as class 3b and the detached land is located in the same township or city or not farther than two townships or cities or combination thereof from the homestead. (IF THE MARKET VALUE IS IN EXCESS OF THE HOMESTEAD BASE VALUE, THE AMOUNT IN EXCESS OF THAT SUM SHALL BE VALUED AND ASSESSED AT 25 PERCENT OF ITS MARKET VALUE IN 1979, FOR TAXES PAYABLE IN 1980, AND AT 22 PERCENT THEREAFTER.) The first \$12,000 market value of each tract of real estate which is rural in character and devoted or adaptable to rural but not necessarily agricultural use, used for the purpose of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law.

Agricultural land as used herein, and in section 273.132, shall mean contiguous acreage of ten acres or more, primarily used

during the preceding year for agricultural purposes. Agricultural use may include pasture, timber, waste, unusable wild land and land included in federal farm programs.

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

Effective for the 1981 assessment and in subsequent years, the assessor shall determine and list separately on his records the market value of the homestead dwelling and the one acre of land on which that dwelling is located. If any farm buildings or structures are located on this homesteaded acre of land, their market value shall not be included in this separate determination.

Sec. 11. Minnesota Statutes, 1979 Supplement, Section 273.13, Subdivision 7, is amended to read:

Subd. 7. [CLASS 3C, 3CC.] All other real estate and class 2a property, except as provided by classes 1 and 3cc, which is used for the purposes of a homestead, shall constitute class 3c, and shall be valued and assessed (AT 18 PERCENT OF THE MARKET VALUE THEREOF IN 1979,) for taxes payable in (1980) 1981 and (AT 17 PERCENT) thereafter *as follows: the first \$25,000 of market value shall be valued and assessed at 16 percent; the next \$25,000 of market value shall be valued and assessed at 22 percent; and the remaining market value shall be valued and assessed at 28 percent.* The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to section 273.135 (, REGARDLESS OF WHETHER OR NOT THE MARKET VALUE IS IN EXCESS OF THE HOMESTEAD BASE VALUE,) shall be reduced by (50) 58 percent of the (AMOUNT OF SUCH) tax for taxes payable in (1980) 1981 (,) and (55 PERCENT) thereafter; provided that the amount of said reduction shall not exceed \$650 (\$550 FOR TAXES PAYABLE IN 1980, AND \$600 THEREAFTER. IF THE MARKET VALUE IS IN EXCESS OF THE SUM OF THE HOMESTEAD BASE VALUE, THE AMOUNT IN EXCESS OF THAT SUM SHALL BE VALUED AND ASSESSED AT 30 PERCENT OF MARKET VALUE IN 1979, FOR TAXES PAYABLE IN 1980 AND AT 28 PERCENT THEREAFTER). The first \$12,000 market value of each tract of such real estate used for the purposes of a homestead shall be exempt from taxation for state purposes; except as specifically provided otherwise by law. Class 3cc property shall include (ONLY) real estate (WHICH IS) *or mobile homes* used for the purposes of a homestead by (a) any blind person, if such blind person is the owner thereof or if such blind person and his or her spouse are the sole owners thereof; or (b) any person (hereinafter referred to as veteran) who: (1) served in the active military or naval service of the United States and (2) is entitled to compensation under the

laws and regulations of the United States for permanent and total service-connected disability due to the loss, or loss of use, by reason of amputation, ankylosis, progressive muscular dystrophies, or paralysis, of both lower extremities, such as to preclude motion without the aid of braces, crutches, canes, or a wheelchair, and (3) with assistance by the administration of veterans affairs has acquired a special housing unit with special fixtures or movable facilities made necessary by the nature of the veteran's disability, *or the surviving spouse of such a deceased veteran for as long as the surviving spouse retains the special housing unit as his or her homestead*; or (c) any person who: (1) is permanently and totally disabled and (2) is receiving (i) aid from any state as a result of that disability, or (ii) supplemental security income for the disabled, or (iii) workers' compensation based on a finding of total and permanent disability, or (iv) social security disability, or (v) aid under the Federal Railroad Retirement Act of 1937, 45 United States Code Annotated, Section 228b(a)5; which aid is at least 90 percent of the total income of such disabled person from all sources. Class 3cc property shall be valued and assessed (AT FIVE PERCENT OF THE MARKET VALUE THEREOF) *for taxes payable in 1981 and thereafter as follows: in the case of agricultural land, including a mobile home, used for a homestead, the first \$33,000 of market value shall be valued and assessed at five percent, the next \$17,000 of market value shall be valued and assessed at 14 percent, and the remaining market value shall be valued and assessed at 19 percent; and in the case of all other real estate and mobile homes, the first \$33,000 of market value shall be valued and assessed at five percent, the next \$17,000 of market value shall be valued and assessed at 22 percent, and the remaining market value shall be valued and assessed at 28 percent.* Permanently and totally disabled for the purpose of this subdivision means a condition which is permanent in nature and totally incapacitates the person from working at an occupation which brings him an income. The property tax to be paid on class 3cc property as otherwise determined by law, less any reduction received pursuant to section 273.135 (, REGARDLESS OF WHETHER OR NOT THE MARKET VALUE IS IN EXCESS OF THE HOMESTEAD BASE VALUE, FOR ALL PURPOSES) shall be reduced by (50) 58 percent of the (AMOUNT OF SUCH) tax for taxes payable in (1980,) 1981 and (55 PERCENT) thereafter; provided that the amount of said reduction shall not exceed \$650 (\$550 FOR TAXES PAYABLE IN 1980, AND \$600 THEREAFTER. IF THE MARKET VALUE IS IN EXCESS OF THE SUM OF \$28,000, THE AMOUNT IN EXCESS OF THAT SUM SHALL BE VALUED AND ASSESSED AT 25 PERCENT IN 1979 FOR TAXES PAYABLE IN 1980 AND 22 PERCENT THEREAFTER, IN THE CASE OF AGRICULTURAL LAND USED FOR A HOMESTEAD AND 30 PERCENT IN THE CASE OF ALL OTHER REAL ESTATE USED FOR A HOMESTEAD FOR TAXES PAYABLE IN 1980 AND 28 PERCENT FOR TAXES PAYABLE IN SUBSEQUENT YEARS).

Sec. 12. Minnesota Statutes 1978, Section 273.13, Subdivision 8a, is amended to read:

Subd. 8a. [CLASS 3E.] Real estate, rural in character, and used exclusively for the purpose of growing trees for timber, lumber, wood and wood products shall constitute class 3e, and shall be valued and assessed at (20) 19 percent of the market value thereof.

Sec. 13. Minnesota Statutes 1978, Section 273.13, Subdivision 9, is amended to read:

Subd. 9. [CLASS 4a AND 4b.] All property not included in the preceding classes shall constitute class (4) 4a and shall be valued and assessed at 43 percent of the market value thereof, *except that real property which is not improved with a structure and which is not utilized as part of a commercial or industrial activity shall constitute class 4b and shall be valued and assessed at 40 percent of market value.*

Sec. 14. Minnesota Statutes, 1979 Supplement, Section 273.-13, Subdivision 14a, is amended to read:

Subd. 14a. [BUILDINGS AND APPURTENANCES ON LAND NOT OWNED BY OCCUPANT.] The property tax to be paid in respect of the value of all buildings and appurtenances thereto owned and used by the occupant as a permanent residence, which are located upon land subject to property taxes and the title to which is vested in a person or entity other than the occupant, for all purposes shall be reduced by (50) 58 percent of the amount of the tax in respect of said value as otherwise determined by law for taxes payable in (1980) 1981, and (55 PERCENT) thereafter, but not by more than (\$550 FOR TAXES PAYABLE IN 1980, AND \$600 THEREAFTER) \$650.

Sec. 15. Minnesota Statutes, 1979 Supplement, Section 273.-13, Subdivision 19, is amended to read:

Subd. 19. [CLASS 3D, 3DD.] Residential real estate containing four or more units, other than seasonal residential, recreational and homesteads shall be classified as class 3d property and shall have a taxable value equal to (40) 38 percent of market value. Residential real estate containing three or less units, other than seasonal residential, recreational and homesteads, shall be classified as class 3dd property and shall have a taxable value equal to (32) 28 percent of market value.

Residential real estate as used in this subdivision means real property used or held for use by the owner thereof, or by his tenants or lessees as a residence for rental periods of 30 days or more, but shall not include homesteads, or real estate devoted to temporary or seasonal residential occupancy for recreational purposes. Where a portion of a parcel of property qualified for class 3d or 3dd and a portion does not qualify for class 3d or 3dd the valuation shall be apportioned according to the respective uses.

Residential real estate containing less than three units when entitled to homestead classification for one or more units shall be classed as 3b, 3c or 3cc according to the provisions of subdivisions 6 and 7.

Sec. 16. Minnesota Statutes 1978, Section 273.19, Subdivision 1, is amended to read:

273.19 [LESSEES AND EQUITABLE OWNERS.] Subdivision 1. Except as provided in subdivision 3, property held under a lease for a term of three or more years, and not taxable under section 272.01, subdivision 2, *clause (b)(1)*, or under a contract for the purchase thereof, when the property belongs to the United States, to the state, or to any religious, scientific, or benevolent society or institution, incorporated or unincorporated, or to any railroad company or other corporation whose property is not taxed in the same manner as other property, or when the property is school or other state lands, shall be considered, for all purposes of taxation, as the property of the person so holding the same.

Sec. 17. Minnesota Statutes 1978, Section 275.11, Subdivision 2, is amended to read:

Subd. 2. In any city or statutory city, except those organized according to Chapter 8, Laws of 1895, (IN ADDITION TO) the (LEVY) *limitation* provided (FOR) in subdivision 1 (, AN ADDITIONAL LEVY MAY BE MADE FOR GENERAL FUND PURPOSES AS HEREIN PROVIDED) *shall be adjusted as follows*:

If the Revised Consumer Price Index, as published by the United States Department of Labor, Bureau of Labor Statistics, for the city of Minneapolis (or if no such index is published for the city of Minneapolis, for the nearest city to Minneapolis for which such index is published), as of December 15 of any year (or for the date nearest to December 15 if no such index is published as of December 15), shall be above 102 (using the average for the years 1947-1949 as a base), the maximum levy limit shall, subject to the restrictions of this subdivision, be increased by 3 1/3 percent for each of the first 6 points that said index may be increased and by one percent for each additional point increased above 6. A fractional point increase shall be disregarded if less than one-half point and treated as one point if one-half point, or more. In any city where more than 25 percent of the assessed valuation consists of iron ore and in any statutory city, the levy permitted by this paragraph shall be in addition to any statutory or charter limitations. In any other city, the levy authorized by this paragraph shall be made within charter limitations.

Sec. 18. Minnesota Statutes 1978, Section 275.28, Subdivision 3, is amended to read:

Subd. 3. [DESIGNATION OF YEAR OF TAX.] Beginning with property taxes payable in (1964) 1980, taxes on real and personal property shall (CONTINUE TO) be related to (THE YEAR IN WHICH ASSESSED BUT SHALL BE) and designated by the year in which they become payable but the liens shall relate back to the assessment date preceding except as otherwise provided (, AND FURTHER PROVIDED THAT SUCH DESIGNATION SHALL NOT BE DEEMED TO CHANGE THE DATE OR PERIOD TO WHICH SUCH PROPERTY TAXES RELATE).

Sec. 19. Minnesota Statutes, 1979 Supplement, Section 275.-50, Subdivision 5, is amended to read:

Subd. 5. Notwithstanding any other law to the contrary for taxes levied in 1979 payable in 1980 and thereafter, "special levies" means those portions of ad valorem taxes levied by governmental subdivisions to:

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

(b) pay the costs of complying with any written lawful order initially issued prior to January 1, 1977 by the state of Minnesota, or the United States, or any agency or subdivision thereof, which is authorized by law, statute, special act or ordinance and is enforceable in a court of competent jurisdiction, or any stipulation agreement or permit for treatment works or disposal system for pollution abatement in lieu of a lawful order signed by the governmental subdivision and the state of Minnesota, or the United States, or any agency or subdivision thereof which is enforceable in a court of competent jurisdiction. The commissioner of revenue shall in consultation with other state departments and agencies, develop a suggested form for use by the state of Minnesota, its agencies and subdivisions in issuing orders pursuant to this subdivision;

(c) pay the costs to a governmental subdivision for their minimum required share of any program otherwise authorized by law, including the administrative costs of social services but not administrative costs of public assistance programs or of county welfare systems, for which matching funds have been appropriated by the state of Minnesota or the United States, but only to the extent that the costs to the governmental subdivision for the program exceed those expended in calendar year 1970,

subject to rules promulgated by the commissioner of revenue pursuant to the administrative procedures act. Amounts levied pursuant to this clause which are in excess of the amount necessary to meet the minimum required share of a program shall be deducted from the general levy made in the following year;

(d) pay the costs not reimbursed by the state or federal government, of payments made to or on behalf of recipients of aid under any public assistance program authorized by law;

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

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

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

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

(i) pay the amounts required to compensate for a decrease in revenues from public service enterprises, municipal liquor stores, licenses, permits, fines and forfeits and no other, to the extent that the aggregate of revenues from these sources in the calendar year preceding the year of levy are less than the *inflation adjusted* aggregate of revenues from these sources in calendar year 1971. "Revenues" from a public service enterprise or a municipal liquor store shall mean the net income or loss of such public service enterprise or municipal liquor store, determined by subtracting total expenses from total revenues, and before any contribution to or from the governmental subdivision. "Fines" for a municipal court means the net amount remaining after subtracting total municipal court expenses from total collections of municipal court fines. The "*inflation adjusted aggregate of revenues in calendar year 1971*" shall be the sum of (a) the aggregate of revenues received in calendar year 1971 multiplied by the total percentage increase in the consumer price index for the Minneapolis-St. Paul area from the calendar year 1971 to June of the levy year plus (b) the aggregate of revenues received in calendar year 1971. The commissioner of revenue shall calculate and notify the governmental subdivisions of the *infla-*

tion adjustment by September of the levy year. A governmental subdivision shall qualify for this special levy only if the decrease in aggregate revenues as computed herein and divided by the population of the governmental subdivision in the preceding levy year is equal to or greater than two percent of the per capita levy limitation for the preceding levy year;

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

(k) pay the amounts required, in accordance with section 275.075, to correct for a county auditor's error of omission in levy year 1971 or a subsequent levy year, but only to the extent that when added to the preceding year's levy it is not in excess of an applicable statutory, special law or charter limitation, or the limitation imposed on the governmental subdivision by sections 275.50 to 275.56 in the preceding levy year;

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

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

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

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

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

The aggregate of the foregoing amounts, less any costs of extending municipal services to new private industrial and non-residential commercial development which are paid by bonded indebtedness or special assessments, equals the maximum amount that may be levied as a "special levy" for the increased costs of municipal services provided to new private industrial and non-residential commercial development. In the levy year following the levy year in which the special levy made pursuant to this clause is discontinued, one-half of the amount of that special levy made in the preceding year shall be added to the permanent levy base of the governmental subdivision;

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

(p) pay amounts required by law to be paid to reduce unfunded accrued liability of public pension funds, including interest thereon, in accordance with the actuarial standards and guidelines specified in sections 69.71 to 69.776 and 356.215 reduced for levy year 1977 and subsequent years by 106 percent of the amount levied for that purpose in 1976, payable in 1977. For the purpose of this special levy, the estimated receipts expected from the state of Minnesota pursuant to sections 69.011 to 69.031 or any other state aid expressly intended for the support of public pension funds shall be considered as a deduction in determining the required levy for the normal costs of the public pension funds. No amount of these aids shall be considered as a deduction in determining the governmental subdivision's required levy for the reduction of the unfunded accrued liability of public pension funds;

(q) the amounts allowed under section 174.27 to establish and administer a commuter van program;

(r) pay the costs of financial assistance to local governmental units and certain administrative, engineering, and legal expenses pursuant to Laws 1979, Chapter 253, Section 3 (.);

(s) *compensate for revenue lost as a result of abatements or court action pursuant to sections 270.07, 270.17 or 278.01 due to a reassessment ordered by the commissioner of revenue pursuant to section 270.16.*

Sec. 20. Minnesota Statutes 1978, Section 275.52, Subdivision 2, is amended to read:

Subd. 2. The levy limit base, as adjusted for previous increases pursuant to this section, may be increased each year by the governing body of the governmental subdivision affected thereby in the amount not to exceed, *in the case of a home rule charter or statutory city other than a city of the first class or a county not containing a city of the first class, eight percent, or in the case of any other governmental subdivision, six percent* of the previous year's levy limit base.

Sec. 21. Minnesota Statutes 1978, Section 275.52, Subdivision 5, is amended to read:

Subd. 5. For taxes levied in (1977) 1980 payable in (1978 OR FOR TAXES LEVIED IN 1978 PAYABLE IN 1979) 1981 *and subsequent years* a city other than a city of the first class, town, or county not containing a city of the first class which, in the preceding levy year, levied at least 98 percent of its total limited levy amount, may determine to levy in excess of the limitation provided in sections 275.50 to 275.56 by not to exceed 10 percent of its levy limit base by passing a resolution setting forth the amount by which the levy limit is proposed to be exceeded. The resolution shall be published for four successive weeks in the official newspaper of the governmental subdivision or if there is no official newspaper, in a newspaper of general circulation therein, together with a notice fixing a date for a public hearing on the proposed increase which hearing shall be held not less than four weeks nor more than six weeks after the first publication of the resolution. Following the public hearing, the governing body may determine to take no further action, or in the alternative, adopt a resolution authorizing the levy as originally proposed, or adopt a resolution approving a levy in such lesser amount as it so determines. The resolution shall be published in the official newspaper of the governmental subdivision or if there is no official newspaper, in a newspaper of general circulation therein. If within 30 days thereafter, a petition signed by voters equal in number to five percent of the votes cast in the governmental subdivision in the last general election or 2,000 voters, whichever is less, requesting a referendum on the proposed resolution is filed with the clerk or recorder of the governmental subdivision if the governmental subdivi-

sion is a city or town, or with the county auditor if the governmental subdivision is a county, the resolution shall not be effective until it has been submitted to the voters at a general or special election and a majority of votes cast on the question of approving the resolution are in the affirmative. The commissioner of revenue shall prepare a suggested form of question to be presented at any such referendum. A levy increased pursuant to this subdivision, whether not challenged or approved at a referendum held at a special or general election held prior to October 1 in any levy year, increases the allowable levy in that same levy year and provides a permanent adjustment to the levy limit base of the governmental subdivision for future levy years. There shall be no reduction in distributions of formula aids to the governmental subdivision as a result of the additional levy.

The excess levy authorized by this subdivision is a one-time levy adjustments to the levy limit base. If an adjustment was made after June 3, 1977, pursuant to this subdivision, in an amount less than ten percent of the base, calculated at the time of the adjustment, an additional adjustment to the current levy limit base is authorized in an amount equal to ten percent less the percent by which it was previously adjusted.

Sec. 22. By February 15, 1981, each county assessor shall report to the commissioner of revenue on the range of average rental values of tillable agricultural land located in each township in the county and the estimated market values established in those townships in 1981.

Sec. 23. The 1979 adjusted assessed values determined under the provisions of section 124.212 shall be computed using the classification ratios which were in effect for taxes payable in 1980.

Sec. 24. [REPEALER.] Minnesota Statutes, 1979 Supplement, Section 273.122, is repealed.

Sec. 25. [EFFECTIVE DATE.] Sections 1 and 5 through 17, 19, 20 and 24 are effective for taxes levied in 1980 and subsequent years, payable in 1981 and subsequent years.

ARTICLE III

PROPERTY TAX REFUND

Section 1. Minnesota Statutes, 1979 Supplement, Section 290A.03, Subdivision 3, is amended to read:

Subd. 3. [INCOME.] "Income" means the sum of the following:

(a) federal adjusted gross income as defined in the Internal Revenue Code of 1954 as amended through December 31, (1976) 1979; and

(b) the sum of the following amounts to the extent not included in clause (a):

(i) additions to federal adjusted gross income as provided in Minnesota Statutes, Section 290.01, Subdivision 20, Clause (a)(1), (a)(2), (a)(3), (a)((10)) (9), (a)(14), and (a)(15);

(ii) all nontaxable income;

(iii) recognized net long term capital gains;

(iv) dividends excluded from federal adjusted gross income under section 116 of the Internal Revenue Code of 1954;

(v) cash public assistance and relief;

(vi) any pension or annuity (including railroad retirement benefits, all payments received under the federal social security act, supplemental security income, and veterans disability pensions), which was not exclusively funded by the claimant or spouse, or which was funded exclusively by the claimant or spouse and which funding payments were excluded from federal adjusted gross income in the years when the payments were made;

(vii) nontaxable interest received from the state or federal government or any instrumentality or political subdivision thereof;

(viii) workers' compensation;

(ix) unemployment benefits;

(x) nontaxable strike benefits; and

(xi) the gross amounts of payments received in the nature of disability income or sick pay as a result of accident, sickness, or other disability, whether funded through insurance or otherwise. In the case of an individual who files an income tax return on a fiscal year basis, the term "federal adjusted gross income" shall mean federal adjusted gross income reflected in the fiscal year ending in the calendar year. "Income" does not include

(a) amounts excluded pursuant to the Internal Revenue Code, Sections 101(a), 102, 117, and 121 (AS AMENDED THROUGH DECEMBER 31, 1978);

(b) amounts of any pension or annuity which was exclusively funded by the claimant or spouse and which funding payments were not excluded from federal adjusted gross income in the years when the payments were made;

(c) gifts from nongovernmental sources;

(d) surplus food or other relief in kind supplied by a governmental agency;

(e) relief granted under sections (273.012, SUBDIVISION 2 OR) 290A.01 to 290A.21; (OR)

(f) child support payments received under a temporary or final decree of dissolution or legal separation; or

(g) *federal adjusted gross income shall be reduced by wage or salary expense, or expense of work incentive programs which are not allowed as a deduction under provisions of section 280C of the Internal Revenue Code of 1954.*

Sec. 2. Minnesota Statutes 1978, Section 290A.04, is amended by adding a subdivision to read:

Subd. 2c. If the net property taxes payable on a homestead in 1981 increase more than ten percent over the net property taxes payable in 1980 on the same property, a claimant who is a homeowner shall be allowed an additional refund equal to 50 percent of the amount by which the increase exceeds ten percent. This subdivision shall not apply to any increase in the net property taxes payable attributable to improvements made to the homestead. The refund shall not exceed \$300.

For purposes of this subdivision, "net property taxes payable" means property taxes payable after reductions made pursuant to sections 273.13, subdivisions 6, 7 and 14a; and 273.115, subdivision 1; and Laws 1980, Chapter 432, Section 7; and after the deduction of tax refund amounts for which the claimant qualifies pursuant to subdivisions 2, 2a and 2b.

In addition to proofs required pursuant to chapter 290A, each claimant under this subdivision shall file with the property tax refund return a copy of the property tax statement for taxes payable in the preceding year or other documents required by the commissioner.

Sec. 3. Minnesota Statutes 1978, Section 290A.06, is amended to read:

290A.06 [FILING TIME LIMIT, LATE FILING.] Any claim for property taxes payable shall be filed with the department of revenue on or before August 31 of the year in which the

property taxes are due and payable. *Any claim for rent constituting property taxes shall be filed with the department of revenue on or before August 31 of the year following the year in which the rent was paid.* The commissioner may extend the time for filing these claims for a period not to exceed six months in the case of sickness, absence, or other disability, or when in his judgment other good cause exists.

A claim filed after the original or extended due date shall be allowed, but the amount of credit shall be reduced by five percent of the amount otherwise allowable, plus an additional five percent for each month of delinquency, not exceeding a total reduction of 25 percent which may be cancelled or reduced by the commissioner in the case of sickness, absence, or other disability, or when in his judgment other good cause exists. In any event no claim shall be allowed if the *initial* claim is filed two years after the original due date for filing the claim.

The time limit on redetermination of claims for refund and examination of records shall be governed by sections 290.49, 290.-50, and 290.56.

Sec. 4. Minnesota Statutes 1978, Section 290A.11, is amended by adding a subdivision to read:

Subd. 1a. If the commissioner is notified pursuant to section 375.192, subdivision 1, that a reduction in assessed value was granted and the claimant's property taxes were decreased, the department shall redetermine the claim and notify the claimant of the redetermination and the reasons therefor. The redetermination shall be final unless appealed to the Minnesota tax court within 60 days of notice thereof.

Sec. 5. Minnesota Statutes 1978, Section 290A.17, is amended to read:

290A.17 [PUBLISHING OR RELEASING INFORMATION ON CLAIMS.] The provisions of section 290.61 relating to the confidential nature of income tax returns shall be applicable to claims filed pursuant to the provisions of chapter 290A. *When it is necessary to adjust or audit a claim that is required to include or recognize the income of another person, or information furnished by that person, the commissioner is authorized to disclose the income and other information of all people involved, to each person involved, so that a proper claim may be allowed.*

Nothing herein shall be construed to prohibit the commissioner from publishing or releasing the information concerning amounts of property tax accrued and the relief granted to taxpayers without including information which would identify individual taxpayers. The commissioner may examine income tax returns as he deems necessary and may utilize the information

in legal and administrative proceedings to insure proper administration of sections 290A.01 to 290A.21, notwithstanding section 290.61.

Sec. 6. Minnesota Statutes 1978, Section 290A.18, is amended to read:

290A.18 [RIGHT TO FILE CLAIM.] If a person entitled to relief under sections 290A.01 to (290A.21) *290A.23* dies prior to (FILING A CLAIM OR) receiving relief, the surviving spouse (OR), dependent or *personal representative* of the person shall be entitled to file the claim and receive relief. (IF THERE IS NO SURVIVING SPOUSE OR DEPENDENT, THE RIGHT TO THE CREDIT SHALL LAPSE.)

Sec. 7. Minnesota Statutes 1978, Section 290A.19, is amended to read:

290A.19 [OWNER OR MANAGING AGENT TO FURNISH RENT CERTIFICATE; PENALTY.] The owner or managing agent of any property for which rent is paid for occupancy as a homestead shall furnish a certificate of rent paid to each person who is a renter on December 31, in the form prescribed by the commissioner. If the renter moves prior to December 31, the (OBLIGATION OF THE) owner or managing agent shall (BE TO) *at his option* either provide the certificate to the renter at the time he moves, (UPON THE RENTER'S REQUEST,) or (TO) mail the certificate to the forwarding address *if an address has been* provided by the renter. The certificate shall be made available to the renter not later than February 15 of the year following the year in which the rent was paid. Any owner or managing agent who willfully fails to furnish a certificate as provided herein shall be liable to the commissioner for a penalty of \$20 for each act or failure to act. The penalty shall be assessed and collected in the manner provided in chapter 290 for the assessment and collection of income tax.

Sec. 8. Minnesota Statutes 1978, Section 375.192, Subdivision 1, is amended to read:

375.192 [REDUCTIONS IN ASSESSED VALUATION OF REAL PROPERTY.] Subdivision 1. Notwithstanding section 270.07, upon written application by the owner of the property, the county board of each county shall have power to grant such reduction, for the current year, of the assessed valuation of any real property in that county which erroneously has been classified, for tax purposes, as non-homestead property, as is necessary to give it the assessed valuation which it would have received if it had been classified correctly. The application shall be made on a form prescribed by the commissioner of revenue. It shall include *the social security number of the applicant and* a statement of facts of ownership and occupancy, and shall be sworn to by the owner of the property before an officer au-

thorized to take acknowledgments. Before it is acted upon by the county board, the application shall be referred to the county assessor, or if the property is located in a city of the first class having a city assessor, to such assessor, who shall investigate the facts and attach his report to such investigation to the application.

With respect to abatements relating to the current year's tax processed through June 30, the county auditor shall notify the commissioner of revenue on or before July 31 of that same year of all applications granted pursuant to this subdivision. Subsequently, with respect to abatements relating to the current year's tax processed after June 30 through the balance of the year, the county auditor shall notify the commissioner of revenue on or before the following January 31 of all such applications granted pursuant to this subdivision. The form submitted by the county auditor shall be prescribed by the commissioner of revenue and shall contain the information which the commissioner deems necessary.

Sec. 9. [EFFECTIVE DATE.] *Sections 1, 6 and 7 are effective for claims based on rent paid in 1979 and subsequent years and property taxes payable in 1980 and subsequent years. Section 3 is effective for claims based on rent paid in 1975 and subsequent years and property taxes payable in 1976 and subsequent years. Section 5 is effective the day after final enactment.*

ARTICLE IV

STATE REIMBURSEMENTS

Section 1. Minnesota Statutes 1978, Section 124.212, Subdivision 2, is amended to read:

Subd. 2. Except as may otherwise be provided in this section, the following words and phrases when used in this section shall have the meanings herein ascribed to them.

(1) "Adjusted maintenance costs" means the state and local current expense for pupils in elementary and secondary schools, exclusive of transportation, veterans training program, community services, and after reduction for receipts from the sale of authorized items sold to the individual pupil by the school such as lunches, items of personal use, or other items specifically authorized by law or under the procedures set forth in sections 120.71 to 120.76, and after reduction for receipts from quasi-school activities when the school board has assumed direction and control of same. For purposes of determining the adjusted maintenance costs, the state department of education shall use only figures from the annual financial reports of the districts for the prior year and any supplementary documents received by it on or before August 1 of the current year. For any district

which has not transmitted to the department of education before August 1, its annual financial report for the prior year, the figures from the most recent financial report of that district received on or before August 1, shall be used for purposes of calculating its certified levy and foundation aid.

(2) "Adjusted assessed valuation" shall mean the assessed valuation of the taxable property notwithstanding the provisions of section 275.49 of the school district as adjusted by the equalization aid review committee. *In determining adjusted assessed valuation, property which qualifies for the reimbursement specified in section 3, subdivision 1, shall be treated as if it were classified as 3b or 3c in the case of homestead property, or as 3d in the case of nonhomestead property.*

Sec. 2. *The 1979 adjusted assessed values for taxes payable in 1981 determined under the provisions of section 124.212 shall be adjusted so that property which qualifies for the reimbursement specified in section 3, subdivision 1, shall be treated as if it were classified as 3b or 3c in the case of homestead property, or as 3d in the case of nonhomestead property.*

Sec. 3. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.139] [REIMBURSEMENT.] Subdivision 1. (a) *Each taxing jurisdiction shall receive reimbursement in 1981 and subsequent years for the difference between the tax determined pursuant to clause (b) and the tax actually payable by the owner of property which qualifies for the assessment categories described by section 273.13, subdivisions 17 and 17b, and on property that qualifies as class 3cc pursuant to section 273.13, subdivision 7.*

(b) *The county auditor shall calculate the tax on the property described in clause (a) in the same manner as the property would be assessed, if it were classified as 3b or 3c in the case of homestead property, or as 3d in the case of nonhomestead property.*

(c) *The difference between the amount calculated pursuant to clause (b) and the amount of tax actually payable by the owner on property described in clause (a) shall be certified by the county auditor and reported to the commissioner of revenue as part of the 1981 and subsequent years abstracts of tax lists required to be filed with the commissioner by section 275.29. The commissioner shall make payments on July 15 of 1981 and subsequent years to the taxing jurisdictions containing the property in the same proportion that the ad valorem tax was distributed.*

Subd. 2. *When computing mill rates pursuant to sections 275.08 and 275.09, the county auditor shall regard property described in subdivision 1, clause (a) as if it were valued as class*

3b or 3c in the case of homestead property, or class 3d in the case of nonhomestead property.

Sec. 4. Minnesota Statutes 1978, Section 273.13, Subdivision 17b, is amended to read:

Subd. 17b. [VALUATION OF FARMERS HOME ADMINISTRATION PROPERTY IN MUNICIPALITIES OF UNDER 10,000.] Notwithstanding any other provision of law, any structure

(a) situated on real property that is used for housing for the elderly or for low and moderate income families as defined by the farmers home administration,

(b) located in a municipality of less than 10,000 population,

(c) financed by a direct loan or insured loan from the farmers home administration, and

(d) which qualifies under subdivision 17a, shall, for 15 years from the date of the completion of the original construction or for the original term of the loan, be assessed at five percent of the (ADJUSTED) market value thereof, provided that the fair market value as determined by the assessor is based on the normal approach to value using normal unrestricted rents.

Sec. 5. Minnesota Statutes 1978, Section 275.51, is amended by adding a subdivision to read:

Subd. 5. [LEVY LIMITATION ADJUSTMENT.] For taxes payable in 1982 and subsequent years, the reduced assessment reimbursement pursuant to section 3, subdivision 1, shall be considered as part of the property tax levy subject to the limitation provided by sections 275.50 through 275.59.

Sec. 6. Minnesota Statutes 1978, Section 276.04, is amended to read:

276.04 [NOTICE OF RATES; PROPERTY TAX STATEMENTS.] On receiving the tax lists from the county auditor, the county treasurer shall, if directed by the county board, give three weeks' published notice in a newspaper specifying the rates of taxation for all general purposes and the amounts raised for each specific purpose. He shall, whether or not directed by the county board, cause to be printed on all tax statements, or on an attachment, a tabulated statement of the dollar amount due to each taxing authority and the amount to be paid to the state of Minnesota from the parcel of real property for which a particular tax statement is prepared. The dollar amounts due the state, county, township or municipality and school district shall be separately stated but the amounts due other taxing districts, if

any, may be aggregated. The property tax statements for class 2a property shall contain the same information that is required on the tax statements for real property. The county treasurer shall mail to taxpayers statements of their personal property taxes due, such statements to be mailed not later than February 15 (except in the case of Class 2a property), statements of the real property taxes due shall be mailed not later than January 31; provided, that the validity of the tax shall not be affected by failure of the treasurer to mail such statement. Such real and personal property tax statements shall contain the market value, as defined in section 272.03, subdivision 8, used in determining the tax. (THE STATEMENT SHALL ALSO INCLUDE THE BASE TAX AS DEFINED IN SECTION 273.011, SUBDIVISION 4, FOR QUALIFIED PROPERTY AS DEFINED IN SECTION 273.011 FOR WHICH THE CREDIT PROVIDED FOR IN SECTION 273.012 IS CLAIMED.) The statement shall show the amount attributable to section 273.132 as "state paid agricultural credit" and the amount attributable to section 273.13, subdivisions 6 and 7 as "state paid homestead credit". (THE COMMISSIONER OF REVENUE SHALL PROVIDE EACH COUNTY AUDITOR WITH THE NAMES OF THOSE PERSONS IN THE ASSESSOR'S DISTRICT WHO HAVE FILED AND QUALIFIED FOR THE PROPERTY TAX CREDIT PURSUANT TO SECTIONS 273.011 AND 273.012 AND SHALL INFORM THE ASSESSOR OF THE BASE TAX OF THOSE PERSONS.) *The statement shall show the reduction attributable to the aid given pursuant to section 3 and shall indicate that the reduction is paid by the state of Minnesota.* If so directed by the county board, the treasurer shall visit places in the county as he deems expedient for the purpose of receiving taxes and the county board is authorized to pay the expenses of such visits and of preparing duplicate tax lists.

Sec. 7. [APPROPRIATION.] *There is annually appropriated from the general fund to the commissioner of revenue an amount necessary to make the payments required by section 3.*

Sec. 8. *This article is effective the day following final enactment.*

ARTICLE V

SALES TAX

Section 1. Minnesota Statutes 1978, Section 297A.01, Subdivision 4, is amended to read:

Subd. 4. A "retail sale" or "sale at retail" means a sale for any purpose other than resale in the regular course of business. Property utilized by the owner only by leasing such property to others or by holding it in an effort to so lease it, and which is put to no use by the owner other than resale after such lease or ef-

fort to lease, shall be considered property purchased for resale. Sales of building materials, supplies and equipment to owners, contractors, subcontractors or builders for the erection of buildings or the alteration, repair or improvement of real property are "retail sales" or "sales at retail" in whatever quantity sold and whether or not for purpose of resale in the form of real property or otherwise. *Aircraft and parts for the repair thereof purchased by a non-profit, incorporated flying club or association utilized solely by the corporation by leasing such aircraft to shareholders of the corporation shall not be considered property purchased for resale. The leasing of the aircraft to the shareholders by the flying club or association shall not be considered a sale notwithstanding subdivision 3 of section 297A.01 if the tax imposed by this chapter was paid on the initial purchase as provided by this subdivision.*

Aircraft utilized by the owner only for the purpose of being leased to others, whether or not the lessee utilizes the aircraft for flight instruction or charter service, or by holding the aircraft in an effort to lease it, and which is put to no use by the owner other than resale after the lease, shall be considered aircraft purchased for resale.

Sec. 2. Minnesota Statutes, 1979 Supplement, Section 297A.25, Subdivision 1, is amended to read:

297A.25 [EXEMPTIONS.] Subdivision 1. The following are specifically exempted from the taxes imposed by sections 297A.01 to 297A.44:

(a) The gross receipts from the sale of food products including but not limited to cereal and cereal products, butter, cheese, milk and milk products, oleomargarine, meat and meat products, fish and fish products, eggs and egg products, vegetables and vegetable products, fruit and fruit products, spices and salt, sugar and sugar products, coffee and coffee substitutes, tea, cocoa and cocoa products;

(b) The gross receipts from the sale of prescribed drugs and medicine intended for use, internal or external, in the cure, mitigation, treatment or prevention of illness or disease in human beings and products consumed by humans for the preservation of health, including prescription glasses, therapeutic and prosthetic devices, but not including cosmetics or toilet articles notwithstanding the presence of medicinal ingredients therein;

(c) The gross receipts from the sale of and the storage, use or other consumption in Minnesota of tangible personal property, tickets, or admissions, electricity, gas, or local exchange telephone service, which under the Constitution or laws of the United States or under the Constitution of Minnesota, the state of Minnesota is prohibited from taxing;

(d) The gross receipts from the sale of tangible personal property (i) which, without intermediate use, is shipped or transported outside Minnesota and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minnesota and thereafter used in a trade or business outside Minnesota, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minnesota, places in the United States mail or parcel post directed to the purchaser outside Minnesota, or delivers to the purchaser outside Minnesota by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(e) The gross receipts from the sale of packing materials used to pack and ship household goods, the ultimate destination of which is outside the state of Minnesota and which are not thereafter returned to a point within Minnesota, except in the course of interstate commerce;

(f) The gross receipts from the sale and storage, use or consumption of petroleum products upon which a tax has been imposed under the provisions of chapter 296, whether or not any part of said tax may be subsequently refunded;

(g) The gross receipts from the sale of clothing and wearing apparel except the following:

(i) all articles commonly or commercially known as jewelry, whether real or imitation; pearls, precious and semi-precious stones, and imitations thereof; articles made of, or ornamented, mounted or fitted with precious metals or imitations thereof; watches; clocks; cases and movements for watches and clocks; gold, gold-plated, silver, or sterling flatware or hollow ware and silver-plated hollow ware; opera glasses; lorgnettes; marine glasses; field glasses and binoculars.

(ii) articles made of fur on the hide or pelt, and articles of which such fur is the component material or chief value, but only if such value is more than three times the value of the next most valuable component material.

(iii) perfume, essences, extracts, toilet waters, cosmetics, petroleum jellies, hair oils, pomades, hair dressings, hair restoratives, hair dyes, aromatic cachous and toilet powders. The tax imposed by this act shall not apply to lotion, oil, powder, or other article intended to be used or applied only in the case of babies.

(iv) trunks, valises, traveling bags, suitcases, satchels, overnight bags, hat boxes for use by travelers, beach bags, bathing

suit bags, brief cases made of leather or imitation leather, salemen's sample and display cases, purses, handbags, pocket-books, wallets, billfolds, card, pass, and key cases and toilet cases.

(h) The gross receipts from the sale of and the storage, use, or consumption of all materials, including chemicals, fuels, petroleum products, lubricants, packaging materials, including returnable containers used in packaging food and beverage products, feeds, seeds, fertilizers, electricity, gas and steam, used or consumed in agricultural or industrial production of personal property intended to be sold ultimately at retail, whether or not the item so used becomes an ingredient or constituent part of the property produced. Such production shall include, but is not limited to, research, development, design or production of any tangible personal property, manufacturing, processing (other than by restaurants and consumers) of agricultural products whether vegetable or animal, commercial fishing, refining, smelting, reducing, brewing, distilling, printing, mining, quarrying, lumbering, generating electricity and the production of road building materials. Such production shall not include painting, cleaning, repairing or similar processing of property except as part of the original manufacturing process. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures, used in such production and fuel, electricity, gas or steam used for space heating or lighting, are not included within this exemption; however, accessory tools, equipment and other short lived items, which are separate detachable units used in producing a direct effect upon the product, where such items have an ordinary useful life of less than 12 months, are included within the exemption provided herein;

(i) The gross receipts from the sale of and storage, use or other consumption in Minnesota of tangible personal property (except as provided in section 297A.14) which is used or consumed in producing any publication regularly issued at average intervals not exceeding three months, and any such publication. For purposes of this subsection, "publication" as used herein shall include, without limiting the foregoing, a legal newspaper as defined by Minnesota Statutes 1965, Section 331.02, and any supplements or enclosures with or part of said newspaper; and the gross receipts of any advertising contained therein or therewith shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) The gross receipts from all sales of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions;

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale;

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock.

(m) The gross receipts from sales of airflight equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airflight equipment" includes airplanes and parts necessary for the repair and maintenance of such airflight equipment, and flight simulators.

(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public.

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed.

(p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders;

(q) The gross receipts from the sale of caskets and burial vaults;

(r) The gross receipts from the sale of cigarettes.

(s) The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, Section 1901, as amended.

(t) The gross receipts from the sale to the licensed aircraft dealer of an aircraft for which a commercial use permit has been issued pursuant to section 360.654, if the aircraft is resold while the permit is in effect.

(u) The gross receipts from the sale of building materials to be used in the construction or remodeling of a residence when the construction or remodeling is financed in whole or in part by the United States in accordance with 38 United States Code, Sections 801 to 805, as amended. This exemption shall not be effective at time of sale of the materials to contractors, subcontractors, builders or owners, but shall be applicable only upon a claim for refund to the commissioner of revenue filed by recipients of the benefits provided in Title 38 United States Code, Chapter 21, as amended. The commissioner shall provide by regulation for the refund of taxes paid on sales exempt in accordance with this paragraph.

(v) The gross receipts from the sale of textbooks which are prescribed for use in conjunction with a course of study in a public or private school, college, university and business or trade school to students who are regularly enrolled at such institutions. For purposes of this clause a "public school" is defined as one that furnishes course of study, enrollment and staff that meets standards of the state board of education and a private school is one which under the standards of the state board of education, provides an education substantially equivalent to that furnished at a public school. Business and trade schools shall mean such schools licensed pursuant to section 141.25.

(w) The gross receipts from the sale of and the storage of material designed to advertise and promote the sale of merchandise or services, which material is purchased and stored for the purpose of subsequently shipping or otherwise transferring outside the state by the purchaser for use thereafter solely outside the state of Minnesota.

(x) The gross receipt from the sale of residential heating fuels in the following manner:

(i) all fuel oil, coal, wood, steam, propane gas, and L.P. gas sold to residential customers for residential use;

(ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April.

(y) *The gross receipts from the sale or use of tickets or admissions to the premises of or events sponsored by an association, corporation or other group of persons which provides an opportunity for citizens of the state to participate in the creation, performance or appreciation of the arts and which qualifies as a tax-exempt organization within the meaning of section 290.05, subdivision 1, clause (i).*

(z) *The gross receipts from either the sales to or the storage, use or consumption of tangible personal property by an organization of military service veterans or an auxiliary unit of an organization of military service veterans, provided that:*

(i) the organization or auxiliary unit is organized within the state of Minnesota and is exempt from federal taxation pursuant to section 501(c), clause (19), of the Internal Revenue Code as amended through December 31, 1978; and

(ii) the tangible personal property which is sold to or stored, used or consumed by the organization or auxiliary unit is for charitable, civic, educational, or nonprofit uses and not for social, recreational, pleasure or profit uses.

Sec. 3. Minnesota Statutes 1978, Section 297A.211, Subdivision 1, is amended to read:

297A.211 [COMMON CARRIERS AS RETAILERS.] Subdivision 1. Every person, as defined in this chapter, who is engaged in interstate for-hire transportation of tangible personal property or passengers by motor vehicle may at their option, under rules and regulations prescribed by the commissioner, register as retailers and pay the taxes imposed by this chapter in accordance with this section. Persons referred to herein are: (1) persons possessing a certificate or permit authorizing for-hire transportation of property or passengers from the interstate commerce commission or the Minnesota public service commission; or (2) persons transporting commodities defined as "exempt" in for-hire transportation in interstate commerce; or (3) persons who, pursuant to contracts with persons described in clauses (1) or (2) above, transport tangible personal property

in interstate commerce. Persons qualifying under clauses (2) and (3) must maintain on a current basis the same type of mileage records that are required by persons specified in clause (1) by the interstate commerce commission. *Persons who in the course of their business are transporting solely their own goods in interstate commerce may also register as retailers pursuant to rules prescribed by the commissioner and pay the taxes imposed by this chapter in accordance with this section.*

Sec. 4. [LOCAL ADMISSIONS AND AMUSEMENT TAXES; EXEMPTION FOR ARTS ORGANIZATIONS.] *No tax imposed by a local unit of government or imposed on sales taking place in a single named local unit of government on sales of admissions or amusements under a law enacted prior or subsequent to the enactment of this provision, other than a general sales tax law, shall apply to amounts charged for admission to the premises of or events sponsored by a nonprofit arts organization.*

Sec. 5. [EFFECTIVE DATE.] *The provisions of section 1 relating to purchases by flying clubs or associations is effective for sales after June 30, 1980. The provisions of section 1 relating to aircraft exclusively used for leasing are effective November 1, 1979. Section 2, clause (y) and section 4 are effective for tickets sold or admissions charged after July 31, 1980. Section 2, clause (z) is effective for sales made after June 30, 1980.*

ARTICLE VI

TAX INCREMENT FINANCING

Section 1. Minnesota Statutes, 1979 Supplement, Section 273.73, Subdivision 7, is amended to read:

Subd. 7. [ORIGINAL ASSESSED VALUE.] "Original assessed value" means the assessed value of all taxable real property within a tax increment financing district as most recently certified by the commissioner of revenue as of the date of the request by an authority for certification by the county auditor, together with subsequent adjustments as set forth in section 273.76, subdivisions 1 and 4; provided, however, that in determining the original assessed value the assessed value of real property exempt from taxation at the time of the request shall be zero except for real property which is tax exempt by reason of public ownership by the requesting authority and which has been publicly owned for less than one year prior to the date of the request for certification, in which event the assessed value of the property shall be the assessed value as most recently determined by the commissioner of revenue. For purposes of this subdivision, "real property" shall include any property normally taxable as personal property by reason of its location on or over publicly-owned property (OWNED BY A TAX EXEMPT ENTITY).

Sec. 2. Minnesota Statutes, 1979 Supplement, Section 273.73, Subdivision 8, is amended to read:

Subd. 8. [PROJECT.] "Project" means a project as defined in section 362A.01; an industrial development district as defined in section 458.191, subdivision 1; a (REDEVELOPMENT) project as defined in section 462.421, subdivision 14; a development district as defined in (SECTION 472A.02, SUBDIVISION 3) *chapter 472A* or any special law; or a project as defined in section 474.02, subdivisions 1, 1a or 1b.

Sec. 3. Minnesota Statutes, 1979 Supplement, Section 273.73, Subdivision 10, is amended to read:

Subd. 10. [REDEVELOPMENT DISTRICT.] (a) "Redevelopment (PROJECT) *district*" means *a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions, reasonably distributed throughout the (PROJECT) district, exists:*

(1) The land is predominantly occupied by buildings, streets, utilities or other improvements and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) The land is predominantly occupied by buildings, streets, utilities or other improvements and 20 percent of the buildings are structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety and general well being of the community; or

(3) The land is not predominantly occupied by buildings, streets, utilities or other improvements, but at least 80 percent of the total acreage of such land has a fair market value upon inclusion in the (PROJECT) *redevelopment district* which, when added to the estimated cost of preparing the land for use, including utilities, if any, exceeds its anticipated fair market value after completion of said preparation; or

(4) The property consists of underutilized air rights existing over a public street, highway or right-of-way.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress,

layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. "Predominantly occupied" shall mean at least 50 percent of the parcels comprising at least 50 percent of the acreage.

Sec. 4. Minnesota Statutes, 1979 Supplement, Section 273.73, Subdivision 11, is amended to read:

Subd. 11. [HOUSING DISTRICT.] "Housing (PROJECT) district" means a type of tax increment financing district which consists of a project, or (THAT PART OF) a portion of a project, intended for occupancy, in part, by persons or families of low and moderate income, as defined in chapter 462A, Title II of the National Housing Act of 1934, the National Housing Act of 1959, the United States Housing Act of 1937, as amended, Title V of the Housing Act of 1949, as amended, any other similar present or future federal, state, or municipal legislation, or the regulations promulgated under any of those acts.

Sec. 5. Minnesota Statutes, 1979 Supplement, Section 273.73, Subdivision 12, is amended to read:

Subd. 12. [ECONOMIC DEVELOPMENT DISTRICT.] "Economic development (PROJECT) district" means a type of tax increment financing district which consists of any project, or portions of a project, not meeting the requirements found in the definition of redevelopment (PROJECT) district or housing (PROJECT) district, but which the authority finds to be in the public interest because:

(a) It will discourage commerce, industry or manufacturing from moving their operations to another state; or

(b) It will result in increased employment in the municipality; or

(c) It will result in preservation and enhancement of the tax base of the municipality.

Sec. 6. Minnesota Statutes, 1979 Supplement, Section 273.74, Subdivision 3, is amended to read:

Subd. 3. [MUNICIPALITY APPROVAL.] No county auditor shall certify the original assessed value of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the (PROJECT) district is located. If an authority which proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the

municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. This hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings:

(a) That the (PROJECT COMPRISING THE) proposed tax increment financing district is a redevelopment (PROJECT) *district*, a housing (PROJECT) *district* or an economic development (PROJECT) *district* and the specific bases for such determination.

(b) That the proposed development or redevelopment, in the opinion of the municipality, would not occur solely through private investment within the reasonably foreseeable future and therefore the use of tax increment financing is deemed necessary.

(c) That the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

(d) That the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the district by private enterprise.

(e) That the municipality elects the method of tax increment computation set forth in section 273.76, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for such financing.

Sec. 7. Minnesota Statutes, 1979 Supplement, Section 273.75, Subdivision 1, is amended to read:

273.75 [LIMITATIONS.] Subdivision 1. [DURATION OF TAX INCREMENT FINANCING DISTRICTS.] Subject to the limitations contained elsewhere in this subdivision any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as any

such bonds continue to be outstanding; provided, however, the tax increment pledged to the payment of bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to such maturity or redemption date, provided that for bonds issued pursuant to section 273.77, clauses (a) and (b) the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full; provided, further, that no tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original assessed value of the taxable real property in the district by the county auditor or three years from August 1, 1979, for tax increment financing districts authorized prior to August 1, 1979, unless within the three year period (a) bonds have been issued pursuant to section 273.77, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to chapter 474, prior to August 1, 1979, or (b) the authority has acquired property within the district, or (c) the authority has constructed or caused to be constructed public improvements within the district; and provided, further, that no tax increment shall in any event be paid to the authority from a redevelopment (PROJECT) *district* after 25 years from date of receipt by the authority of the first tax increment, after 25 years from the date of the receipt for a housing (PROJECT) *district* and after eight years from the date of the receipt, or 10 years from approval of the tax increment financing plan, whichever is less, for an economic development (PROJECT) *district*.

For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after 30 years from August 1, 1979.

Modification of a tax increment financing plan pursuant to section 273.74, subdivision 4, shall not extend the durational limitations of this subdivision.

Sec. 8. Minnesota Statutes, 1979 Supplement, Section 273.75, Subdivision 2, is amended to read:

Subd. 2. [EXCESS TAX INCREMENTS.] In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to (a) prepay any outstanding bonds, (b) discharge the pledge of tax increment therefor, (c) pay into an escrow account dedicated to the payment of such bond, or shall return the excess amount to the *county auditor who shall distribute the*

excess amount to the municipality, county and school district in which the tax increment financing district is located in direct proportion to their respective mill rates.

Sec. 9. Minnesota Statutes, 1979 Supplement, Section 273.75, Subdivision 5, is amended to read:

Subd. 5. [REQUIREMENT FOR AGREEMENTS.] No more than 25 percent, by acreage, of the property to be acquired within a redevelopment (PROJECT) *district*, or ten percent, by acreage, of the property to be acquired within a housing or economic development (PROJECT) *district*, as set forth in the tax increment financing plan, shall at any time be owned by an authority as a result of acquisition with the proceeds of bonds issued pursuant to section 273.77 without the authority having prior to acquisition in excess of the percentages concluded an agreement for the development or redevelopment of the property acquired and which provides recourse for the authority should the development or redevelopment not be completed.

Sec. 10. Minnesota Statutes, 1979 Supplement, Section 273.-75, Subdivision 6, is amended to read:

Subd. 6. [LIMITATION ON INCREMENT.] If, after five years from the date of certification of the original assessed value of the tax increment financing district pursuant to section 273.-76, no demolition, rehabilitation or renovation of property or other site preparation, including improvement of a street adjacent to a (PROPERTY) *parcel* but not installation of utility service, has been commenced on a (PROPERTY) *parcel* located within a tax increment financing district by the authority or by the owner of the (PROPERTY) *parcel* in accordance with the tax increment financing plan, no additional tax increment may be taken from that (PROPERTY) *parcel*, and the original assessed value of that (PROPERTY) *parcel* shall be excluded from the original assessed value of the tax increment financing district. If the authority or the owner of the (PROPERTY) *parcel* subsequently commences demolition, rehabilitation or renovation or other site preparation on that (PROPERTY) *parcel* including improvement of a street adjacent to that (PROPERTY) *parcel*, in accordance with the tax increment financing plan, the authority shall certify to the county auditor that the activity has commenced, and (THE PROPERTY MAY BE ADDED INTO THE TAX INCREMENT FINANCING DISTRICT.) the county auditor shall certify the (MOST RECENTLY ASSESSED VALUE OF THAT PROPERTY) *assessed value thereof as most recently certified by the commissioner of revenue* and add it to the original assessed value of the tax increment financing district. *For purposes of this subdivision "parcel" means a tract or plat of land established as a single unit for purposes of assessment.*

Sec. 11. Minnesota Statutes, 1979 Supplement, Section 273.76, Subdivision 1, is amended to read:

273.76 [COMPUTATION OF TAX INCREMENT.] Subdivision 1. **[ORIGINAL ASSESSED VALUE.]** Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original assessed value of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original assessed value has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to subdivision 4. The amount to be added to the original assessed value of the district as a result of previously tax exempt real property within the district becoming taxable shall be equal to the assessed value of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the value which shall be assessed by the assessor at the time of such transfer (**AS OF THE DATE OF TITLE TRANSFER**). The amount to be added to the original assessed value of the district as a result of enlargements thereof shall be equal to the assessed value of the added real property as most recently certified by the commissioner of revenue as of the date of *modification of the tax increment financing plan pursuant to section 273.74, subdivision 4*. The amount to be subtracted from the original assessed value of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original assessed value initially attributed to the property becoming tax exempt or being removed from the district. If the assessed value of property located within the tax increment financing district is reduced by *reason of a court-ordered abatement, (THE ORIGINAL ASSESSED VALUE OF THE DISTRICT SHALL BE REDUCED BY THAT AMOUNT) stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original assessed value of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured assessed value of the district in each year thereafter when the abatement relates to improvements made after the date of certification*. The county auditor shall have the power to specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 273.74, subdivision 4.

Sec. 12. Minnesota Statutes, 1979 Supplement, Section 273.76, Subdivision 2, is amended to read:

Subd. 2. [CAPTURED ASSESSED VALUE.] The county auditor shall certify the amount of the captured assessed value

to the authority each year, together with the proportion that the captured assessed value bears to the total assessed value of the real property within the tax increment financing district for that year.

(a) An authority may choose to retain any part or all of the captured assessed value for purposes of tax increment financing according to one of the two following options:

(1) If the plan provides that all the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 273.75, subdivision (5) 4, the authority may retain the full captured assessed value.

(2) If the plan provides that only a portion of the captured assessed value is necessary to finance or otherwise make permissible expenditures under section 273.75, subdivision (5) 4, only that portion shall be set aside and the remainder shall be distributed among the affected taxing districts by the county auditor.

(b) The portion of captured assessed value that an authority intends to use for purposes of tax increment financing must be clearly stated in the tax increment financing plan.

Sec. 13. Minnesota Statutes, 1979 Supplement, Section 273.76, Subdivision 3, is amended to read:

Subd. 3. [TAX INCREMENT, RELATIONSHIP TO CHAPTER 473F.] (a) Unless the governing body elects pursuant to clause (b) the following method of computation shall apply:

((1) THE ORIGINAL ASSESSED VALUE SHALL INCLUDE ANY PORTION THEREOF WHICH IS SUBJECT TO THE AREA-WIDE TAX IMPOSED BY SECTION 473F.08, SUBDIVISION 6, IN THE LEVY AND ASSESSMENT OF TAXES IN THE YEAR THE DISTRICT IS CERTIFIED AND THE CURRENT ASSESSED VALUE SHALL NOT BE REDUCED TO ANY EXTENT TO REFLECT THE CONTRIBUTION OF THE MUNICIPALITY TO THE AREA-WIDE TAX BASE PURSUANT TO SECTION 473F.08, SUBDIVISION 2, CLAUSE (A).)

((2) IN EACH SUBSEQUENT YEAR, THE COUNTY AUDITOR SHALL COMPUTE ASSESSED VALUATION, MILL RATES AND THE TAX INCREMENT AS FOLLOWS:)

((1) IF THE AUTHORITY RETAINS THE FULL CAPTURED ASSESSED VALUE, THE COUNTY AUDITOR SHALL INCLUDE NO MORE THAN THE ORIGINAL ASSESSED VALUE OF THE REAL PROPERTY IN THE TAX INCREMENT FINANCING DISTRICT FOR PURPOSES OF

DETERMINING ASSESSED VALUE FOR LOCAL MILL RATES. THE COUNTY AUDITOR SHALL COMPUTE THE MILL RATES OF ALL TAXES LEVIED BY THE STATE, THE COUNTY, THE MUNICIPALITY OR TOWN, THE SCHOOL DISTRICT AND EVERY OTHER TAXING DISTRICT IN WHICH THE DISTRICT IS LOCATED IN WHOLE OR IN PART OF THE AFOREMENTIONED ASSESSED VALUE. THE COUNTY AUDITOR SHALL EXTEND ALL MILL RATES AGAINST THE CURRENT ASSESSED VALUE, INCLUDING THE CAPTURED ASSESSED VALUE, EXCEPT FOR THAT PORTION OF THE CURRENT ASSESSED VALUE WHICH IS SUBJECT TO THE AREA-WIDE TAX RATE DETERMINED PURSUANT TO SECTION 473F.08, SUBDIVISION 5. IN EACH YEAR FOR WHICH THE CURRENT ASSESSED VALUE EXCEEDS THE ORIGINAL ASSESSED VALUE, THE COUNTY TREASURER SHALL REMIT TO THE AUTHORITY THAT PORTION OF ALL TAXES PAID THAT YEAR ON REAL PROPERTY IN THE DISTRICT, INCLUDING TAXES PAID AS A RESULT OF THE APPLICATION OF THE AREA-WIDE TAX DETERMINED PURSUANT TO SECTION 473F.08, SUBDIVISION 5, WHICH EXCEEDS THE TAXES ATTRIBUTABLE TO THE APPLICATION OF LOCAL MILL RATES TO THE ORIGINAL ASSESSED VALUE. THE AMOUNT SO REMITTED EACH YEAR IS REFERRED TO IN THIS SECTION AS THE TAX INCREMENT FOR THAT YEAR.)

((II) IF THE AUTHORITY RETAINS ONLY A PORTION OF THE CAPTURED ASSESSED VALUE FOR ITS USE AND RETURNS THE REMAINING PORTION TO THE TAX ROLLS OF ALL AFFECTED TAXING DISTRICTS, THE COUNTY AUDITOR SHALL INCLUDE THE ORIGINAL ASSESSED VALUE WHICH IS SHARED WITH ALL THE AFFECTED TAXING DISTRICTS IN DETERMINING THE ASSESSED VALUE FOR COMPUTING MILL RATES. HE SHALL COMPUTE THE MILL RATES OF ALL TAXES LEVIED BY THE STATE, COUNTY, MUNICIPALITY, SCHOOL DISTRICT, AND EVERY OTHER TAXING DISTRICT IN WHICH THE DISTRICT IS LOCATED IN WHOLE OR IN PART ON THIS ASSESSED VALUE. HE SHALL EXTEND ALL MILL RATES AGAINST THE TOTAL CURRENT ASSESSED VALUE INCLUDING THAT PORTION OF THE CAPTURED ASSESSED VALUE WHICH THE AUTHORITY IS RETAINING FOR ITS USE ONLY, EXCEPT FOR THAT PORTION OF THE CURRENT ASSESSED VALUE WHICH IS SUBJECT TO THE AREA-WIDE TAX RATE DETERMINED PURSUANT TO SECTION 473F.08, SUBDIVISION 5. IN EACH YEAR FOR WHICH THE CURRENT ASSESSED VALUE EXCEEDS THE ORIGINAL ASSESSED VALUE, THE COUNTY TREASURER SHALL REMIT TO THE AUTHORITY THAT PORTION OF ALL TAXES PAID ON REAL PROPERTY IN THE DISTRICT, INCLUDING TAXES PAID AS A RESULT OF THE AREA-WIDE TAX RATE DETERMINED PURSUANT TO SECTION 473F.08, SUBDIVISION

5, THAT EXCEEDS THE TAXES ATTRIBUTABLE TO THE APPLICATION OF LOCAL MILL RATES TO THE ORIGINAL ASSESSED VALUE AND TO THAT PORTION OF THE CAPTURED ASSESSED VALUE WHICH IS SHARED WITH ALL THE AFFECTED TAXING DISTRICTS. THE AMOUNT SO REMITTED EACH YEAR IS REFERRED TO AS THE TAX INCREMENT.)

((3) IN ANY YEAR IN WHICH THE CURRENT ASSESSED VALUE OF THE TAX INCREMENT FINANCING DISTRICT IS LESS THAN THE ORIGINAL ASSESSED VALUE, THEREBY CREATING A TAX INCREMENT DEFICIT, THE COUNTY AUDITOR SHALL COMPUTE AND EXTEND TAXES AGAINST THE CURRENT ASSESSED VALUE, EXCEPT FOR THAT PORTION OF THE CURRENT ASSESSED VALUE WHICH IS SUBJECT TO THE AREA-WIDE TAX RATE DETERMINED PURSUANT TO SECTION 473F.08, SUBDIVISION 5. TAXES, INCLUDING TAXES PAID AS A RESULT OF THE APPLICATION OF THE AREA-WIDE TAX RATE DETERMINED PURSUANT TO SECTION 473F.08, SUBDIVISION 5, SHALL BE DISTRIBUTED FROM THE AFFECTED PROPERTY TO EACH OF THE TAXING JURISDICTIONS AS DETERMINED BY THE CURRENT LEVY AND THERE WILL BE NO TAX INCREMENT. IN ANY YEAR SUBSEQUENT TO A YEAR IN WHICH THERE EXISTS A TAX INCREMENT DEFICIT, THE TAX INCREMENT SHALL BE COMPUTED WITHOUT REGARD TO SAID DEFICIT.)

(1) *The original assessed value and the current assessed value shall be determined before the application of the fiscal disparity provisions of chapter 473F. Where the original assessed value is equal to or greater than the current assessed value, there is no captured assessed value and no tax increment determination. Where the original assessed value is less than the current assessed value, the difference between the original assessed value and the current assessed value is the captured assessed value. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured assessed value of the authority.*

(2) *The county auditor shall exclude the retained captured assessed value of the authority from the taxable value of the local taxing districts in determining local taxing district mill rates. The mill rates so determined are to be extended against the retained captured assessed value of the authority as well as the taxable value of the local taxing districts. The tax generated by the extension of the local taxing district mill rates to the retained captured assessed value of the authority is the tax increment of the authority.*

(b) Notwithstanding clause (a), the governing body may, by resolution approving the tax increment financing plan pur-

suant to section 273.74, subdivision 3, elect the following method of computation:

((1) THE ORIGINAL ASSESSED VALUE SHALL NOT INCLUDE ANY PORTION THEREOF WHICH IS SUBJECT TO THE AREA-WIDE TAX IMPOSED BY SECTION 473F.08, SUBDIVISION 6, IN THE LEVY AND ASSESSMENT OF TAXES IN THE YEAR THE DISTRICT IS CERTIFIED AND THE CURRENT ASSESSED VALUE SHALL NOT INCLUDE THE PORTION THEREOF WHICH IS SUBJECT TO THE AREA-WIDE TAX IMPOSED BY SECTION 473F.08, SUBDIVISION 6, BUT SHALL NOT OTHERWISE BE REDUCED BY THE AMOUNT OF THE CONTRIBUTION OF THE MUNICIPALITY TO THE AREA-WIDE TAX BASE PURSUANT TO SECTION 473F.08, SUBDIVISION 2, CLAUSE (A).)

((2) IN EACH SUBSEQUENT YEAR, THE COUNTY AUDITOR SHALL COMPUTE ASSESSED VALUATION, MILL RATES AND TAX INCREMENTS AS FOLLOWS:)

((I) IF THE AUTHORITY RETAINS THE FULL CAPTURED ASSESSED VALUE, THE COUNTY AUDITOR SHALL INCLUDE NO MORE THAN THE ORIGINAL ASSESSED VALUE OF THE REAL PROPERTY IN THE TAX INCREMENT FINANCING DISTRICT FOR PURPOSES OF DETERMINING ASSESSED VALUE FOR LOCAL MILL RATES. THE COUNTY AUDITOR SHALL COMPUTE THE MILL RATES OF ALL TAXES LEVIED BY THE STATE, THE COUNTY, THE MUNICIPALITY OR TOWN, THE SCHOOL DISTRICT AND EVERY OTHER TAXING DISTRICT IN WHICH THE DISTRICT IS LOCATED IN WHOLE OR IN PART ON THE AFOREMENTIONED ASSESSED VALUE. THE COUNTY AUDITOR SHALL EXTEND ALL MILL RATES AGAINST THE CURRENT ASSESSED VALUE, INCLUDING THE CAPTURED ASSESSED VALUE. IN EACH YEAR FOR WHICH THE CURRENT ASSESSED VALUE EXCEEDS THE ORIGINAL ASSESSED VALUE, THE COUNTY TREASURER SHALL REMIT TO THE AUTHORITY THAT PROPORTION OF ALL TAXES PAID THAT YEAR ON REAL PROPERTY IN THE DISTRICT WHICH THE CAPTURED ASSESSED VALUE BEARS TO THE CURRENT ASSESSED VALUE. THE AMOUNT SO REMITTED EACH YEAR IS REFERRED TO IN THIS SECTION AS THE TAX INCREMENT FOR THAT YEAR.)

((II) IF THE AUTHORITY RETAINS ONLY A PORTION OF THE CAPTURED ASSESSED VALUE FOR ITS USE AND RETURNS THE REMAINING PORTION TO THE TAX ROLLS OF ALL AFFECTED TAXING DISTRICTS, THE COUNTY AUDITOR SHALL INCLUDE THE ORIGINAL ASSESSED VALUE AND THAT PORTION OF THE

CAPTURED ASSESSED VALUE WHICH IS SHARED WITH ALL THE AFFECTED TAXING DISTRICTS IN DETERMINING THE ASSESSED VALUE FOR COMPUTING MILL RATES. HE SHALL COMPUTE THE MILL RATES OF ALL TAXES LEVIED BY THE STATE, COUNTY, MUNICIPALITY, SCHOOL DISTRICT, AND EVERY OTHER TAXING DISTRICT IN WHICH THE DISTRICT IS LOCATED IN WHOLE OR IN PART ON THIS AFOREMENTIONED ASSESSED VALUE. HE SHALL EXTEND ALL MILL RATES AGAINST THE TOTAL CURRENT ASSESSED VALUE INCLUDING THAT PORTION OF THE CAPTURED ASSESSED VALUE WHICH THE AUTHORITY IS RETAINING FOR ITS USE ONLY. IN EACH YEAR FOR WHICH THE CURRENT ASSESSED VALUE EXCEEDS THE ORIGINAL ASSESSED VALUE, THE COUNTY TREASURER SHALL REMIT TO THE AUTHORITY THAT PORTION OF ALL TAXES PAID ON REAL PROPERTY IN THE DISTRICT THAT THE RETAINED CAPTURED ASSESSED VALUE BEARS TO THE TOTAL CURRENT ASSESSED VALUE IN THE DISTRICT. THE AMOUNT SO REMITTED EACH YEAR IS REFERRED TO AS THE TAX INCREMENT.)

((3) IN ANY YEAR IN WHICH THE CURRENT ASSESSED VALUE OF THE TAX INCREMENT FINANCING DISTRICT IS LESS THAN THE ORIGINAL ASSESSED VALUE, THEREBY CREATING A TAX INCREMENT DEFICIT, THE COUNTY AUDITOR SHALL COMPUTE AND EXTEND TAXES AGAINST THE CURRENT ASSESSED VALUE. TAXES SHALL BE DISTRIBUTED FROM THE AFFECTED PROPERTY TO EACH OF THE TAXING JURISDICTIONS AS DETERMINED BY THE CURRENT LEVY AND THERE IS NO TAX INCREMENT, IN ANY YEAR SUBSEQUENT TO A YEAR IN WHICH THERE EXISTS A TAX INCREMENT DEFICIT, TAX INCREMENTS SHALL BE COMPUTED WITHOUT REGARD TO THE DEFICIT.)

(1) The original assessed value shall be determined before the application of the fiscal disparity provisions of chapter 473F. The current assessed value shall exclude any fiscal disparity commercial-industrial assessed value increase between the original year and the current year multiplied by the fiscal disparity ratio determined pursuant to section 473F.08, subdivision 6. Where the original assessed value is equal to or greater than the current assessed value, there is no captured assessed value and no tax increment determination. Where the original assessed value is less than the current assessed value, the difference between the original assessed value and the current assessed value is the captured assessed value. This amount less any portion thereof which the authority has designated, in its tax increment financing plan, to share with the local taxing districts is the retained captured assessed value of the authority.

(2) The county auditor shall exclude the retained captured assessed value of the authority from the taxable value of the local taxing districts in determining local taxing district mill

rates. The mill rates so determined are to be extended against the retained captured assessed value of the authority as well as the taxable value of the local taxing districts. The tax generated by the extension of the local taxing district mill rates to the retained captured assessed value of the authority is the tax increment of the authority.

((4)) (3) An election by the governing body pursuant to part (b) shall be submitted to the county auditor by the authority at the time of the request for certification pursuant to subdivision 1.

(c) The method of computation of tax increment applied to a district pursuant to clause (a) or (b), once established, shall remain the same for the duration of the district.

Sec. 14. Minnesota Statutes, 1979 Supplement, Section 273.76, is amended by adding a subdivision to read:

Subd. 6. A request for certification of a new tax increment financing district pursuant to subdivision 1 or of a modification to an existing tax increment financing district pursuant to section 273.74, subdivision 4, received by the county auditor on or before October 10 of the calendar year shall be recognized by the county auditor in determining mill rates for the current and subsequent levy years. Such requests received by the county auditor after October 10 of the calendar year shall not be recognized by the county auditor in determining mill rates for the current levy year but shall be recognized by the county auditor in determining mill rates for subsequent levy years.

Sec. 15. Minnesota Statutes, 1979 Supplement, Section 273.76, is amended by adding a subdivision to read:

Subd. 7. [PROPERTY CLASSIFICATION CHANGES.] In the event that any law governing the classification of real property and thereby determining the percentage of market value to be assessed for ad valorem taxation purposes is amended after August 1, 1979, the increase or decrease in assessed valuation resulting therefrom shall be applied proportionately to original assessed value and captured assessed value of any tax increment financing district in each year thereafter, whether created pursuant to the Minnesota Tax Increment Financing Act or any prior tax increment law.

Sec. 16. Minnesota Statutes, 1979 Supplement, Section 273.76, is amended by adding a subdivision to read:

Subd. 8. [ASSESSMENT AGREEMENTS.] An authority may, upon entering into a development or redevelopment agreement pursuant to section 273.75, subdivision 5, enter into a written assessment agreement in recordable form with the de-

veloper or redeveloper of property within the tax increment financing district which establishes a minimum market value of the land and completed improvements to be constructed thereon until a specified termination date, which date shall be not later than the date upon which tax increment will no longer be remitted to the authority pursuant to section 273.75, subdivision 1. The assessment agreement shall be presented to the county assessor, or city assessor having the powers of the county assessor, of the jurisdiction in which the tax increment financing district is located. The assessor shall review the plans and specifications for the improvements to be constructed, review the market value previously assigned to the land upon which the improvements are to be constructed and, so long as the minimum market value contained in the assessment agreement appears, in the judgment of the assessor, to be a reasonable estimate, shall execute the following certification upon such agreement:

The undersigned assessor, being legally responsible for the assessment of the above described property upon completion of the improvements to be constructed thereon, hereby certifies that the market value assigned to such land and improvements upon completion shall not be less than \$.....

Upon transfer of title of the land to be developed or redeveloped from the authority to the developer or redeveloper, such assessment agreement, together with a copy of this subdivision, shall be filed for record and recorded in the office of the county recorder or filed in the office of the registrar of titles of the county where the real estate or any part thereof is situated. Upon completion of the improvements by the developer or redeveloper, the assessor shall value the property pursuant to section 273.11, except that the market value assigned thereto shall not be less than the minimum market value contained in the assessment agreement. Nothing herein shall limit the discretion of the assessor to assign a market value to the property in excess of the minimum market value contained in the assessment agreement nor prohibit the developer or redeveloper from seeking, through the exercise of administrative and legal remedies, a reduction in market value for property tax purposes; provided, however, that the developer or redeveloper shall not seek, nor shall the city assessor, the county assessor, the county auditor, any board of review, any board of equalization, the commissioner of revenue or any court of this state grant a reduction of the market value below the minimum market value contained in the assessment agreement during the term of the agreement filed of record regardless of actual market values which may result from incomplete construction of improvements, destruction or diminution by any cause, insured or uninsured, except in the case of acquisition or reacquisition of the property by a public entity. Recording or filing of an assessment agreement complying with the terms of this subdivision shall constitute notice of the agreement to any subsequent purchaser or encumbrancer of the land or any part

thereof, whether voluntary or involuntary, and shall be binding upon them.

Sec. 17. Minnesota Statutes, 1979 Supplement, Section 273.77, is amended to read:

273.77 [TAX INCREMENT BONDING.] Any other law, general or special, notwithstanding, after August 1, 1979 no bonds, payment for which tax increment is pledged, shall be issued in connection with any project for which tax increment financing has been undertaken other than as is authorized hereby and the proceeds therefrom shall be used only in accordance with section 273.75, subdivision (5) 4 as if said proceeds were tax increment, except that a tax increment financing plan need not be adopted for any project for which tax increment financing has been undertaken prior to August 1, 1979, pursuant to statutes not requiring a tax increment financing plan. Such bonds shall not be included for purposes of computing the net debt of any municipality.

(a) A municipality may issue general obligation bonds to finance any expenditure by the municipality or an authority the jurisdiction of which is wholly or partially within that municipality, pursuant to section 273.75, subdivision (5) 4 in the same manner and subject only to the same conditions as those provided in chapter 475 for bonds financing improvement costs reimbursable from special assessments. Any pledge of tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision, except when the authority and the municipality are the same, shall be made by written agreement by and between the authority and the municipality and filed with the county auditor. When the authority and the municipality are the same, the municipality may by covenant pledge tax increment, assessments or other revenues for the payment of the principal of and interest on general obligation bonds issued under this subdivision and thereupon shall file the resolution containing such covenant with the county auditor. When tax increment, assessments and other revenues are pledged, the estimated collections of said tax increment, assessment and any other revenues so pledged may be deducted from the taxes otherwise required to be levied before the issuance of the bonds under section 475.61, subdivision 1, or the collections thereof may be certified annually to reduce or cancel the initial tax levies in accordance with section 475.61, subdivision 1 or 3.

(b) When the authority and the municipality are not the same, an authority may, by resolution, authorize, issue and sell its general obligation bonds to finance any expenditure which that authority is authorized to make by section 273.75, subdivision (5) 4. Said bonds of the authority shall be authorized by its resolution, shall mature as determined by resolution of the authority in accordance with Laws 1979, Chapter 322 and may

be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, the bonds shall be fully negotiable. In any suit, actions, or proceedings involving the validity of enforceability of any bonds of the authority or the security therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a district shall be conclusively deemed to have been issued for such purpose, and the district shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of Laws 1979, Chapter 322. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds of the authority, and such bonds shall so state on their face, shall not be a debt of any municipality, the state or any political subdivision thereof, and neither the municipality nor the state or any political subdivision thereof shall be liable thereon, nor in any event shall such bonds be payable out of any funds or properties other than those of the authority and any tax increment and revenues of a tax increment financing district pledged therefor.

(c) Notwithstanding any other law general or special, an authority may, by resolution, authorize, issue and sell revenue bonds payable solely from all or a portion of revenues, including but not limited to tax increment revenues and assessments, derived from a tax increment financing district located wholly or partially within the municipality to finance any expenditure which the authority is authorized to make by section 273.75, subdivision (5) 4. The bonds shall mature as determined by resolution of the authority in accordance with Laws 1979, Chapter 322 and may be issued in one or more series and shall bear such date or dates, bear interest at such rate or rates, be in such denomination or denominations, be in such form either coupon or registered, carry such conversion or registration privileges, have such rank or priority, be executed in such manner, be payable in medium of payment at such place or places, and be subject to such terms of redemption, with or without premium, as such resolution, its trust indenture or mortgage may provide. The bonds may be sold at public or private sale at the price or prices as the authority by resolution shall determine, and any provision of any law to the contrary notwithstanding, shall be fully negotiable. In any suit, action, or proceedings, involving the validity or enforceability of any bonds of the authority or the security

therefor, any bond reciting in substance that it has been issued by the authority to aid in financing a district shall be conclusively deemed to have been issued for such purpose, and the district shall be conclusively deemed to have been planned, located, and carried out in accordance with the purposes and provisions of Laws 1979, Chapter 322. Neither the authority, nor any director, commissioner, council member, board member, officer, employee or agent of the authority nor any person executing the bonds shall be liable personally on the bonds by reason of the issuance thereof. The bonds may be further secured by a pledge and mortgage of all or any portion of the district in aid of which the bonds are issued and such covenants as the authority shall deem by such resolution to be necessary and proper to secure payment of the bonds. The bonds, and the bonds shall so state on their face, shall not be payable from nor charged upon any funds other than the revenues and property pledged or mortgaged to the payment thereof, nor shall the issuing authority be subject to any liability thereon or have the powers to obligate itself to pay or pay the bonds from funds other than the revenues and properties pledged and mortgaged and no holder or holders of the bonds shall ever have the right to compel any exercise of any taxing power of the issuing authority or any other public body, other than as is permitted or required under Laws 1979, Chapter 322 and pledged therefor hereunder, to pay the principal of or interest on any such bonds, nor to enforce payment thereof against any property of the authority or other public body other than that expressly pledged or mortgaged for the payment thereof.

Sec. 18. Minnesota Statutes, 1979 Supplement, Section 273.78, is amended to read:

273.78 [EXISTING PROJECTS.] The provisions of sections 273.71 to 273.77 shall not affect any project for which tax increment certification was requested pursuant to law prior to August 1, 1979, or any project carried on by an authority pursuant to section 462.545, subdivision 5 with respect to which the governing body has by resolution designated properties for inclusion in the (PROJECT) *district* prior to August 1, 1979, except:

(a) As otherwise expressly provided in sections 273.71 to 273.77; or

(b) As an authority may elect to proceed with an existing (PROJECT) *district*, under the provisions of sections 273.71 to 273.77; or

(c) That any enlargements of the geographic area of an existing tax increment financing district subsequent to August 1, 1979, shall be accomplished in accordance with and shall

subject the property added as a result of the enlargement to the terms and conditions of sections 273.71 to 273.77; or

(d) That commencing with taxes payable in 1980, section 273.76, subdivision 3, clause (b) shall apply to all development districts created pursuant to chapter 472A, or any special law, prior to August 1, 1979.

Sec. 19. Minnesota Statutes, 1979 Supplement, Section 273.-86, Subdivision 4, is amended to read:

Subd. 4. [EXCEPTIONS.] The provisions of this section shall not apply to any property purchased from an authority which acquired such property with tax increment or bonds issued pursuant to Laws 1979, Chapter 322, (SECTIONS 10 TO 12) Section 7.

Sec. 20. Minnesota Statutes, 1979 Supplement, Section 473F.-08, Subdivision 6, is amended to read:

Subd. 6. The rate of taxation determined in accordance with subdivision 5 shall apply in the taxation of each item of commercial-industrial property subject to taxation within a municipality, including property located within any tax increment financing district, as defined in section 273.73, subdivision 9, to that portion of the assessed valuation of the item which bears the same proportion to its total assessed valuation as 40 percent of the amount determined pursuant to section 473F.06 in respect to the municipality in which the property is taxable bears to (: (A)) the amount determined pursuant to section 473F.05 (MINUS (B) THE ENTIRE PORTION THEREOF LOCATED WITHIN ANY TAX INCREMENT FINANCING DISTRICT, AS DEFINED IN SECTION 273.73, SUBDIVISION 9 FOR WHICH TAX INCREMENT IS COMPUTED IN ACCORDANCE WITH SECTION 273.76, SUBDIVISION 3, CLAUSE (A)(2), REGARDLESS OF THE EXTENT TO WHICH IT IS OR IS NOT INCLUDED IN DETERMINING ASSESSED VALUE FOR PURPOSES OF COMPUTING LOCAL MILL RATES UNDER SECTION 273.76, SUBDIVISION 3, CLAUSE (A)(2)). The rate of taxation determined in accordance with subdivision 4 shall apply in the taxation of the remainder of the assessed valuation of the item.

Sec. 21. Minnesota Statutes 1978, Section 472A.02, is amended by adding a subdivision to read:

Subd. 11. A "development district" is a specific area within the corporate limits of a municipality which has been so designated and separately numbered by the governing body.

Sec. 22. [EFFECTIVE DATE.] *This article shall be effective the day following final enactment.*

ARTICLE VII

TACONITE TAX

Section 1. Minnesota Statutes 1978, Section 273.135, Subdivision 2, is amended to read:

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

(a) in the case of property located within the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 66 percent of the amount of such tax, provided that the amount of said reduction shall not exceed the maximum amount specified in clause (E) (c).

(b) in the case of property located within the boundaries of a school district which qualifies as a tax relief area but which is outside the boundaries of a municipality which meets the qualifications prescribed in section 273.134, 57 percent of the amount of such tax, provided that the amount of said reduction shall not exceed the maximum amount specified in clause (E) (c).

(c) (IN THE CASE OF PROPERTY LOCATED WITHIN A SCHOOL DISTRICT WHICH DOES NOT MEET THE QUALIFICATIONS OF SECTION 273.134 AS A TAX RELIEF AREA, BUT WHICH IS LOCATED IN A COUNTY WITH A POPULATION OF LESS THAN 100,000 IN WHICH TACONITE IS MINED OR QUARRIED AND WHEREIN A SCHOOL DISTRICT IS LOCATED WHICH DOES MEET THE QUALIFICATIONS OF A TAX RELIEF AREA, AND PROVIDED THAT AT LEAST 90 PERCENT OF THE AREA OF THE SCHOOL DISTRICT WHICH DOES NOT MEET THE QUALIFICATIONS OF SECTION 273.134 LIES WITHIN SUCH COUNTY, 57 PERCENT OF THE AMOUNT OF THE TAX ON QUALIFIED PROPERTY LOCATED IN THE SCHOOL DISTRICT THAT DOES NOT MEET THE QUALIFICATIONS OF SECTION 273.134, PROVIDED THAT THE AMOUNT OF SAID REDUCTION SHALL NOT EXCEED THE MAXIMUM AMOUNT SPECIFIED IN CLAUSE (E). THE REDUCTION PROVIDED BY THIS CLAUSE SHALL ONLY BE APPLICABLE TO PROPERTY LOCATED WITHIN THE BOUNDARIES OF THE COUNTY DESCRIBED THEREIN.)

((D) IN THE CASE OF PROPERTY LOCATED WITHIN A SCHOOL DISTRICT WHICH DOES NOT MEET THE QUALIFICATIONS OF SECTION 273.134 AS A TAX RELIEF AREA, BUT WHICH IS LOCATED IN A SCHOOL DISTRICT IN A COUNTY CONTAINING A CITY OF THE FIRST CLASS AND A QUALIFYING MUNICIPALITY, BUT NOT IN A SCHOOL DISTRICT CONTAINING A CITY OF THE FIRST CLASS OR ADJACENT TO A SCHOOL DISTRICT CONTAINING A CITY OF THE FIRST CLASS UNLESS THE

SCHOOL DISTRICT SO ADJACENT CONTAINS A QUALIFYING MUNICIPALITY, 57 PERCENT OF THE AMOUNT OF THE TAX, BUT NOT TO EXCEED THE MAXIMUM SPECIFIED IN CLAUSE (E).)

((E)) The maximum reduction for property described in clause (a) shall be \$385 and for property described in (CLAUSES) clause (b) (, (C) AND (D).) \$330 for taxes payable in 1978. These maximum amounts shall increase by \$15 per year for taxes payable in 1979 and subsequent years.

Sec. 2. Minnesota Statutes 1978, Section 298.17, is amended to read:

298.17 [OCCUPATION TAXES TO BE APPORTIONED.] All occupation taxes which shall become due and payable on May 1, 1924, and subsequent thereto, from persons, copartnerships, companies, joint stock companies, corporations, and associations, however or for whatever purpose organized, engaged in the business of mining or producing iron ore or other ores, when collected shall be apportioned and distributed in accordance with the Constitution of the state of Minnesota, Article 10, Section 3, in the manner following: 90 percent shall be deposited in the state treasury and credited to the general fund of which four-ninths shall be used for the support of elementary and secondary schools; and ten percent of the proceeds of the tax imposed by this section shall be deposited in the state treasury and credited to the general fund for the general support of the university. *Of the moneys apportioned to the general fund by this section there is annually appropriated and credited to the iron range resources and rehabilitation board account in the special revenue fund an amount equal to that which would have been generated by a 1 cent tax imposed by section 298.24 on each taxable ton produced in the preceding calendar year, to be expended for the purposes of section 298.22. The moneys appropriated pursuant to this section shall be used to provide environmental development grants to local governments located within any county in region 3 as defined in governor's executive order number 68, issued on June 12, 1970, which does not contain a municipality qualifying pursuant to section 273.134. Payment to the iron range resources and rehabilitation board account shall be made by May 15 annually, beginning in 1981.*

Sec. 3. Minnesota Statutes 1978, Section 298.22, Subdivision 2, is amended to read:

Subd. 2. There is hereby created the iron range resources and rehabilitation board, consisting of eleven members, five of whom shall be state senators appointed by the subcommittee on committees of the rules committee of the senate, and five of whom shall be representatives, appointed by the speaker of the house of representatives, their terms of office to commence on May 1, 1943, and continue until January 3rd, 1945, or until their suc-

cessors are appointed and qualified. Their successors shall be appointed each two years in the same manner as the original members were appointed, in January of every second year, commencing in January, 1945. The eleventh member of said board shall be the commissioner of natural resources of the state of Minnesota. Vacancies on the board shall be filled in the same manner as the original members were chosen. *At least a majority of the legislative members of the board shall be elected from state senatorial or legislative districts in which over 50 percent of the residents reside within a tax relief area as defined in Minnesota Statutes, Section 273.134.* All expenditures and projects made by the commissioner of iron range resources and rehabilitation shall first be submitted to said iron range resources and rehabilitation board which shall recommend approval or disapproval or modification of expenditures and projects for rehabilitation purposes as provided by this section, and the method, manner, and time of payment of all said funds proposed to be disbursed shall be first approved or disapproved by said board. The board shall biennially make its report to the governor and the legislature on or before November 15 of each even numbered year. The expenses of said board shall be paid by the state of Minnesota from the funds raised pursuant to this section.

Sec. 4. Minnesota Statutes 1978, Section 298.223, is amended to read:

298.223 [TACONITE AREA ENVIRONMENTAL PROTECTION FUND.] A fund called the taconite environmental protection fund is created for the purpose of reclaiming, restoring and enhancing those areas of northeast Minnesota *located within a tax relief area defined in section 273.134 that are adversely affected by the environmentally damaging operations involved in mining taconite and iron ore and producing iron ore concentrate and for the purpose of promoting the economic development of northeast Minnesota.* The taconite environmental protection fund shall be used for the following purposes:

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

(b) reclamation, restoration or reforestation of minelands not otherwise provided for by state law;

(c) local economic development projects including construction of sewer and water systems, and other public works *located within a tax relief area defined in section 273.134;*

(d) monitoring of mineral industry related health problems among mining employees.

The taconite environmental protection fund shall be administered by the commissioner of the Iron Range Resources and Re-

habilitation Board. The commissioner shall by September 1 of each year prepare a list of projects to be funded from the taconite environmental protection fund, with such supporting information including description of the projects, plans, and cost estimates as may be necessary. Upon recommendation of the Iron Range Resources and Rehabilitation Board, this list shall be submitted to the legislative advisory commission for its review. This list with the recommendation of the legislative advisory commission shall then be transmitted to the governor by November 1 of each year. By December 1 of each year, the governor shall approve or disapprove, or return for further consideration, each individual project. Funds for a project may be expended only upon approval of the project by the governor.

(NOTWITHSTANDING THE ABOVE, IN 1977 THE COMMISSIONER, WITH THE RECOMMENDATION OF THE BOARD, SHALL SUBMIT A LIST OF PROJECTS TO THE LEGISLATIVE ADVISORY COMMISSION BY JUNE 15. THIS LIST SHALL BY JULY 1 BE TRANSMITTED TO THE GOVERNOR FOR APPROVAL. FUNDS MAY BE EXPENDED UPON APPROVAL BY THE GOVERNOR.)

There is hereby annually appropriated to the commissioner of the Iron Range Resources and Rehabilitation Board such funds as are necessary to carry out the projects approved and such funds as are necessary for administration of this section. Annual administrative costs, not including detailed engineering expenses for the projects, shall not exceed five percent of the amount annually expended from the fund.

Funds for the purposes of this section are provided by section 298.28, subdivision 1, clause (9) relating to the taconite environmental protection fund.

Sec. 5. Minnesota Statutes 1978, Section 298.28, Subdivision 1, is amended to read:

298.28 [DIVISION AND DISTRIBUTION OF PROCEEDS.] Subdivision 1. The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certificate of the commissioner of revenue to the general fund of the state, be paid by the commissioner of revenue as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton", to the city or town in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of

the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) 12.5 cents per taxable ton, less any amount distributed under clause (8), to the taconite municipal aid account in the apportionment fund of the state treasury, to be distributed as provided in section 298.282.

(3) 29 cents per taxable ton to school districts to be distributed as follows:

(a) 6 cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The commissioner shall follow the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (c), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 (OR IN WHICH IS LOCATED PROPERTY WHICH IS ENTITLED TO THE REDUCTION OF TAX PURSUANT TO SECTION 273.135, SUBDIVISION 2, CLAUSE (C)). The 23 cents, less any amount distributed under part (c), shall be distributed in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its permitted levy for the prior year, computed pursuant to section 275.125, comprises of the sum of permitted levies for the prior year for all qualifying districts, computed pursuant to section 275.125. For purposes of distributions pursuant to this part, permitted levies for the prior year computed pursuant to section 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 275.125, subdivision 2a, clause (4).

(c) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be

distributed pursuant to part (b). The commissioner shall follow the apportionment formula prescribed in clause (1).

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

(c) 4 cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) 25.75 cents per taxable ton, less any amount required to be distributed under part (b), to the taconite property tax relief account in the apportionment fund in the state treasury, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be distributed by the commissioner of revenue to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) 1 cent per taxable ton to the state for the cost of administering the tax imposed by section 298.24.

(7) 3 cents per taxable ton shall be deposited in the state treasury to the credit of the iron range resources and rehabilitation board account in the special revenue fund for the purposes of section 298.22. (OF THIS AMOUNT, ONE CENT PER TAXABLE TON IS TO BE USED TO PROVIDE ENVIRONMENTAL DEVELOPMENT GRANTS TO LOCAL GOVERNMENTS LOCATED WITHIN ANY COUNTY IN REGION 3 AS DEFINED IN GOVERNOR'S EXECUTIVE ORDER NUMBER 60 ISSUED ON JUNE 12, 1970, WHICH DOES NOT CONTAIN A MUNICIPALITY QUALIFYING PURSUANT TO) *The amount determined in this clause shall be increased in 1981 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. The amount distributed pursuant to this clause shall be expended within or for the benefit of a tax relief area defined*

in section 273.134. No part of the fund provided in this clause may be used to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

(8) .20 cent per taxable ton shall be paid in 1979 and each year thereafter, to the range association of municipalities and schools, for the purpose of providing an area wide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(9) the amounts determined under clauses (4)(a), (4)(c), and (5) shall be increased in 1979 and subsequent years in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1.

(10) the proceeds of the tax imposed by section 298.24 which remain after the distributions in clauses (1) to (9) and parts (a) (,) and (b) (, AND (C)) of this clause have been made shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection fund created in section 298.292 as follows: In 1978, 1979, 1980, 1981, and 1982, two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection fund; in 1983 and thereafter, one-half to each fund. The proceeds shall be placed in the respective special accounts in the general fund.

(a) In 1978 and each year thereafter, there shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977.

(b) In 1978 and each year thereafter, there shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22.

((C)) On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue and with the county auditor of each county in which such taxpayer operates, and with the chief clerical officer of each school district, city or town which is entitled to participate in the distribution of the tax, an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and

production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. Such estimate shall list the taxing districts entitled to participate in the distribution of such tax, and the amount of the estimated tax which would be distributable to each such district in the next ensuing calendar year on the basis of the last percentage distribution certified by the commissioner of revenue. If there be no such prior certification, the taxpayer shall set forth its estimate of the proper distribution of such tax under the law, which estimate may be corrected by the commissioner if he deems it improper, notice of such correction being given by him to the taxpayer and the public officers receiving such estimate. The officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county, city or school district in the year in which such estimate is made, and payable in the next ensuing calendar year, except that in 1978 and 1979 two cents per taxable ton, and in 1980 and thereafter, one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. Such taxpayer shall then pay, at the times payments are required to be made pursuant to section 298.27, as the amount of tax payable under section 298.24, the greater of (a) the amount shown by such estimate, or (b) the amount due under said section as finally determined by the commissioner of revenue pursuant to law. If, as a result of the payment of the amount of such estimate, the taxpayer has paid in any calendar year an amount of tax in excess of the amount due in such year under section 298.24, after application of credits for any excess payments made in previous years, all as determined by the commissioner of revenue, the taxpayer shall be given credit for such excess amount against any taxes which, under said section, may become due from the taxpayer in subsequent years. In any calendar year in which a general property tax levy subject to sections 275.125 or 275.50 to 275.59 has been made, if the taxes distributable to any such county, city or school district are greater than the amount estimated to be paid to any such county, city or school district in such year, the excess of such distribution shall be held in a special fund by the county, city or school district and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.125 or 275.50 to 275.59, of such county, city or school district payable in such year. If the amounts distributable to any such county, city or school district, after final determination by the commissioner of revenue under this section are less than the amounts indicated by such estimates, such county, city or school district may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.125 or 275.50 to 275.59 an amount sufficient to pay such certifi-

icates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

There is hereby annually appropriated to such taxing districts as are stated herein, to the taconite property tax relief account and to the taconite municipal aid account in the apportionment fund in the state treasury, to the department of revenue, to the iron range resources and rehabilitation board, to the range association of municipalities and schools, to the taconite environmental protection fund, and to the northeast Minnesota economic protection fund, from any fund or account in the state treasury to which the money was credited, an amount sufficient to make the payment or transfer. The payment of the amount appropriated to such taxing districts shall be made by the commissioner of revenue on or before May 15 annually.

Sec. 6. Minnesota Statutes 1978, Chapter 477A, is amended by adding a section to read:

[477A.15] [TACONITE AID REIMBURSEMENT.] *Any school district in which is located property which had been entitled to a reduction of tax pursuant to Minnesota Statutes 1978, Section 273.135, Subdivision 2, clause (c), shall receive in 1981 and subsequent years an amount equal to the amount it received in 1980 pursuant to Minnesota Statutes 1978, Section 298.28, Subdivision 1, clause (3)(b). Payments shall be made pursuant to this section by the commissioner of revenue to the taxing jurisdiction on July 15 of 1981 and each year thereafter.*

Sec. 7. Minnesota Statutes 1978, Chapter 273, is amended by adding a section to read:

[273.139] [SUPPLEMENTARY HOMESTEAD PROPERTY TAX RELIEF.] *Subdivision 1. The property tax to be paid in respect to property taxable within a tax relief area described in subdivision 2 on class 3b property not exceeding 240 acres, on class 3c property, and on class 3cc property, as otherwise determined by law and regardless of the market value of the property, for all purposes shall be reduced in the amount prescribed by subdivision 2, subject to the limitations contained therein.*

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

(a) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a county with a population of less than 100,000 in which taconite is mined or quarried and wherein a school district is located which does meet the qualifications of a tax relief area; and provided that at least 90 percent of the area of the school district which does not meet the

qualifications of section 273.134 lies within such county, 57 percent of the amount of the tax on qualified property located in the school district that does not meet the qualifications of section 273.134, provided that the amount of said reduction shall not exceed the maximum amount specified in clause (c). The reduction provided by this clause shall only be applicable to property located within the boundaries of the county described therein.

(b) In the case of property located within a school district which does not meet the qualifications of section 273.134 as a tax relief area, but which is located in a school district in a county containing a city of the first class and a qualifying municipality, but not in a school district containing a city of the first class or adjacent to a school district containing a city of the first class unless the school district so adjacent contains a qualifying municipality, 57 percent of the amount of the tax, but not to exceed the maximum specified in clause (c).

(c) The maximum reduction shall be \$375 for taxes payable in 1981. These maximum amounts shall increase by \$15 per year for taxes payable in 1982 and subsequent years.

Subd. 3. Not later than December 1 of each year, commencing in 1980, each county auditor having jurisdiction over one or more tax relief areas defined in subdivision 2 shall certify to the commissioner of revenue his estimate of the total amount of the reduction, determined under subdivision 2, in taxes payable the next succeeding year with respect to all tax relief areas in his county.

Subd. 4. For the purposes of this section, the amount of property tax to be paid shall be determined before the allowance of any reduction prescribed by section 273.13, and the reduction prescribed by this section shall be in addition to that prescribed by section 273.13.

Sec. 8. Minnesota Statutes 1978, 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; 124.28; 124.30; 473.633 and 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 50 percent 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; section 6; 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 October adjustment payment by the difference between the dollar amount of the payments received pursuant to those sections in the fiscal year to which the October adjustment is attributable and the amount which was calculated, pursuant to section 275.125, subdivision 9, as a reduction of the levy attributable to the fiscal year to which the October adjustment is attributable. If the October adjustment of a district's foundation aid for a fiscal year is a negative amount because of this clause, the next fiscal year's foundation aid to that district shall be reduced by this negative amount in the following manner: there shall be withheld from each monthly scheduled foundation aid payment due the district in such fiscal year, 15 percent of the total negative amount, until the total negative amount has been withheld. The amount reduced from foundation aid pursuant to this clause shall be recognized as revenue in the fiscal year to which the October adjustment payment is attributable.

Sec. 9. Minnesota Statutes, 1979 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 that portion of the previous year's payment not deducted from foundation aid on account of the payment. The levy reduction 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, subdivision 10 of this section, and section 273.138, 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; *section 6*; 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 this section by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections in the previous fiscal year less the product of the same dollar amount of payments

times the ratio of the maximum levy allowed the district under subdivision 2a, to the total levy allowed the district under this section in the year in which the levy is certified.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to subdivision 2a, clause 1 or 2, to an amount less than the amount raised by a levy of 10 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review committee. The amount of any increased levy authorized by referendum pursuant to subdivision 2a, clause (4) shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 7a shall not be reduced pursuant to this subdivision.

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by subdivision 11a, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to that subdivision. The reduction of the capital expenditure levy shall be computed on the basis of the amount so ascertained.

(5) 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 by the district to the commissioner of finance in the following amount on the designated date: on or before March 15 of each year, 100 percent of the amount required to be subtracted from the previous fiscal year's foundation aid pursuant to section 124.212, subdivision 8a, which is in excess of the foundation aid earned for that 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. 10. Minnesota Statutes 1978, Chapter 298, is amended by adding a section to read:

[298.401] [APPORTIONMENT OF INCOME.] *All imputed income determined pursuant to section 298.40, subdivision 1, clause (b) is and shall be apportioned to Minnesota.*

Sec. 11. [APPROPRIATION.] *A sum sufficient to make the payments required by sections 6 and 7 is annually appro-*

priated from the general fund to the commissioner of revenue for the purpose of funding those sections.

Sec. 12. [EFFECTIVE DATE.] *Sections 1 and 7 are effective for taxes levied in 1980, payable in 1981 and thereafter. Sections 4 and 5 are effective for distributions made after December 31, 1980. Section 10 is effective the day following final enactment as a restatement of the intent of Minnesota Statutes, Section 298.40, as originally enacted.*

ARTICLE VIII

MUNICIPAL BONDS INTEREST RATES

Section 1. Minnesota Statutes 1978, Section 474.06, is amended to read:

474.06 [MANNER OF ISSUANCE OF BONDS; INTEREST RATE.] Bonds authorized under this chapter shall be issued in accordance with the provisions of chapter 475 relating to bonds payable from income of revenue producing conveniences, except that public sale shall not be required, and the bonds may mature at any time or times in such amount or amounts within 30 years from date of issue and may be sold at a price equal to such percentage of the par value thereof, plus accrued interest, and bearing interest at such rate or rates, *not exceeding nine percent per year*, as may be agreed by the contracting party, the purchaser, and the municipality or redevelopment agency, notwithstanding any limitation of interest rate or cost or of the amounts of annual maturities contained in any other law. When bonds authorized under this chapter are issued, they shall state whether they are issued for a project defined in section 474.02, subdivisions 1, 1a, 1b, or 1c.

Sec. 2. Minnesota Statutes 1978, Section 475.55, is amended to read:

475.55 [EXECUTION; NEGOTIABILITY; INTEREST RATES.] Subdivision 1. All obligations shall be signed by officers authorized by resolution of the governing body or by persons authorized to sign on behalf of a bank designated by the resolution as authenticating agent, and shall express the amount and the terms of payment. *Interest on obligations authorized by resolution before December 31, 1982 shall not exceed the rate of 12 percent per annum, payable half yearly.* Interest (THEREON) on obligations authorized thereafter shall not exceed the rate of (SEVEN) *nine percent per annum, payable half yearly.* All obligations shall be negotiable investment securities as provided in the uniform commercial code, chapter 336, article 8. The validity of an obligation shall not be impaired by the fact that one or more officers authorized to execute it shall have ceased to be in office before delivery to the purchaser or shall not have been in office on the formal issue date of the obligation. Every

obligation shall be signed manually by one officer or authenticating agent. Other signatures and the seal of the issuer may be printed, lithographed, stamped or engraved thereon and on any interest coupons to be attached thereto. The seal need not be used.

Subd. 2. The provisions of subdivision 1 shall supersede **(ALL PROVISIONS OF)** any **(LAW OR CHARTER FIXING A)** lower maximum interest rate *fixed by any other law or a city charter* with respect to obligations of the state or any municipality or governmental or public subdivision, district, corporation, commission, board, council, or authority of whatsoever kind, including warrants or orders issued in evidence of allowed claims for property or services furnished to the issuer, but shall not **(RESTRICT THE POWER OF THE ISSUER TO FIX)** *limit* the interest on any obligation **(IN ACCORDANCE WITH THE)** *issued pursuant to a law or charter authorizing (ITS ISSUANCE) the issuer to determine the rate or rates of interest.*

Subd. 3. *Notwithstanding any contrary provisions of law or charter, special assessments pledged to the payment of obligations may bear interest at the rate the governing body by resolution determines, not exceeding the greater of (a) the maximum interest rate per annum which the obligations may bear under the provisions of subdivisions 1 and 2 plus one percent or (b) the maximum interest rate permitted to be charged against the assessments under the law or city charter pursuant to which the assessments were levied.*

Sec. 3. Minnesota Statutes 1978, Section 475.60, Subdivision 2, is amended to read:

Subd. 2. **[REQUIREMENTS WAIVED.]** The requirements as to public sale shall not apply to:

(1) Obligations issued under the provisions of a home rule charter or of a law specifically authorizing a different method of sale, or authorizing them to be issued in such manner or on such terms and conditions as the governing body may determine;

(2) Obligations sold by an issuer in an amount not exceeding the total sum of (\$100,000) \$200,000 in any three month period;

(3) Obligations issued by a governing body other than a school board in anticipation of the collection of taxes or other revenues appropriated for expenditure in a single year, if sold in accordance with the most favorable of two or more proposals solicited privately; and

(4) Obligations sold to any board, department, or agency of the United States of America or of the state of Minnesota,

in accordance with rules or regulations promulgated by such board, department, or agency.

Sec. 4. *Section 1 of this article is effective December 31, 1982. The other sections are effective the day after final enactment.*

ARTICLE IX

CORPORATE INCOME TAX

Section 1. Minnesota Statutes 1978, Section 290.06, Subdivision 1, is amended to read:

290.06 [RATES OF TAX; CREDITS AGAINST TAX.] Subdivision 1. [COMPUTATION, CORPORATIONS.] The privilege and income taxes imposed by this chapter upon corporations shall be computed by applying to their taxable net income in excess of the applicable credits allowed under section 290.21 the rate of 12 percent. (THE AMOUNT OF TAX PAYABLE BY A CORPORATION REQUIRED TO FILE A RETURN SHALL NOT BE LESS THAN \$100.)

Sec. 2. [REPEALER.] *Minnesota Statutes 1978, Section 290.21, Subdivision 2, is repealed.*

Sec. 3. [EFFECTIVE DATE.] *Sections 1 and 2 are effective for taxable years beginning after December 31, 1980.*

ARTICLE X

UTILITY PROPERTY

Section 1. Minnesota Statutes 1978, Section 273.36, is amended to read:

273.36 [ELECTRIC LIGHT AND POWER COMPANIES.] Personal property of electric light and power companies having a fixed situs in any city in this state shall be listed and assessed where situated, without regard to where the principal or other place of business of the company is located. *Transmission lines having a voltage of 69 kv and above, all attachments and appurtenances thereto, having a fixed situs in this state, other than in an unorganized township, shall be listed and assessed where situated, without regard to where the principal or other place of business of the company is located.*

Sec. 2. Minnesota Statutes 1978, Section 273.37, Subdivision 2, is amended to read:

Subd. 2. (ALL) *Transmission lines of less than 69 kv, transmission lines of 69 kv and above located in an unorganized town-*

ship, and distribution lines, and equipment attached thereto, having a fixed situs outside the corporate limits of cities except distribution lines taxed as provided in sections 273.40 and 273.41, shall be listed with and assessed by the commissioner of revenue in the county where situated. The commissioner shall assess such property at the percentage of market value fixed by law; and, on or before the fifteenth day of November, shall certify to the auditor of each county in which such property is located the amount of the assessment made against each company and person owning such property.

Sec. 3. Minnesota Statutes, 1979 Supplement, Section 273.42, is amended to read:

273.42 [RATE OF TAX; ENTRY AND CERTIFICATION; CREDIT ON PAYMENT; PROPERTY TAX CREDIT.] Subdivision 1. The property set forth in section 273.37, subdivision 2, consisting of transmission lines of less than 69 kv and transmission lines of 69 kv and above located in an unorganized township, and distribution lines not taxed as provided in sections 273.38, 273.40 and 273.41 shall be taxed at the average rate of taxes levied for all purposes throughout the county and shall be entered on the tax lists by the county auditor against the owner thereof and certified to the county treasurer at the same time and in the same manner that other taxes are certified, and, when paid, shall be credited, 35 percent to the general revenue fund of the county, 50 percent to the general school fund of the county, and 15 percent to the townships within the county in which the lines are located (, AFTER DEDUCTING THE AMOUNT REQUIRED FOR THE PROPERTY TAX CREDIT AS PROVIDED IN SUBDIVISION 2). The amount available for distribution to the townships shall be divided among the townships in the same proportion that the length of transmission line in each township bears to the total length of transmission line in the county (, EXCEPT THAT IF A PAYMENT TO A TOWN EXCEEDS TEN PERCENT OF THE TOWN'S LEVY FOR THE PRECEDING YEAR, THE EXCESS AMOUNT SHALL BE PAID TO THE COUNTY).

Subd. 2. Owners of land defined as class 3, 3b, 3c, 3cc, 3d or 3f pursuant to section 273.13 listed on records of the county auditor or county treasurer over which runs a high voltage transmission line as defined in section 116C.52, subdivision 3, except a high voltage transmission line the construction of which was commenced prior to July 1, 1974, shall receive a property tax credit in an amount determined by multiplying a fraction, the numerator of which is the length of high voltage transmission line which runs over that parcel and the denominator of which is the total length of that particular line running over all property within the (COUNTY) city, township or unorganized township by ten percent of the transmission line tax revenue derived from the tax on that portion of the line within the city, township or unorganized township pursuant to (THIS SECTION) section 273.36. Where a right-of-way width is shared by more than one

property owner, the numerator shall be adjusted by multiplying the length of line on the parcel by the proportion of the total width on the parcel owned by that property owner. The amount of credit for which the property qualifies shall not exceed 20 percent of the total gross tax on the parcel prior to deduction of the state paid agricultural credit and the state paid homestead credit, *provided that, if the property containing the right of way is included in a parcel which exceeds 40 acres, the total gross tax on the parcel shall be multiplied by a fraction, the numerator of which is the sum of the number of acres in each quarter section or portion thereof which contains a right of way and the denominator of which is the total number of acres in the parcel set forth on the tax statement, and the maximum credit shall be 20 percent of the product of that computation, prior to deduction of those credits. The auditor of the county in which the affected parcel is located shall calculate the amount of the credit due for each parcel and transmit that information to the county treasurer. The county auditor, in computing the credits received pursuant to sections 273.13 and 273.135, shall reduce the gross tax by the amount of the credit received pursuant to this section, unless the amount of the credit would be less than \$10.*

Sec. 4. Minnesota Statutes, 1979 Supplement, Section 275.51, Subdivision 3d, is amended to read:

Subd. 3d. The property tax levy limitation for governmental subdivisions in 1977 payable in 1978 and subsequent years shall be calculated as follows:

(a) The sum of the following amounts shall be computed:
(1) the property tax permitted to be levied in 1976 payable 1977 computed pursuant to Minnesota Statutes 1976, Section 275.51, Subdivision 3c, plus

(2) the amount of any state aids the governmental subdivision was entitled to receive in calendar year 1977 pursuant to sections 477A.01; 298.26; 298.28, subdivisions 1 and 1a; 298.281, subdivision 1; 298.282; and 294.26, plus

(3) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clauses (a), (c), (d), (e), and (f), except for levies made to pay tort judgments and make settlements of tort claims or to pay the salaries and benefits of municipal and probate court judges, plus

(4) the amount levied in 1976 payable 1977 pursuant to Minnesota Statutes 1976, Section 275.50, Subdivision 5, Clause (g) for the administrative costs of public assistance programs or county welfare systems, plus

(5) one-half of the amount of the special levy authorized under section 275.50, subdivision 5, clause (n) shall be added to the permanent levy limit base of the governmental subdivision in the year following the year in which it has been discontinued as

a special levy pursuant to the provisions of section 275.50, subdivision 5, clause (n).

(b) The sum computed in clause (a) shall be increased annually in the manner provided in section 275.52 to derive the levy limit base for successive years.

(c) For taxes levied in 1978 payable 1979 and subsequent years, the levy limit base is the levy limit base which was computed for the immediately preceding year under the provisions of this section increased according to the provisions of section 275.52. To determine the levy limit base for taxes levied in 1979 payable 1980 and subsequent years, (a) the levy limit base used for taxes levied in 1979 payable in 1980 shall be increased by the excess of the amount levied in 1979 for refuse collection and street maintenance over the amount levied in 1978 payable 1979 for those purposes; and (b) in the case of a city of the first class located within the metropolitan area defined in section 473.121, subdivision 2, for the purpose of calculating the levy limit base to be used for taxes levied in 1979, payable 1980, the levy limit base used for taxes levied in 1978, payable 1979, shall be reduced by an amount sufficient to reduce the levy limitation for taxes levied in 1978 payable 1979 by 15 percent. *To determine the levy limit base used for taxes levied in 1981 payable in 1982 and subsequent years, the levy limit base used for taxes levied in 1981 payable in 1982 shall be increased by the revenue derived by the governmental subdivision for taxes levied in 1980 payable in 1981 from transmission lines of 69 kv or greater assessed under Minnesota Statutes 1978, Section 273.37.* Any amount levied in 1976 payable 1977 under the provisions of section 275.50, subdivision 5, clauses (a), (c), (d), (e) or (f) to meet the costs of programs, services or legal requirements which cease to exist in a subsequent year shall be subtracted from the levy limit base in the year in which the programs, services or legal requirements for which the levy was made cease to exist.

(d) The levy limit base shall be reduced by the total amount of state formula aids pursuant to section 477A.01 and taconite taxes and aids pursuant to sections 294.26; 298.26; 298.28, subdivision 1; 298.282 and state reimbursements for wetlands property tax exemptions provided in section 272.02, subdivision 1, clause (16); and the payments in lieu of taxes to a county pursuant to section 477A.12 which are required to be used to provide property tax levy reduction, to be paid in the calendar year in which property taxes are payable. As provided in section 298.28, subdivision 1, for taxes payable in 1978 and 1979, two cents per taxable ton, and for taxes payable in 1980 and thereafter, one cent per taxable ton of the amount distributed under section 298.28, subdivision 1, clause (4)(c) shall not be deducted from the levy limit base of the counties that receive that aid. The resulting figure is the amount of property taxes which a governmental subdivision may levy for all purposes other than those for which special levies and special assessments are made.

Sec. 5. Laws 1979, Chapter 303, Article II, Section 39, is amended to read:

Sec. 39. [EFFECTIVE DATE.] Sections 5, 8, 18, 19 and 24, except as otherwise provided and 38, subdivision (2) 1, are effective for taxes levied in 1980 payable in 1981 and thereafter.

Sections 6, 16 and 17 are effective for taxes levied in 1979 payable 1980 and thereafter.

Sections 20, 21 and 38, subdivision 2, are effective for 1981 payable 1982 and thereafter.

Sections 28 to 34 are effective for claims based on property taxes payable in 1980 and rent constituting property taxes in 1979 and subsequent years, except that section 28, subdivision 3, clause (f) is effective for property tax refund claims based on rent paid in 1976 and property taxes payable in 1977 and subsequent years.

Sec. 6. [EFFECTIVE DATE.] *Sections 1 to 3 are effective for taxes levied in 1981 and thereafter, and payable in 1982 and thereafter.*

ARTICLE XI

SPECIAL ASSESSMENT APPEALS

Section 1. Minnesota Statutes 1978, Section 429.061, Subdivision 1, is amended to read:

429.061 [ASSESSMENT PROCEDURE.] Subdivision 1. [CALCULATION, NOTICE.] At any time after (A CONTRACT IS LET OR THE WORK ORDERED BY DAY LABOR,) the expense incurred or to be incurred in (ITS) making *an improvement* shall be calculated under the direction of the council (.), the council shall (THEN) determine by resolution the amount of the total expense the municipality will pay, other than the amount, if any, which it will pay as a property owner, and the amount to be assessed. Thereupon the clerk, with the assistance of the engineer or other qualified person selected by the council, shall calculate the proper amount to be specially assessed for the improvement against every assessable lot, piece or parcel of land, without regard to cash valuation, in accordance with the provisions of section 429.051. The proposed assessment roll shall be filed with the clerk and be open to public inspection. The clerk shall thereupon, under the council's direction, publish notice that the council will meet to consider the proposed assessment. Such notice shall be published in the newspaper at least once and shall be mailed to the owner of each parcel described in the assessment roll. For the purpose of giving mailed notice under this subdivision, owners shall be those shown to be such on the records of the county auditor or, in any county where tax statements are mailed by

the county treasurer, on the records of the county treasurer; but other appropriate records may be used for this purpose. Such publication and mailing shall be no less than two weeks prior to such meeting of the council. Except as to the owners of tax exempt property or property taxes on a gross earnings basis, every property owner whose name does not appear on the records of the county auditor or the county treasurer shall be deemed to have waived such mailed notice unless he has requested in writing that the county auditor or county treasurer, as the case may be, include his name on the records for such purpose. Such notice shall state the date, time, and place of such meeting, the general nature of the improvement, the area proposed to be assessed, that the proposed assessment roll is on the file with the clerk, and that written or oral objections thereto by any property owner will be considered. *No appeal may be taken as to the amount of any assessment adopted pursuant to subdivision 2, unless a written objection signed by the affected property owner is filed with the municipal clerk prior to the assessment hearing or presented to the presiding officer at the hearing.* The notice shall also state that an owner may appeal an assessment to district court pursuant to section 429.081 by serving notice of the appeal upon the mayor or clerk of the municipality within 20 days after the adoption of the assessment and filing such notice with the district court within ten days after service upon the mayor or clerk. The notice shall also inform property owners of the provisions of sections 435.193 to 435.195 and the existence of any deferment procedure established pursuant thereto in the municipality.

Sec. 2. Minnesota Statutes 1978, Section 429.061, Subdivision 2, is amended to read:

Subd. 2. [ADOPTION; INTEREST.] At such meeting or at any adjournment thereof the council shall hear and pass upon all objections to the proposed assessment, whether presented orally or in writing. The council may amend the proposed assessment as to any parcel and by resolution adopt the same as the special assessment against the lands named in the assessment roll. Notice of any adjournment of the hearing shall be adequate if the minutes of the meeting so adjourned show the time and place when and where the hearing is to be continued, or if three days notice thereof be published in the newspaper.

The council may consider any objection to the amount of a proposed assessment as to a specific parcel of land at an adjourned hearing upon further notice to the affected property owner as it deems advisable. At the adjourned hearing the council or a committee of it may hear further written or oral testimony on behalf of the objecting property owner and may consider further written or oral testimony from appropriate city officials and other witnesses as to the amount of the assessment. The council or committee shall prepare a record of the proceedings at the adjourned hearing and written findings as to the amount of the assessment. The amount of the assessment as finally determined

by the council shall become a part of the adopted assessment roll. All objections to the assessments not received at the assessment hearing in the manner prescribed by this section are waived, unless the failure to object at the assessment hearing is due to a reasonable cause.

The assessment, with accruing interest, shall be a lien upon all private and public property included therein, from the date of the resolution adopting the assessment, concurrent with general taxes; but the lien shall not be enforceable against public property as long as it is publicly owned, and during such period the assessment shall be recoverable from the owner of such property only in the manner and to the extent provided in section 435.19. Except as provided below, all assessments shall be payable in equal annual installments extending over such period, not exceeding 30 years, as the resolution determines, payable on the first Monday in January in each year, but the number of installments need not be uniform for all assessments included in a single assessment roll if a uniform criterion for determining the number of installments is provided by the resolution. The first installment of each assessment shall be included in the first tax rolls completed after its adoption and shall be payable in the same year as the taxes contained therein; except that the payment of the first installment of any assessment levied upon unimproved property may be deferred until a designated future year, or until the platting of the property or the construction of improvements thereon, upon such terms and conditions and based upon such standards and criteria as may be provided by resolution of the council. In any event, every assessment the payment of which is so deferred, when it becomes payable, shall be divided into a number of installments such that the last installment thereof will be payable not more than 30 years after the levy of the assessment. All assessments shall bear interest at such rate as the resolution determines, not exceeding eight percent per annum, except that the rate may in any event equal the average annual interest rate on bonds issued to finance the improvement for which the assessments are levied. To the first installment of each assessment shall be added interest on the entire assessment from a date specified in the resolution levying the assessment, not earlier than the date of the resolution, until December 31 of the year in which the first installment is payable, and to each subsequent installment shall be added interest for one year on all unpaid installments; or alternatively, any assessment may be made payable in equal annual installments including principal and interest, each in the amount annually required to pay the principal over such period with interest at such rate as the resolution determines, not exceeding the maximum period and rate specified above. In the latter event no prepayment shall be accepted under subdivision 3 without payment of all installments due to and including December 31 of the year of prepayment, together with the original principal amount reduced only by the amounts of principal included in such installments, computed on an annual amortization basis. When payment of an assessment is deferred, as authorized in this subdivision, interest there-

on for the period of deferment may be made payable annually at the same times as the principal installments of the assessment would have been payable if not deferred; or interest for this period may be added to the principal amount of the assessment when it becomes payable; or, if so provided in the resolution levying the assessment, interest thereon to December 31 of the year before the first installment is payable may be forgiven.

Sec. 3. Minnesota Statutes 1978, Section 429.081, is amended to read:

429.081 [APPEAL TO DISTRICT COURT.] Within 30 days after the adoption of the assessment, any person aggrieved, *who is not precluded by failure to object prior to or at the assessment hearing, or whose failure to so object is due to a reasonable cause*, may appeal to the district court by serving a notice upon the mayor or clerk of the municipality. The notice shall be filed with the clerk of the district court within ten days after its service. The municipal clerk shall furnish appellant a certified copy of objections filed in the assessment proceedings, the assessment roll or part complained of, and all papers necessary to present the appeal. The appeal shall be placed upon the calendar of the next general term commencing more than five days after the date of serving the notice and shall be tried as other appeals in such cases. The court shall either affirm the assessment or set it aside and order a reassessment as provided in section 429.071, subdivision 2. If appellant does not prevail upon the appeal, the costs incurred shall be taxed by the court and judgment entered therefor. All objections to the assessment shall be deemed waived unless presented on such appeal. This section provides the exclusive method of appeal from a special assessment levied pursuant to this chapter.

ARTICLE XII

REVENUE RECAPTURE ACT

Section 1. [CITATION.] *This article may be cited as the "revenue recapture act".*

Sec. 2. [PURPOSE.] *The purpose of this article is to establish a system of collecting debts owed to state government by applying any of the debtor's tax refunds to the amount of his debt. To further this purpose a policy of cooperation is established between the department of revenue and claimant agencies in identifying individuals who both owe a claimant agency money and qualify for a tax refund.*

Sec. 3. [DEFINITIONS.] *Subdivision 1. For purposes of sections 1 to 14, the terms defined in this section have the meanings given them.*

Subd. 2. "Claimant agency" means any state agency, as defined by Minnesota Statutes, Section 15.0411, Subdivision 2, and public agency responsible for child support enforcement.

Subd. 3. "Commissioner" means the commissioner of revenue.

Subd. 4. "Debtor" means a natural person obligated on a debt to a claimant agency.

Subd. 5. "Debt" means a legal obligation of a natural person to pay a fixed and certain amount of money, which equals or exceeds \$25 and which is due and payable to a claimant agency. A debt may arise under a contractual or statutory obligation, a court order, or other legal obligation, but need not have been reduced to judgment. A debt does not include any legal obligation of a current recipient of assistance which is based on overpayment of an assistance grant.

Subd. 6. "Department" means the department of revenue.

Subd. 7. "Refund" means an individual income tax refund, pursuant to Minnesota Statutes, Chapter 290, or a property tax credit or refund, pursuant to chapter 290A.

Sec. 4. [AGENCY PARTICIPATION.] Subdivision 1. The collection remedy under this section is in addition to and not in substitution for any other remedy available by law.

Subd. 2. Any debt owed to a claimant agency shall be submitted by the agency for collection under the procedure established by sections 1 to 14 unless (a) an alternative means of collection is pending and believed to be adequate, (b) the collection attempt would result in a loss of federal funds, or (c) the agency is unable to supply the department with the necessary identifying information required by subdivision 3 or rules promulgated by the commissioner.

Subd. 3. For each debt submitted, the claimant agency shall provide the commissioner with the name and social security number of the debtor and any other identifying information required by rules promulgated by the commissioner.

Subd. 4. Whenever possible, a claimant agency shall obtain the identifying information required by subdivision 3 from any individual for whom the agency provides any service or transacts any business and who the claimant agency can foresee may become a debtor of the claimant agency.

Sec. 5. [MINIMUM SUM COLLECTIBLE.] The minimum sum which a claimant agency may collect through use of the set-off procedure is \$25.

Sec. 6 [COLLECTION OF DEBTS THROUGH SET-OFF.]

Subject to the limitations of sections 1 to 14, the department shall, upon request by a claimant agency, render assistance in the collection of any debt owing to the agency. This assistance shall be provided by use of a procedure in which the sum of the refund due the debtor is applied to the amount due and owing from the debtor to the claimant agency.

Sec. 7. [PROCEDURE FOR SET-OFF COLLECTION.]

Subdivision 1. [NOTIFICATION REQUIREMENT.] *On or before December 15 any claimant agency, seeking collection of a debt through set-off against a refund due in the succeeding year, shall submit to the commissioner information indicating the amount of each debt and information identifying the debtor, as required by section 4, subdivision 3. Subject to the notification deadline specified above, the notification shall be effective only to initiate set-off for claims against refunds that would be made in the calendar year subsequent to the year in which notification is made to the commissioner.*

Subd. 2. [SET-OFF PROCEDURES.] (a) *The commissioner, upon receipt of notification, shall initiate procedures to detect any refunds otherwise payable to the debtor. When the commissioner determines that a refund is due to a debtor whose debt was submitted by a claimant agency, the commissioner shall remit the refund or the amount claimed, whichever is less, to the agency. In transferring or remitting moneys to the claimant agency, the commissioner shall provide information indicating the amount applied against each debtor's obligation and the debtor's address listed on the tax return.*

(b) *The commissioner shall remit to the debtor the amount of any refund due in excess of the debt submitted for set-off by the claimant agency. Notice of the amount set-off and address of the claimant agency shall accompany any disbursement to the debtor of the balance of a refund.*

Subd. 3. [DEPOSIT OF FUNDS.] *Any amounts remitted or transferred to state agencies shall be deposited as provided in Minnesota Statutes, Section 16A.72.*

Subd. 4. [EFFECT OF TRANSFER OR PAYMENT.] *Transfer or remittance of funds to a claimant agency pursuant to this section constitutes payment of the department's obligation to refund the sums as overpayments of taxes or property tax credits or refunds. Any action for the set-off funds shall be made against the claimant agency pursuant to section 9.*

Subd. 5. [INTEREST ON REFUNDS.] *Any refund wrongfully or incorrectly applied to a debt and transferred to a claimant agency shall be paid by the agency to the debtor. The sum wrongfully or incorrectly withheld shall bear interest at six*

percent per year, computed from the date when the refund would begin to bear interest under Minnesota Statutes, Section 290.92, Subdivision 13, Clause (1), regardless of whether the refund is payable under Minnesota Statutes, Chapter 290 or 290A. If the claimant agency is a state agency, the payment shall be made out of the agency's appropriation.

Sec. 8. [NOTICE AND HEARING REQUIRED.] Subdivision 1. Not later than five days after the claimant agency has sent notification to the department pursuant to section 7, subdivision 1, the claimant agency shall send a written notification to the debtor asserting the right of the claimant agency to the refund or any part thereof.

Subd. 2. (a) This written notice shall clearly set forth the basis for the claim to the refund and, further, shall advise the debtor of the claimant agency's intention to request set-off of the refund against the debt.

(b) The notice will also advise the debtor of his right to contest the validity of the claim at a hearing. The debtor must assert this right by written request to the claimant agency, which request the agency must receive within 45 days of the mailing date of the original notice, as required by subdivision 1.

Sec. 9. [CONTESTED CLAIMS PROCEDURE.] Subdivision 1. If a claimant agency, except for a public agency responsible for child support enforcement, receives written notice of a debtor's intention to contest at hearing the claim upon which the intended set-off is based, it shall initiate a hearing according to contested case procedures established in the state administrative procedure act not later than 30 days after receipt of the debtor's request for a hearing. The public agency responsible for child support enforcement shall provide for hearing in the manner prescribed by Minnesota Statutes, Section 256.045.

Subd. 2. No issue may be raised at the hearing which has been previously litigated. If a debt is based on a court judgment or court order, the hearing required by subdivision 1 need not, but may be granted at the sole discretion of the commissioner of the claimant agency.

Sec. 10. [PRIORITY OF CLAIMS.] If two or more debts, in a total amount exceeding the debtor's refund, are submitted for set-off, the priority of payment shall be as follows: First, any delinquent tax obligations of the debtor which are owed to the department shall be satisfied. Secondly, the refund shall be applied to the remaining debts based on the order in time in which the commissioner received the debts.

Sec. 11. [DATA PRIVACY.] Notwithstanding Minnesota Statutes, Sections 290.61 and 290A.17, private and confidential

data on individuals may be exchanged among the department, the claimant agency, and the debtor as necessary to accomplish and effectuate the intent of sections 1 to 14, as provided by Minnesota Statutes, Section 15.163, Subdivision 4, Clause (b). The department may disclose to the claimant agency only the debtor's name, address, social security number and the amount of the refund. Any person employed by, or formerly employed by, a claimant agency who discloses any such information for any other purpose, shall be subject to the civil and criminal penalties of Minnesota Statutes, Sections 15.167 and 290.61.

Sec. 12. [RULES.] *The commissioner is authorized to develop and to require the use of any necessary forms. The commissioner or a claimant agency is authorized to make any rules necessary to effectuate the purposes of sections 1 to 14. Pursuant to this authority, temporary rules may be adopted pursuant to Minnesota Statutes, Section 15.0412, Subdivision 5.*

Sec. 13. [APPROPRIATION.] *A sum sufficient is appropriated from the general fund to the commissioner of revenue for the purpose of administering this article. This appropriation shall be available until June 30, 1981.*

Sec. 14. [EFFECTIVE DATE.] *Sections 1 to 14 are effective for tax refunds payable after December 31, 1980.*

ARTICLE XIII

TRANSPORTATION

Section 1. Minnesota Statutes, 1979 Supplement, Section 473.446, Subdivision 1, is amended to read:

473.446 [TRANSIT TAX LEVIES.] Subdivision 1. [AMOUNT.] *For the purposes of sections 473.401 to 473.451 and the metropolitan transit system, the metropolitan transit commission shall levy each year upon all taxable property within the metropolitan transit taxing district, defined (HEREIN) in this section, a transit tax consisting of:*

(a) *An amount (EQUAL TO 1.72) not to exceed 2.0 mills times the assessed value of all such property, the proceeds of which shall be used for payment of the expenses of operating regular route bus service;*

(b) *An additional amount, if any, as the commission determines to be necessary to provide for the full and timely payment of its certificates of indebtedness and other obligations outstanding on July 1, 1977, to which property taxes under this section have been pledged; and*

(c) An additional amount necessary to provide full and timely payment of certificates of indebtedness, bonds, or other obligations issued pursuant to section 473.436 for purposes of acquisition and betterment of property and other improvements of a capital nature and to which the commission has specifically pledged tax levies under this clause.

Sec. 2. [JOINT COMMUTER RAIL STUDY COMMISSION.] *Subdivision 1. A joint commuter rail study commission is established for the purpose of conducting a feasibility study for the development of commuter rail transit service between the St. Cloud metropolitan area and the Minneapolis-St. Paul metropolitan area.*

Subd. 2. The commission consists of eleven members as follows:

(a) one member of the St. Cloud transit commission appointed by that commission;

(b) one member of the St. Cloud area planning organization appointed by the chairperson of that organization;

(c) two members of the metropolitan council appointed by that council;

(d) two members of region 7W;

(e) two members of the house of representatives whose districts will contain a portion of the affected corridor, to be appointed by the speaker of the house;

(f) two members of the senate whose districts will contain a portion of the affected corridor, to be appointed by the president of the senate;

(g) the commissioner of the department of transportation or his designee, who shall be chairman of the commission.

Subd. 3. The joint commission shall report its findings and recommendations to the legislature on or before January 1, 1982. The report shall cover, but not be limited to, the issues of available corridors and rights-of-way, define necessary physical improvements, make potential ridership projections, and make recommendations for funding of capital and operating costs.

Subd. 4. The sum of \$50,000 is appropriated to the department of transportation from the general fund for the purposes of this section. The sum is available the day after final enactment and until January 1, 1982.

Subd. 5. This section is repealed January 1, 1982.

Sec. 3. [FEASIBILITY STUDY OF LIGHT RAIL TRANSIT IN METROPOLITAN AREA.] *The sum of \$150,000 is appropriated from the general fund to the metropolitan council established by Minnesota Statutes, Section 473.123. The council shall conduct a feasibility study of the use of light rail transit in the metropolitan area. The sum is available the day after final enactment and until June 1, 1981.*

The study shall:

(a) *define major operational characteristics of a light rail transit system in selected corridors;*

(b) *quantify capital and operating costs;*

(c) *evaluate the interface of the light rail transit system with other transit systems;*

(d) *evaluate the impact of the light rail transit system on land-use and urban development;*

(e) *evaluate the impact of the light rail transit system on energy and the environment;*

(f) *compare light rail transit with diesel and electric driven buses and multipassenger alternatives;*

(g) *identify available sources of funds from federal, state, local, private and other sources; and,*

(h) *identify the conditions necessary for light rail transit to be feasible in the metropolitan area.*

Findings and recommendations shall be presented to the seventy-second session of the legislature.

Sec. 4. [EFFECTIVE DATE.] *Section 1 is effective for taxes levied in 1980 and thereafter, payable in 1981 and thereafter. Sections 2 and 3 are effective the day after final enactment.*

ARTICLE XIV

STATE INVESTMENT BOARD

Section 1. [11A.01] [STATEMENT OF PURPOSE.] *The purpose of sections 1 to 23 is to establish standards which will insure that state and pension assets subject to this legislation will be responsibly invested to maximize the total rate of return without incurring undue risk.*

Sec. 2. [11A.02] [DEFINITIONS.] Subdivision 1. For the purposes of sections 1 to 23, the terms defined in this section shall have the meanings given them.

Subd. 2. "State board" means the Minnesota state board of investment created by Article XI, Section 8 of the constitution of the state of Minnesota for the purpose of administering and directing the investment of all state funds and pension funds.

Subd. 3. "Council" means the investment advisory council created by section 6.

Subd. 4. "Fund" means any of the individual funds, including but not limited to the permanent school fund, general fund of the state, retirement funds and other funds and accounts for which the state board has responsibilities.

Subd. 5. "Director" means the executive director of the state board.

Subd. 6. "Management" means the performance or delegation of general management duties relating to any fund established pursuant to this chapter.

Sec. 3. [11A.03] [STATE BOARD; MEMBERSHIP; ORGANIZATION.] Pursuant to Article XI, Section 8, of the constitution of the state of Minnesota, the state board shall be composed of the governor, state auditor, state treasurer, secretary of state and attorney general. The governor shall serve as ex officio chairman of the state board.

Sec. 4. [11A.04] [DUTIES AND POWERS.] The state board shall:

(1) Act as trustees for each fund for which it invests or manages moneys in accordance with the standard of care set forth in section 7.

(2) Formulate policies and procedures deemed necessary and appropriate to carry out its functions. Procedures adopted by the board shall allow fund beneficiaries and members of the public to become informed of proposed board actions. Procedures and policies of the board shall not be subject to the administrative procedure act.

(3) Employ an executive director as provided in section 5.

(4) Employ investment advisors and consultants as it deems necessary.

(5) Prescribe policies concerning personal investments of all employees of the board to prevent conflicts of interest.

(6) *Maintain a record of its proceedings.*

(7) *As it deems necessary, establish advisory committees subject to the provisions of Minnesota Statutes, Section 15.059 to assist the board in carrying out its duties.*

(8) *Not permit state funds to be used for the underwriting or direct purchase of municipal securities from the issuer or his agent.*

(9) *Direct the state treasurer to sell property other than money which has escheated to the state when the board determines that sale of the property is in the best interest of the state. Escheated property shall be sold to the highest bidder in the manner and upon terms and conditions prescribed by the board.*

(10) *Undertake any other activities necessary to implement the duties and powers set forth in this section.*

(11) *Establish a formula or formulas to measure management performance and return on investment. All public pension funds in the state shall utilize the formula or formulas developed by the state board.*

Sec. 5. [11A.07] [EXECUTIVE DIRECTOR.] Subdivision 1. [SELECTION.] *The state board shall select an executive director.*

Subd. 2. [QUALIFICATIONS.] *The director of the state board shall be well qualified by training to administer and invest the money available for investment and possess experience in the management of institutional investment portfolios. The director shall be in the unclassified state service and serve at the pleasure of the state board.*

Subd. 3. [CONFIRMATION.] *The employment of the director shall be subject to the advice and consent of the senate in the same manner as the appointment of executive officers is confirmed by the senate.*

Subd. 4. [DUTIES AND POWERS.] *The director, at the direction of the state board, shall:*

(1) *Plan, direct, coordinate and execute administrative and investment functions in conformity with the policies and directives of the state board.*

(2) *Employ such professional and clerical staff as is necessary within the complement limits established by the legislature. These employees shall be in the unclassified service of the state.*

(3) Report to the state board on all operations under his control and supervision.

(4) Maintain accurate and complete records of securities transactions and official activities.

(5) Purchase and sell all securities on the basis of competitive offerings or bids received from at least two firms known to specialize in the securities being traded and likely to position these securities in relevant quantities. Competitive bidding shall not be required when the securities to be traded are: listed or traded on a major United States exchange, bound by underwriting restrictions or classified as private placements and offered only to a limited number of institutional investors.

(6) Cause all securities acquired to be kept in the custody of the state treasurer or such other depositories as the state board deems appropriate.

(7) Prepare and file with the director of the legislative reference library on or before November 15 of each year, a report summarizing the activities of the state board, the council and the director during the preceding fiscal year. The report shall be prepared so as to provide the legislature and the people of the state with a clear, comprehensive summary of the portfolio composition, the transactions, the total annual rate of return and the yield to the state treasury and to each of the funds whose assets are invested by the state board, and the recipients of business placed or commissions allocated among the various commercial banks, investment bankers and brokerage organizations. This report shall contain financial statements for funds managed by the board prepared in accordance with generally accepted accounting principles.

(8) Require state officials from any department or agency to produce and provide access to any financial documents the state board deems necessary in the conduct of their investment activities.

(9) Receive and expend legislative appropriations.

(10) Undertake any other activities necessary to implement the duties and powers set forth in this subdivision.

Sec. 6. [11A.08] [INVESTMENT ADVISORY COUNCIL.] Subdivision 1. [MEMBERSHIP.] There is created an investment advisory council consisting of ten members who are experienced in general investment matters and who shall be appointed by the state board, the commissioner of finance and the executive directors of each of the following: the Minnesota state retirement system, the public employees retirement association,

the teachers retirement association and the Minneapolis municipal employees retirement fund.

Subd. 2. [DUTIES AND POWERS.] *The council shall:*

(1) Advise the state board and the director on general policy matters relating to investments;

(2) Advise the state board and the director on methods to improve the rate of return on invested money while insuring adequate security for that money;

(3) Advise the state board and the director on the form and content of the report required by section 5, subdivision 4, clause (7), so that the report clearly and objectively discloses the investment activities of the state board and the director;

(4) Perform other tasks of an advisory nature as requested by the state board.

Subd. 3. [OFFICERS; MEETINGS.] *The council shall annually elect a chairman and vice chairman from among its members, and may elect other officers as necessary. The council shall meet at least every other month and upon the call of the chairman of the council or the chairman of the state board.*

Subd. 4. [TERMS; COMPENSATION; REMOVAL; VACANCIES.] *The membership terms, compensation and removal of members appointed by the state board, and filling of vacancies of such members shall be as provided in Minnesota Statutes, Section 15.059 except that council members shall not receive a per diem.*

Subd. 5. [LIABILITY; INDEMNIFICATION.] *A member of the council shall be indemnified and held harmless by the state for any reasonable costs or expenses incurred as a result of any actual or threatened litigation or administrative proceedings arising out of the performance of the member's duties, except an action brought by the state or agency thereof arising from the failure of a council member to perform duties in the manner prescribed in section 7.*

Subd. 6. [CONFLICT OF INTEREST; ECONOMIC INTEREST STATEMENT.] *No member of the council may participate in deliberations or vote on any matter before the council which will or is likely to result in direct, measurable economic gain to the member. Additionally, no member of the council appointed by the state board may participate in deliberations or vote on any matter before the council which will or is likely to result in direct, measurable economic gain to his employer. Members of the council shall file with the board of ethical practices an*

economic interest statement in a manner as prescribed by Minnesota Statutes, Section 10A.09, Subdivisions 5 and 6.

Sec. 7. [11A.09] [STANDARD OF CARE.] *In the discharge of their respective duties, the members of the state board, director, board staff, members of the council and any other person charged with the responsibility of investing money pursuant to the standards set forth in sections 1 to 23 shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom.*

Sec. 8. [11A.10] [DUTIES OF OTHER OFFICIALS.]
Subdivision 1. [CUSTODY OF SECURITIES.] *The state treasurer and other custodians of securities belonging to the various funds shall provide in the appropriate cases the state board and its delegates with reasonable access thereto. Each security shall be held as an asset of the fund from which the investment expenditure was made.*

Subd. 2. [ESCHEATED PROPERTY.] *The commissioner of finance shall report immediately to the state board all personal property other than money received by the state of Minnesota as escheated property. If the state board elects to sell escheated property, all moneys received from the sale shall be credited to the general fund of the state.*

Subd. 3. [AUDITS.] *State audits of the activities of the state board and its delegates shall be conducted by the legislative auditor.*

Subd. 4. [OFFICE SPACE.] *The commissioner of administration shall provide the director and staff with suitable office and storage space in the state capitol complex as near as practicable to the office of the state treasurer.*

Sec. 9. [11A.11] [INVESTMENT AND EXPENSE APPROPRIATION.] *There is appropriated to the state board annually, and from time to time, the various moneys as are available for investment in the various funds subject to their supervision and control, for the purposes of the purchase, sale, exchange and lending of securities, reinvestment activities, payment of the execution expenses of securities transactions, amortization of premiums or accumulation of discounts, and contribution and redemption of participation in the funds.*

Sec. 10. [11A.12] [GAINS AND LOSSES; DISPOSITION.] *All interest and profit accruing from and all losses incurred by investment activity shall be credited to or borne by the fund from which the investment was made.*

Sec. 11. [11A.13] [ASSETS AND DOCUMENTATION.] Subdivision 1. [LEGAL TITLE TO FUND ASSETS.] *Legal title to the assets of state funds to be invested by the state board shall be in the state of Minnesota, or its nominees. Legal title to pension funds to be invested by the state board shall be in the state board, or its nominees, as trustees for any person having a beneficial interest in the applicable fund subject to the rights of the particular funds maintaining shares, investment participation or units in the accounts to their credit.*

Subd. 2. [RIGHTS OF EMPLOYEES; VALIDITY OF DOCUMENTATION.] *The rights of any public employee to any assets in the retirement funds shall be as fixed by the law or laws authorizing or requiring a retirement fund to purchase or order the redemption of investment participations or units on behalf of the public employee. The state board may rely on the documents, forms and applications of the various retirement funds which accompany money for investment or orders to redeem assets as being made in concert with the applicable law and with the rights of the public employees concerned. Accordingly, the state board need not inquire into the legality or validity of any documents, forms and applications.*

Sec. 12. [11A.14] [MINNESOTA COMBINED INVESTMENT FUND.] Subdivision 1. [ESTABLISHMENT.] *There is hereby established a Minnesota combined investment fund for the purpose of providing an investment vehicle for assets of the participating funds. The combined fund shall consist of the following investment accounts: a cash management account and an equity account.*

Subd. 2. [ASSETS.] *The assets of the combined investment fund shall consist of the moneys certified to and received by the state board from participating retirement plans and funds which shall be used to purchase investment shares in the appropriate investment accounts. Each participating fund shall own an undivided participation in all the assets of the combined fund. As of any date, the total claim of a participating fund on the assets in each account shall be equal to the ratio of units owned by a fund in each account to the total issued units then outstanding.*

Subd. 3. [MANAGEMENT.] *The combined investment fund shall be managed by the state board.*

Subd. 4. [INVESTMENTS.] *The assets of the combined investment fund shall be invested by the state board subject to the provisions of section 22 with the following exceptions:*

(a) *The cash management account shall be invested in fixed-income obligations with maturities of less than three years.*

(b) *The equity account may be completely invested in corporate stocks.*

Subd. 5. [PARTICIPATING PUBLIC RETIREMENT PLANS OR FUNDS.] *The following public retirement plans and funds shall participate in the Minnesota combined investment fund:*

(1) State employees retirement fund established pursuant to Minnesota Statutes, Chapter 352;

(2) Correctional employees retirement plan established pursuant to Minnesota Statutes, Chapter 352;

(3) Highway patrol retirement fund established pursuant to Minnesota Statutes, Chapter 352B;

(4) Public employees retirement fund established pursuant to Minnesota Statutes, Chapter 353;

(5) Public employees police and fire fund established pursuant to Minnesota Statutes, Chapter 353;

(6) Teachers retirement fund established pursuant to Minnesota Statutes, Chapter 354;

(7) Judges retirement fund established pursuant to Minnesota Statutes, Chapter 490; and

(8) Any other fund required by law to participate.

Subd. 6. [INITIAL TRANSFER OF ASSETS.] *As of July 1, 1980, or a later date as determined by the state board, the participating funds shall transfer to the combined investment fund all appropriate securities then held together with cash necessary for the purchase of even units in the combined fund accounts.*

Subd. 7. [INITIAL VALUATION OF ASSETS AND UNITS.] *All assets transferred to the Minnesota combined investment fund shall be valued at their current market value as determined by the state board, including accrued interest. The initial value of each account unit shall be \$1,000 with each participating fund allocated units in the various accounts of the Minnesota combined investment fund in the same proportion as their assets are to the total assets in each account.*

Subd. 8. [UNREALIZED APPRECIATION (DEPRECIATION) ACCOUNT.] *Any unrealized gains or losses in the value of investments incurred by a transferring fund shall be recorded in an unrealized appreciation (depreciation) account which is hereby created. Any future unrealized gains or losses shall also be recorded in this account at the close of each fiscal year.*

Subd. 9. [VALUATION OF UNITS.] (1) Valuation of units for the equity account in the Minnesota combined investment fund shall be performed as of the last business day of each month, or more frequently should the state board determine that additional valuation dates are necessary. Valuation of units for the cash management account in the Minnesota combined investment fund shall be performed daily for every business day.

(2) The value of a unit for each account shall be determined by the following procedure:

(a) As of the close of business on the valuation date the state board shall determine the fair market value of each asset in each account, using the references, pricing services, consultants, or other methods as the state board deems appropriate.

(b) The sum total of the market value of all securities plus cash, less the value of undistributed income in each account, shall be divided by the number of units issued and outstanding for the account to determine the value per account unit.

Subd. 10. [PURCHASE AND REDEMPTION OF UNITS.] Purchase and redemption of units shall be on the first business day following the valuation date. All transactions shall be at the unit value as established on the immediately preceding valuation date. Except for the initial purchase of units by an authorized participant, all purchases and redemptions shall be made in cash unless the state board determines that an exception is necessary.

Subd. 11. [EARNINGS DEFINED.] Investment earnings shall be the sum total of the following of each account:

(1) Dividends receivable on securities trading ex-dividend up to and including the valuation date.

(2) Cash dividends received to and including the valuation date that were not accounted for on a previous valuation date.

(3) Accrued interest to and including the valuation date.

(4) Interest received which had not been accrued and accounted for on a prior valuation date.

(5) Income from the sale of options, rights, warrants, or security lending.

(6) Other income received to and including the valuation date.

Subd. 12. [DISTRIBUTION OF EARNINGS.] At least once each month the state board shall distribute to each partici-

pant net earnings determined proportionately in accordance with their average unit holdings in each account during the period. Unless otherwise directed by the participating fund, any distributions shall be used to purchase additional units in the accounts.

Subd. 13. [RECORDS REQUIRED.] The executive director of the state board shall keep accounting records. The records shall reflect the number of units in the Minnesota combined investment fund owned by each participating fund. No certificates or other evidence of ownership shall be required.

Subd. 14. [REPORTS REQUIRED.] As of each valuation date, or as often as the state board determines, each participant shall be informed of the number of units owned and the current value of the units. Annually, the state board shall provide to each participant, financial statements prepared in accordance with generally accepted accounting principles.

Sec. 13. [11A.15] [STATE BOND FUND.] Subdivision 1. [ESTABLISHMENT.] Pursuant to Article XI, Section 7, of the constitution of the state of Minnesota, there is hereby established a state bond fund for the purpose of the timely payment of principal and interest on bonds for which the full faith and credit of the state has been pledged. The state bond fund shall be a continuation of the state bond fund in existence on January 1, 1980.

Subd. 2. [ASSETS.] Any money appropriated to the state bond fund, any income arising from the invested assets of the state bond fund which is not immediately required to pay the principal or interest on state bonds and any proceeds arising from the sale of any securities in the state bond fund shall constitute the assets of the state bond fund.

Subd. 3. [MANAGEMENT.] The state bond fund shall be managed by the state treasurer who shall, from time to time, certify to the state board those portions of the state bond fund which in the judgment of the state treasurer are not required for immediate use.

Subd. 4. [INVESTMENT.] the state board shall invest assets of the state bond fund subject to the provisions of section 23.

Subd. 5. [WITHDRAWAL OF ASSETS.] Securities sufficient to equal the amount of money certified by the state treasurer as necessary to pay the principal or interest due on state bonds in excess of any cash on hand shall be sold at the request of the state treasurer and the certified amount of money shall be transferred to the state treasurer.

Subd. 6. [CREDIT OF INCOME TOWARDS SUBSEQUENT APPROPRIATIONS.] Notwithstanding provisions of

section 10, the net income of the state bond fund after the recovery of any losses from the sale of securities shall be deducted from the amount of any subsequent appropriations for the payment of principal and interest of state bonds.

Sec. 14. [11A.16] [PERMANENT SCHOOL FUND.] Subdivision 1. [ESTABLISHMENT.] Pursuant to Article XI, Section 8, of the constitution of the state of Minnesota, there is hereby established a permanent school fund which shall be a continuation of the permanent school fund in existence on January 1, 1980.

Subd. 2. [ASSETS.] The permanent school fund shall consist of the proceeds derived from the school lands, the swamp lands and the internal improvement lands granted to the state and all cash and investments credited to the permanent school fund, to the swamp land fund and to the internal improvement land fund.

Subd. 3. [MANAGEMENT.] The permanent school fund shall be managed by the commissioner of finance.

Subd. 4. [INVESTMENT.] The permanent school fund shall be invested by the state board in the following securities as directed by Article XI, Section 8 of the constitution of the state of Minnesota:

(a) Interest bearing fixed income securities of the United States and its agencies, including securities fully guaranteed by the United States, bonds of Minnesota or its political subdivisions or agencies, or of other states but not more than 50 percent of any issue by a political subdivision;

(b) Stocks of corporations with cash dividends paid from earnings for the five consecutive years prior to purchase, but not more than 20 percent of the fund shall be invested therein nor more than one percent in stock of any one corporation, nor more than five percent of the voting stock of any one corporation shall be owned;

(c) Bonds of corporations whose earnings have been at least three times the interest requirements on outstanding bonds for five consecutive years or longer immediately prior to purchase, but not more than 40 percent of the fund shall be so invested;

(d) The percentages referred to above shall be computed using the cost price of the stocks or bonds.

Subd. 5. [CALCULATION OF INCOME.] As of the end of each fiscal year, the state board shall calculate the investment income earned by the permanent school fund. The investment

income earned by the fund shall equal the amount of interest on debt securities and dividends on equity securities. If the sale of securities results in a net loss during a fiscal year, the net loss shall be recovered from interest and dividend income in equal installments over a period equal to (a) the average period prior to maturity remaining on the debt securities which were sold if the sale of debt securities resulted in the loss, or (b) over a period of five years if the sale of equity securities resulted in the loss unless there is a net gain in the sale of securities sufficient to eliminate the amount of the loss prior to the end of the period. In any fiscal year in which gains on the sale of securities exceed the losses on the sales of securities, the excess shall be added to the principal of the fund.

Subd. 6. [DISPOSITION OF INCOME.] Notwithstanding provisions of section 10, the income of the permanent school fund as calculated pursuant to subdivision 5, shall be credited to the permanent school fund, and transferred to the school endowment fund as needed for payments made pursuant to Minnesota Statutes, Section 124.08.

Sec. 15. [11A.17] [MINNESOTA SUPPLEMENTAL RETIREMENT INVESTMENT FUND.] Subdivision 1. [ESTABLISHMENT.] There is hereby established a supplemental retirement investment fund for the purpose of providing an investment vehicle for the assets of various public retirement plans and funds. This fund shall consist of three investment accounts: an income share account, a growth share account, and a fixed-return account. The supplemental retirement investment fund shall be a continuation of the supplemental retirement fund in existence on January 1, 1980.

Subd. 2. [ASSETS.] The assets of the supplemental retirement investment fund shall consist of the moneys certified and transmitted to the state board from the participating public retirement plans and funds and shall be used to purchase investment shares in the investment accounts specified by the plan or fund.

Subd. 3. [MANAGEMENT.] The supplemental retirement investment fund shall be managed by the state board.

Subd. 4. [INVESTMENT.] The assets of the supplemental retirement investment fund shall be invested by the state board subject to the provisions of section 22; provided, however, that the fixed-return account shall be invested entirely in debt obligations and the growth share account shall be invested as follows:

(a) Up to 100 percent of the book value may be invested in corporate stocks;

(b) Up to six percent of the book value may be invested in the stock of any one corporation;

(c) Up to ten percent of the book value may be invested in corporate stocks which do not conform with the dividend standard provided for in section 22.

Subd. 5. [PARTICIPATING PUBLIC RETIREMENT PLANS OR FUNDS.] Any public retirement plan or fund authorized or required by law to invest its assets in the supplemental retirement investment fund may from time to time as provided by law certify moneys to the state board for the purchase of investment shares in the investment accounts of the supplemental retirement investment account. The state board shall credit each purchase of investment shares to the appropriate participating public retirement plan or fund and shall confirm each purchase in writing to the appropriate plan or fund. Each participating public retirement plan or fund shall maintain adequate records to account for moneys certified to the supplemental retirement investment fund.

Subd. 6. [PARTICIPATION IN FUND.] Each public retirement plan or fund which has certified moneys to the state board for investment in the supplemental retirement investment fund shall have a participation in each investment account of the fund in which it has moneys invested. The participation shall be determined by the ratio of the number of shares credited to the public retirement plan or fund to the total number of shares in that account.

Subd. 7. [PURCHASE OF SHARES.] The state board shall allocate shares in the investment account or accounts at least monthly following the receipt of the funds for purchase of shares from the public retirement plan or fund as specified in the certification. The purchase price for shares shall be determined using the procedure specified in subdivision 9.

Subd. 8. [REDEMPTION OF SHARES.] The state board shall redeem shares in the investment account or accounts on the first business day after the valuation date next following the receipt of the request for redemption of shares from the public retirement plan or fund. The redemption value for shares shall be determined using the procedure specified in subdivision 9. Moneys representing the value of the redeemed shares shall be transmitted to the public retirement plan or fund making the request.

Subd. 9. [VALUATION OF INVESTMENT SHARES.] The value of investment shares in the income share investment account or in the growth share investment account shall be determined by dividing the total market value of the securities constituting the respective account by the total number of shares then outstanding in the investment account. Whenever the value of investment shares of an investment account has exceeded \$10 per share for a period of six consecutive months, each invest-

ment share in the investment account may be split at the direction of the board on a two new shares for one prior share basis. The value of investment shares in the fixed-return investment account shall be \$5 per share; provided, however, if the fixed-return investment account shares are redeemed by a public retirement fund where the shares are not attributable to the individual account of any person prior to the expiration of the multi-year period set by the board for the payment of the applicable assumed rate, the value of the investment shares shall be at market value. Terms as to withdrawal schedules will be agreed upon by the public retirement fund and the state board. Notwithstanding the provisions of section 10, the investment income earned by the fixed-return investment account shall be used to purchase additional shares on behalf of each participating public retirement plan or fund.

Subd. 10. [CERTIFICATIONS FOR INVESTMENT AND REQUESTS FOR REDEMPTION.] The state board may specify the required forms for certifications of moneys for investment and requests for redemption of investment shares and may require the filing of any other documents which it deems necessary.

Subd. 11. [PROSPECTUS.] Annually, on or before July 1, the state board shall prepare and shall issue a prospectus for the supplemental retirement investment fund with separate exhibits for each investment account. The exhibit for each account shall list for each security representing the current assets of the account the following items, whichever are applicable:

- (1) The purchase price of the security;
- (2) The current market value of the security;
- (3) The current dividend or interest rate of the security;
- (4) The rating of a debt security issued by a nationally recognized rating agency if it is other than a security issued or guaranteed by the United States government.

The prospectus shall set forth the statutory provisions governing the supplemental retirement investment account.

Sufficient copies of the prospectus shall be transmitted to each public retirement plan or fund participating in the supplemental retirement investment account to meet the plan or fund's distribution requirements. Ten copies of the prospectus shall be filed with the director of the legislative reference library.

Subd. 12. [RATE OF INTEREST FOR FIXED RETURN.] At the beginning of each fiscal year, the state board shall set an

assumed interest rate for moneys invested in the account during that year, with the rate applicable to all sums invested during that 12 month period. At the end of the 12 months, the state board may determine the period over which the an assumed rate is to apply to funds so invested, depending on the average yield and maturity of the securities purchased. Any earnings accrued to the account above the rate earlier indicated may be used to purchase additional shares on behalf of each participating public retirement plan or fund at fiscal year end after necessary reserves are established.

Sec. 16. [11A.18] [MINNESOTA POST-RETIREMENT INVESTMENT FUND.] Subdivision 1. [ESTABLISHMENT.] *There is hereby established a post-retirement investment fund for the purpose of providing an investment vehicle for the reserves for various retirement annuities and benefits payable by the participating retirement funds and plans. The post-retirement investment fund shall be a continuation of the Minnesota adjustable fixed benefit fund in existence on January 1, 1980.*

Subd. 2. [ASSETS.] *The assets of the post-retirement investment fund shall consist of the moneys representing the reserves for various retirement annuities and benefits payable by participating retirement funds and plans which have been certified to and received by the state board from the participating public retirement funds and plans.*

Subd. 3. [MANAGEMENT.] *The post-retirement investment fund shall be managed by the state board.*

Subd. 4. [INVESTMENT.] *The assets of the post-retirement investment fund shall be invested by the state board subject to the provisions of section 22.*

Subd. 5. [DEFERRED YIELD ADJUSTMENT ACCOUNT.] *There is hereby established a deferred yield adjustment account which shall be increased by the sale or disposition of any debt securities at less than book value and shall be decreased by the sale or disposition of debt securities at more than book value. At the end of each fiscal year, a portion of the balance of this account shall be offset against the investment income for that year. The annual portion of the balance to be offset shall be proportional to the reciprocal of the average remaining life of the bonds sold, unless the amounts are offset by gains on the future sales of these securities. The amount of this account shall be included in the recognized value of assets other than corporate stocks and all other equity investments. In any fiscal year in which the gains on the sales of debt securities exceed the discounts realized on the sales of such securities, the excess shall be used to reduce the balance of the account.*

Subd. 6. [PARTICIPATING PUBLIC RETIREMENT FUNDS OR PLANS.] Any public retirement fund or plan authorized by law to participate in the post-retirement investment fund shall no later than the commencement of a benefit payment from the post-retirement investment fund, certify and transfer to the state board moneys equal to the actuarially determined reserves required for those retirement annuities and benefits which are payable by the public retirement fund or plan and which are specified in law to be included in the participation in the fund. The state board shall confirm in writing each certification and transfer of moneys made by a participating public retirement fund or plan. Each participating public retirement fund or plan shall maintain adequate records to account for moneys transferred to the post-retirement investment fund.

Subd. 7. [PARTICIPATION IN FUND.] Each participating public retirement fund or plan which has transferred moneys to the state board for investment in the post-retirement investment fund shall have an undivided participation in the fund. The participation on any valuation date shall be determined by adding to the participation on the prior valuation date: (a) funds transferred in accordance with subdivision 6, (b) the amount of required investment income on its participation as defined in subdivision 9, clause (1)(c) and (c) the reserves for any benefit adjustment made as of the current valuation date with the result adjusted for any mortality gains or losses determined pursuant to subdivision 11.

Subd. 8. [WITHDRAWAL OF MONEYS.] Upon certification by the applicable executive director that a portion of the certified moneys representing the required reserves for various retirement annuities or benefits payable from the participating public retirement fund or plan are required for the payment of a retirement annuity or benefit, the state board shall sell sufficient securities or transfer sufficient available cash to equal the amount of money certified as required and shall order the transfer of that amount to the appropriate executive director.

Subd. 9. [CALCULATION OF POST-RETIREMENT ADJUSTMENT.] Annually, following June 30, the state board shall determine whether a post-retirement adjustment shall be payable and shall determine the amount of any post-retirement adjustment which shall be payable.

(1) The state board shall determine whether a post-retirement adjustment shall be payable using the following procedure:

(a) The state board shall determine the amount of dividends, interest, accruals and realized equity capital gains or losses applicable to the most recent fiscal year ending June 30;

(b) The participating public pension funds or plans shall determine the amount of reserves required for every annuitant and benefit recipient as of the current June 30. Every annuitant

or benefit recipient who has been receiving an annuity or benefit for at least one year as of the current June 30 shall be eligible to receive a post-retirement adjustment. Each fund shall report separately the amount of the reserves for those annuitants and benefit recipients who are eligible to receive a post-retirement benefit adjustment and those annuitants and benefit recipients who are not eligible to receive a post-retirement adjustment. The amount of the required reserves shall be certified to the board as soon as is practical following the current June 30;

(c) The state board shall determine the amount of investment income required to equal five percent of the required reserves as of the preceding June 30 adjusted by five percent of each transfer in or transfer out multiplied by the fraction of a year from the date of transfer to the current June 30. This amount of required investment income shall be subtracted from the actual amount of investment income determined pursuant to clause (1)(a), to determine the amount of excess investment income. If this amount is positive, then a post-retirement adjustment may be paid.

(2) The state board shall determine the amount of any post-retirement adjustment which is payable using the following procedure:

(a) The state board shall determine the amount of excess investment income by the method indicated in clause (1);

(b) The participating public pension funds and plans shall certify to the state board the total required reserves as of the first of January next following the end of the fiscal year for the annuitants and benefit recipients eligible to receive the post-retirement adjustment as determined by clause (1)(b);

(c) If the state board determines that the book value of the assets of the fund is less than an amount equal to 100 percent of the current June 30 required reserves, with the book value to be determined after the adjustments provided for in subdivision 11, then the board shall allocate 25 percent of the excess investment income as an asset of the fund. The remaining 75 percent will be termed available for distribution. The book value of assets on any given date shall be the cost of equity investments and the amortized cost of fixed income investments.

(d) The resulting total amount available for distribution shall be increased by two and one-half percent, and the result shall be stated as a percentage of the total required reserves pursuant to clause (2)(b), and if the percentage is equal to or greater than one percent, the amount shall be certified to each participating public pension fund or plan as the amount of the post-retirement adjustment. If the percentage is less than one percent, the amount shall be credited to a separate reserve established for this purpose. The reserve shall be invested in the same

manner as all other assets of the fund and shall be credited with any investment income as specified in clause (1)(a). Amounts credited to the reserve shall be utilized in determining a post-retirement adjustment in the subsequent year. The amount certified shall be carried to five decimal places and stated as a percentage.

Subd. 10. [PAYMENT OF POST-RETIREMENT ADJUSTMENT.] Upon receiving the certification of the amount of the post-retirement adjustment from the state board, each participating public pension fund or plan shall determine the amount of the post-retirement adjustment payable to each eligible annuitant and benefit recipient. The dollar amount of the post-retirement adjustment payable to each annuitant or benefit recipient shall be calculated by applying the certified post-retirement adjustment percentage to the amount of the monthly annuity or benefit payable to each eligible annuitant or benefit recipient. The post-retirement adjustment shall commence to be paid on January 1 following the calculations required pursuant to this section and shall thereafter be included in the monthly annuity or benefit paid to the recipient. Notwithstanding Minnesota Statutes, Section 356.18, any adjustment pursuant to this section shall be paid automatically unless the intended recipient files a written notice with the applicable participating public pension fund or plan requesting that the adjustment not be paid.

Subd. 11. [ADJUSTMENT FOR MORTALITY GAINS AND LOSSES.] As of June 30 annually, the actuary of each participating public pension fund or plan shall calculate the amount of required reserves representing any mortality gains and any mortality losses incurred by the fund or plan during the fiscal year. The actuary shall report separately the amount of the reserves for annuitants and benefit recipients who are eligible for a post-retirement benefit adjustment and the amount of reserves for annuitants and benefit recipients who are not eligible for a post-retirement benefit adjustment. If the net amount of required reserves represents a mortality gain, the participating public pension fund or plan shall certify that amount to the state board, which shall sell sufficient securities or transfer sufficient available cash to equal the amount of money certified. If the amount of required reserves represents a mortality loss, the participating public pension fund or plan shall transfer to the state board an amount equal to the amount of the net mortality loss. The amount of the transfers shall be determined before any post-retirement benefit adjustments have been made. All book values of the assets of the fund for the purposes of subdivision 9 shall be determined only after all adjustments for mortality gains and losses for the fiscal year have been made.

Subd. 12. [APPROPRIATION OF REQUIRED AMOUNTS.] All moneys necessary to meet the requirements of the certification of withdrawals and all moneys necessary to pay post-retirement adjustments pursuant to this section are

hereby and from time to time appropriated from the post-retirement investment fund to the state board.

Sec. 17. [11A.19] [VARIABLE ANNUITY INVESTMENT FUND.] *Subdivision 1. [ESTABLISHMENT.] There is hereby established a variable annuity investment fund for the purpose of providing an investment vehicle for the assets of the variable annuity program of the teachers retirement association. The variable annuity investment fund shall be a continuation of the variable annuity fund in existence on January 1, 1980.*

Subd. 2. [ASSETS.] The assets of the variable annuity investment fund shall consist of all cash and investments credited to the variable annuity program of the teachers retirement association.

Subd. 3. [MANAGEMENT.] The variable annuity investment fund shall be managed by the state board.

Subd. 4. [INVESTMENT.] The assets of the variable annuity investment fund shall be invested by the state board subject to the provisions of section 22 except that:

(a) Up to 100 percent of the book value may be invested in corporate stocks;

(b) Up to six percent of the book value may be invested in the stock of any one corporation;

(c) Up to ten percent of the book value may be invested in corporate stocks which do not conform with the dividend standard provided for in section 22, subdivision 5.

Subd. 5. [VALUATION OF FUND.] The variable annuity investment fund shall be valued by the state board bimonthly, using the closing market prices of the last business days of August, October, December, February, April and June of each fiscal year. The ratio of the total market value of investments to the admitted value of investments at the end of the preceding fiscal year, plus the cost of investments acquired, less the net receipts from investments sold during the fiscal year, shall be determined for each valuation date. The admitted value of the investments of the variable annuity investment fund at the end of each fiscal year shall be the book value of all investments held at that date multiplied by the average of the ratios at the 12 bimonthly valuation dates for the fiscal year and the immediately preceding fiscal year. The book value of investments during any fiscal year shall be the admitted value at the end of the preceding fiscal year or the cost of the investments if acquired during the fiscal year.

Subd. 6. [ACCOUNTING PROCEDURES.] Notwithstanding provisions of section 10, the following procedures shall be employed by the state board:

(1) The earnings from the investments of the variable annuity investment fund shall consist of dividends, interest and all other income derived from the investments and shall be determined on an accrual basis as of each bimonthly valuation date. The income shall be attributed to those funds in the account at the beginning of the bimonthly period. Earnings from investments shall not include changes in the admitted values of the investments.

(2) Any realized gain or loss shall be recorded in a realized appreciation account, and shall consist of the amount received on sale less the cost of the security. Unrealized gains or losses for any fiscal year shall be determined as provided in subdivision 5.

Subd. 7. [TOTAL ANNUAL INCREMENT OR DECREMENT.] The total annual increment or decrement for any one year shall be the sum of (a) the six bimonthly computations of earnings as computed under subdivision 6, clause (1); (b) total realized gains or losses for the fiscal year as computed under subdivision 6, clause (2), after adjusting for the approximate unrealized gain or loss evidenced for such securities in the admitted value; and (c) total unrealized gains or losses for the fiscal year as computed under subdivision 6, clause (2).

Subd. 8. [RATE OF RETURN.] The total annual increment or decrement divided by the admitted value of the assets of the Minnesota variable annuity fund, as computed pursuant to subdivision 5, shall be defined as the rate of return for the fiscal year. The rate of return is to be used as the percentage of increase or decrease which shall be credited to the individual member's account balances at the end of the fiscal year.

Sec. 18. [11A.20] [INVESTMENT OF STATE TREASURY FUNDS NOT CURRENTLY NEEDED.] **Subdivision 1. [CERTIFICATION OF STATE TREASURY FUNDS NOT CURRENTLY NEEDED.]** The state treasurer shall make a report to the commissioner of finance daily or at other times as the commissioner of finance shall determine of the funds in the state treasury together with any other information which the commissioner may prescribe. When there are funds in the state treasury over and above the amount that the commissioner of finance has advised the treasurer is currently needed, the state treasurer shall certify to the state board the amount thereof.

Subd. 2. [INVESTMENT.] The certified amount of state treasury funds not currently needed shall be invested by the state board subject to the provisions of section 23.

Subd. 3. [CREDITING OF INVESTMENT INCOME.] Notwithstanding provisions of section 10, all investment income and all investment losses attributable to the investment of state treasury funds not currently needed shall be credited to the general fund.

Sec. 19. [11A.21] [INVESTMENT OF HIGHWAY FUNDS.] Subdivision 1. [CERTIFICATION OF HIGHWAY FUNDS.] The commissioner of transportation shall certify to the state board those portions of the trunk highway fund established pursuant to Article XIV, Section 6 of the constitution of the state of Minnesota, the county state-aid highway fund established pursuant to Article XIV, Section 7 of the constitution of the state of Minnesota and the municipal state-aid street fund established pursuant to Article XIV, Section 8 of the constitution of the state of Minnesota which in the judgment of the commissioner are not required for immediate use.

Subd. 2. [INVESTMENT.] The certified amount of highway funds not currently needed shall be invested by the state board subject to the provisions of section 23.

Sec. 20. [11A.22] [STATE ZOOLOGICAL GARDEN OPERATING RECEIPTS INVESTMENT ACCOUNT.] Subdivision 1. [ESTABLISHMENT.] There is hereby established a zoological garden operating receipts investment account for the purpose of investing funds not required for immediate use.

Subd. 2. [CERTIFICATION OF RECEIPTS.] The state zoological garden board shall, from time to time, certify to the state board the amount of funds available for investment.

Subd. 3. [INVESTMENT.] Amounts certified to the state zoological garden operating receipts investment account shall be invested by the state board subject to the provisions of section 23.

Subd. 4. [CREDITING OF INVESTMENT INCOME.] Notwithstanding provisions of section 10, all investment income and all investment losses attributable to the investment of the account shall be credited to or borne by the state zoological garden general account.

Subd. 5. [WITHDRAWAL OF FUNDS.] Upon certification by the state zoological garden board that moneys in the state zoological garden operating receipts investment account are needed for current purposes, the state board shall sell sufficient securities to equal the amount of moneys certified as needed and shall order the transfer of the moneys to the state zoological garden general account.

Sec. 21. [11A.23] [INVESTMENT OF RETIREMENT FUNDS AND PLANS.] *Subdivision 1. [CERTIFICATION OF ASSETS NOT NEEDED FOR IMMEDIATE USE.] Each executive director administering a retirement fund or plan enumerated in subdivision 4 shall, from time to time, certify to the state board for investment those portions of the assets of the retirement fund or plan which in the judgment of the executive director are not required for immediate use. Assets of the fund or plan required for participation in the Minnesota post-retirement adjustment fund, the combined investment fund, the supplemental retirement investment fund or the variable annuity investment fund shall be transferred to those funds as provided by sections 1 to 23.*

Subd. 2. [INVESTMENT.] Retirement fund assets certified to the state board pursuant to subdivision 1 shall be invested by the state board subject to the provisions of section 22. Retirement fund assets transferred to the Minnesota post-retirement adjustment fund, the combined investment fund, the supplemental retirement investment fund or the variable annuity investment fund shall be invested by the state board as part of those funds.

Subd. 3. [WITHDRAWAL OF ASSETS.] When an executive director administering a retirement fund or plan enumerated in subdivision 4, certifies to the state board that invested assets of the fund or plan are required for immediate use, the state board shall sell securities to equal the amount of assets certified as required and shall order the transfer of the assets to the appropriate executive director.

Subd. 4. [COVERED RETIREMENT FUNDS AND PLANS.] The provisions of this section shall apply to the following retirement funds and plans:

(1) State university and state community college supplemental retirement plan established pursuant to Minnesota Statutes, Sections 136.80 to 136.87;

(2) State employees retirement fund established pursuant to Minnesota Statutes, Chapter 352;

(3) Correctional employees retirement plan established pursuant to Minnesota Statutes, Chapter 352;

(4) Highway patrol retirement fund established pursuant to Minnesota Statutes, Chapter 352B;

(5) Unclassified employees retirement plan established pursuant to Minnesota Statutes, Chapter 352D;

(6) Public employees retirement fund established pursuant to Minnesota Statutes, Chapter 353;

(7) *Public employees police and fire fund established pursuant to Minnesota Statutes, Chapter 353;*

(8) *Teachers' retirement fund established pursuant to Minnesota Statutes, Chapter 354;*

(9) *Judges' retirement fund established pursuant to Minnesota Statutes, Chapter 490; and*

(10) *Any other funds required by law to be invested by the board.*

Sec. 22. [11A.24] [AUTHORIZED INVESTMENTS.]
Subdivision 1. [SECURITIES GENERALLY.] *The state board shall have the authority to purchase, sell, lend or exchange the following securities for funds or accounts specifically made subject to this section including the writing of covered call options.*

Subd. 2. [GOVERNMENT OBLIGATIONS.] *The state board may invest funds in governmental bonds, notes, bills, mortgages and other fixed obligations, including guaranteed or insured issues of (a) the United States, its agencies or its instrumentalities, including financial contracts traded upon a contract market designated and regulated by a federal agency; (b) Canada and its provinces, provided the principal and interest is payable in United States dollars; (c) the states and their municipalities, political subdivisions, agencies or instrumentalities, where backed by the state's full faith and credit or if the issuer has not been in default in payments of principal or interest within the past ten years or in the case of revenue bonds the obligor has been completely self-supporting for the five prior years; (d) the International Bank for Reconstruction and Development, the Inter-American Development Bank, the Asian Development Bank, or any other United States Government sponsored organization of which the United States is a member, provided the issues are rated in the highest quality category by a nationally recognized rating agency.*

Subd. 3. [CORPORATE OBLIGATIONS.] *The state board may invest funds in bonds, notes, debentures, transportation equipment obligations, or any other longer term evidences of indebtedness issued or guaranteed by a corporation organized under the laws of the United States or any state thereof, or the Dominion of Canada or any province thereof if they conform to the following provisions:*

(a) *The principal and interest of obligations of corporations incorporated or organized under the laws of the Dominion of Canada or any province thereof shall be payable in United States dollars;*

(b) *The consolidated net pretax earnings of corporations other than finance corporations shall have been on average for the preceeding five years at least 1.5 times the annual interest charges on total funded debt applicable to that period;*

(c) *The consolidated net pretax earnings of banks and finance corporations shall have been on average for the preceding five years at least 1.2 times the annual interest charges on total funded debt applicable to that period;*

(d) *Obligations shall be rated among the top three quality categories by a nationally recognized rating agency or if unrated, then the corporation shall have other comparably secured issues similarly rated or the consolidated net pretax earnings of the corporation shall have been on average for the preceding five fiscal years at least twice the ratios required in clauses (b) and (c).*

Subd. 4. [OTHER OBLIGATIONS.] *The state board may invest funds in bankers acceptances, certificates of deposit, commercial paper, mortgage participation certificates and pools, repurchase agreements and reverse repurchase agreements and savings accounts if they conform to the following provisions:*

(a) *Bankers acceptances of United States banks shall be limited to those eligible for purchase by the Federal Reserve System;*

(b) *Certificates of deposit shall be limited to those issued by banks and savings institutions that meet the collateral requirements established in Minnesota Statutes, Section 9.031, unless sufficient volume is unavailable at competitive interest rates. In that event, noncollateralized certificates of deposit may be purchased from United States banks and savings institutions that are rated in the highest quality category by a nationally recognized rating agency;*

(c) *Commercial paper shall be limited to those issued by United States corporations or their Canadian subsidiaries, shall be of the highest quality and mature in 270 days or less;*

(d) *Mortgage participation certificates and pools secured by first mortgages or trust deeds on improved real estate located in the United States where there is a guarantee of replacement by a note or bond of comparable value and security in the event of a default, and where the loan to value ratio for each loan does not exceed 80 percent for fully amortizable residential properties and in all other respects meets the requirements of section 61A.28, subdivision 3.*

(e) *Repurchase agreements and reverse repurchase agreements shall be limited to the securities described in subdivision 2, clause (a);*

(f) *Savings accounts shall be limited to those fully insured by the Federal Deposit Insurance Corporation or the Federal Savings and Loan Insurance Corporation.*

Subd. 5. [CORPORATE STOCKS.] The state board may invest funds in stocks or convertible issues of any corporation organized under the laws of the United States or the states thereof, the Dominion of Canada or its provinces, or any corporation listed on the New York Stock Exchange or the American Stock Exchange, if they conform to the following provisions:

(a) *The aggregate value of corporate stock investments, as adjusted for realized profits and losses, shall not exceed 50 percent of the book value of a fund;*

(b) *Investments in any one corporation shall not exceed three percent of the book value of a fund;*

(c) *Investments shall not exceed five percent of the total outstanding shares of any one corporation;*

(d) *Cash dividends on corporate stock investments shall have been earned and paid for the preceding five years;*

(e) *Investments which do not conform to the dividend standard contained in clause (d) may be held but the total amount of these securities shall not exceed five percent of the book value of a fund.*

Sec. 23. [11A.25] [ADDITIONAL INVESTMENT PROVISIONS.] When investing assets of any funds or accounts specifically made subject to this section or not otherwise referred to in sections 1 to 23, all securities shall be debt obligations maturing within three years of the date of purchase and shall conform to the applicable provisions of section 22.

Sec. 24. By January 1, 1981, the executive director shall prepare and submit to the state board and the legislature a report analyzing whether or not increased portions of the funds under the investment control of the state board could be invested in ways directly beneficial to all Minnesotans and be consistent with the investment standard of care set forth in statute for the board. The report shall assess the policy desirability of these increased investments. If the director concludes that such investments are desirable and can be accomplished consistent with the investment standard of care, he shall identify any statutory amendments needed to permit this increased investment. In preparing this report the director shall consult with representatives of fund beneficiaries and other persons interested in the investment of public moneys.

Sec. 25. Minnesota Statutes, 1979 Supplement, Section 15A.-081, Subdivision 1, is amended to read:

15A.081 [SALARIES AND SALARY RANGES FOR CERTAIN EMPLOYEES.] Subdivision 1. The following salaries or salary ranges are provided for the below listed employees in the executive branch of government:

	Salary or Range	
	Effective July 1, 1979	Effective July 1, 1980
Administration, department of commissioner	\$44,000	\$47,000
Agriculture, department of commissioner	38,000	40,000
Commerce, department of commissioner of banks	34,000	36,500
commissioner of insurance	34,000	36,500
commissioner of securities	34,000	36,500
director of consumer services	28,000	30,000
Community college system chancellor	44,000	46,000
Corrections, department of commissioner	42,000	45,000
ombudsman	33,000	35,000
Crime control planning board, executive director	33,000	35,000
Economic development, department of commissioner	34,000	36,000
Economic security, department of commissioner	43,000	45,000
Education, department of commissioner	43,000	45,000
Energy agency director	38,000	40,000
Finance, department of commissioner	48,000	50,000
Health, department of commissioner	47,000	49,000

	\$ 1979	\$ 1980
Hearing examiners office		
chief hearing examiner	38,000	40,000
Higher education coordinating board		
executive director	40,000	42,000
Housing finance agency		
executive director	39,000	41,000
Human rights,		
department of commissioner	31,000	33,000
Indian affairs board		
executive director	27,000	29,000
(INVESTMENT, BOARD OF EXECUTIVE		
SECRETARY	42,000	44,000)
Iron range resources and rehabilitation		
board commissioner	30,000	31,000
Labor and industry,		
department of commissioner	38,000	40,000
judge of the workers' compensation		
court of appeals	38,000	40,000
Mediation services,		
bureau of director	36,000	38,000
Natural resources,		
department of commissioner	44,000	47,000
Personnel,		
department of commissioner	44,000	47,000
Planning agency director	43,000	45,000
Pollution control agency		
director	38,000	40,000
Public safety,		
department of commissioner	38,000	41,000
Public service,		
department of commissioner,		
public service commission	34,000	36,000
director	34,000	36,000

	1979	1980
	\$	\$
Public welfare, department of commissioner	44,000	48,000
Revenue, department of commissioner	44,000	47,000
State university system chancellor	44,000	46,000
Transportation, department of commissioner	44,000	48,000
Veterans affairs, department of commissioner	31,000	33,000

Sec. 26. Minnesota Statutes, 1979 Supplement, Section 43.064, is amended to read:

43.064 [OTHER SALARIES SET BY COMMISSIONER OF PERSONNEL.] Notwithstanding any other law to the contrary, compensation for all unclassified positions in the executive branch not enumerated in the listing described in section 15A.081, shall be established by the commissioner except for the following: (1) positions listed in section 299D.03; (2) employees in the office of the governor whose salaries shall be determined by the governor; (3) employees in the office of the attorney general; (4) *employees of the state board of investment*; (5) positions in the state university system, the community college system, and in the higher education coordinating board whose primary duties consist of instructing and counseling students; directing academic programs of schools, divisions or departments of colleges and community colleges, or conducting research on academic subjects, or conducting academic support programs; and the positions of state university and community college presidents. Individual salaries for positions enumerated in clauses (3) (AND), (4) *and* (5) and for classified hearing examiners in the office of hearing examiners shall be determined by the attorney general, *the state board of investment*, the state university board, the state board for community colleges, the higher education coordinating board, and the chief hearing examiner, respectively, within the limits of salary plans which shall have been approved by the commissioner before becoming effective.

No provision of any subsequent law relating to salaries of state employees shall be construed as inconsistent with this section unless it is expressly provided in (SUCH) *the* subsequent act that

the provisions of this section shall not be applicable or shall be superseded, amended, or repealed.

Sec. 27. Minnesota Statutes 1978, Section 69.77, Subdivision 2, as amended by Laws 1980, Chapter 341, Section 1, is amended to read:

Subd. 2. Subdivision 1 does not apply to an association enumerated in subdivision 1a under the following circumstances:

(1) Each member of the association pays into the retirement funds of the association during his term of covered employment from and after January 1, 1981, a contribution for retirement and survivorship benefits of not less than eight percent of the maximum rate of salary from which retirement and survivorship credits and amounts of benefits are determined, and that (SUCH) *the* contributions of a member are deducted from his salary by his governmental employer, transmitted to the association, and deposited to the credit of the proper fund thereof, provided that to avoid undue increase in the amount of employee contributions in any one year, any increase in the amount of contributions required by this section may be spread over several years, but the increase in rate of contribution in each year commencing in 1981 shall not be less than one percent until the appropriate levels of required employee contributions have been reached. This paragraph shall not apply to members who are volunteer firefighters, provided that the local governing body shall have given their approval to the exemption following consideration of the most recent actuarial survey.

(2) The officers of the association determine on or before the date established by the municipality, which shall not be later than September 1 and shall not be earlier than August 1, of each year the financial requirements and minimum obligation of the association for the following calendar year in accordance with the following requirements:

The financial requirements shall be based on the most recent actuarial survey prepared in accordance with sections 356.215, subdivision 4 and 356.216.

The normal level cost expressed as a percent of covered payroll determined from the actuarial survey shall be applied to the estimated covered payroll of the membership for the following year to determine the dollar amount of normal cost for said following year.

To the dollar amount of normal cost thus determined shall be added the amount of one year's interest at five percent on the amount of the (deficit) unfunded liability found by the actuarial survey of the fund.

The total of these two amounts represents the financial requirements of the association for the following year.

Except as otherwise provided in this paragraph, the minimum obligation of the governmental subdivision shall be the financial requirements of the association less member contributions herein provided from covered salary and less one year's estimated receipts expected from the state of Minnesota through state collected insurance premium taxes or other state aids. The minimum obligation may, by vote of the governing body of the governmental subdivision, be reduced to the amount levied in the preceding year for purposes of the association, plus the following percentage of the difference between that levy and the amount of the minimum obligation determined without benefit of this sentence: for the levy made in 1971, 10 percent; in 1972, 20 percent; in 1973, 30 percent; in 1974, 40 percent; in 1975, 50 percent; in 1976, 60 percent; in 1977, 70 percent; in 1978, 80 percent; and in 1979, 90 percent. Commencing with the levy made in 1980, there shall be no reduction in the minimum obligation pursuant to this paragraph.

(3) The foregoing determination of the obligation of a governmental subdivision shall be submitted to its governing body not later than September 1 of each year so that it may ascertain if it has been prepared in accordance with law.

(4) The governmental subdivision shall provide and pay as promptly as funds are available to the association at least the amount of the minimum obligation each year. Any portion of this amount not paid to the association at the end of any calendar year shall be increased at the rate of six percent per annum until so paid. On September 1 of any year the unpaid amount subject to interest shall be added to the obligation of the governmental subdivision.

(5) The governmental subdivision shall provide in its annual budget at least its minimum obligation and may levy taxes for the payment thereof without limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of any fund of the association has attained a specified level; the levy of such taxes shall not cause the amount of other taxes levied or to be levied by the governmental subdivision, which are subject to any such limitation, to be reduced in any amount whatsoever. If the governmental subdivision does not include the full amount of the minimum obligation in its levy for any year, the officers of the association shall certify that amount to the county auditor, who shall spread a levy in the amount of (SUCH) *the* obligation.

(6) Moneys paid by the governmental subdivision to the association in excess of the minimum amount so required shall be applied to the reduction in the unfunded liabilities of the association.

(7) The funds of the association shall be invested in securities which are proper investments (FOR FUNDS OF THE MINNESOTA STATE RETIREMENT SYSTEM) *pursuant to section 22*, except that up to \$10,000 may be invested in the stock of any one corporation in any account of such small size that the three percent stock limitation (APPLICABLE TO THE MINNESOTA STATE RETIREMENT SYSTEM) *specified in section 22, subdivision 5*, would necessitate a lesser investment. Securities held by the association before July 1, 1971, which do not meet the requirements of this paragraph may be retained after that date if they were proper investments for the association on April 28, 1969. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board (OF INVESTMENT) under the provisions of section (11.21) 15, provided that there be no *limit to the amount which may be invested in the income share account (DESCRIBED IN SECTION 11.18, SUBDIVISION 2)*, or in the fixed-return account (DESCRIBED IN SECTION 11.18, SUBDIVISION 3A), and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental retirement *investment* fund may be invested in the growth share account (DESCRIBED IN SECTION 11.18, SUBDIVISION 3).

(8) The association shall procure an actuarial survey showing the condition of its fund pursuant to section 356.216 as of December 31, 1978, and shall procure an actuarial survey every two years thereafter. The association shall also procure a quadrennial experience study pursuant to section 356.216 as of December 31, 1978, and shall procure a quadrennial experience study every four years thereafter. A copy of the actuarial survey and the quadrennial experience study shall be filed with the director of the legislative reference library, the governing body of the municipality in which the association is organized, the executive secretary of the legislative commission on pensions and retirement, and the commissioner of insurance, not later than June 1 of the following year.

Sec. 28. Minnesota Statutes 1978, Section 69.775, is amended to read:

69.775 [INVESTMENTS.] The special fund assets of the relief associations governed by sections 69.771 to 69.776 shall be invested in securities which are proper investments (FOR FUNDS OF THE MINNESOTA STATE RETIREMENT SYSTEM) *pursuant to section 22*, except that up to five percent of the special fund assets, or a minimum of \$10,000, may be invested in the stock of any one corporation. Securities held by the associations before January 1, 1972, which do not meet the requirements of this section may be retained after that date if they were proper investments for the association on May 14, 1971. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board (OF INVESTMENT)

under the provisions of section (11.21) 15, provided that there be no limit to the amount which may be invested in the income share account (DESCRIBED IN SECTION 11.18, SUBDIVISION 2), or in the fixed-return account (DESCRIBED IN SECTION 11.18, SUBDIVISION 3A), and that up to 20 percent of that portion of the assets of the associations invested in the Minnesota supplemental retirement fund may be invested in the growth share account (DESCRIBED IN SECTION 11.18, SUBDIVISION 3).

Sec. 29. Minnesota Statutes 1978, Section 124.46, Subdivision 4, is amended to read:

Subd. 4. Bonds shall be issued pursuant to this section only when authorized by a law specifying the purpose thereof and the maximum amount of the proceeds authorized to be expended for (SUCH) *that* purpose. Any act authorizing the issuance of bonds in the manner provided in this section shall, together with this section, constitute complete authority for (SUCH) *the* issue, and (SUCH) *the* bonds shall not be subject to the restrictions or limitations contained in any other law. Bonds issued pursuant hereto (MAY BE PURCHASED BY THE STATE BOARD OF INVESTMENT FOR THE PERMANENT SCHOOL FUND, SWAMP LAND FUND, INTERNAL IMPROVEMENT LAND FUND, OR ANY OTHER FUND FOR WHICH INVESTMENTS MAY BE MADE BY THE STATE BOARD OF INVESTMENT OR) may be sold (ELSEWHERE) at public or private sale and shall be deemed "authorized securities" within the provisions of section 50.14 and acts amendatory thereof or supplemental thereto.

Sec. 30. Minnesota Statutes 1978, Section 167.42, is amended to read:

167.42 [PLEDGE OF FULL FAITH AND CREDIT.] The full faith and credit of the state of Minnesota is hereby irrevocably pledged to the payment of the principal of and the interest on the bonds authorized by sections 167.39 to 167.45. (SUCH) *The* bonds shall be issued and sold on competitive bids after reasonable notice (, OR DIRECT TO THE STATE BOARD OF INVESTMENT WITHOUT BIDS AND THAT BOARD IS HEREBY AUTHORIZED TO INVEST ANY FUNDS UNDER ITS CONTROL OR DISCRETION IN ANY OF THESE BONDS, NOTWITHSTANDING ANY LIMITATIONS IMPOSED BY SECTION 11.10 OR ANY OTHER PROVISIONS OF LAW). (SUCH) *The* bonds shall be issued and sold by the state auditor under (SUCH) rules (AND REGULATIONS) and in (SUCH) *the* form and denominations as he shall determine and shall be attested by the secretary of state. (SUCH) *The* rules may provide for the maturity, registration, conversion and exchange of the bonds so issued; all bonds maturing more than three years after their date may be made redeemable at par at the expiration of (SUCH) *the* three years and on each interest payment date thereafter upon

(SUCH) notice as (SUCH) *the* rules, made prior to the issuance of the bonds, may provide. All expenses incident to the printing and the sale of the bonds, including actual and necessary traveling expenses of state officers and employees for (SUCH) *the* purpose, shall be paid from the trunk highway fund and the amounts therefor are hereby appropriated from (SAID) *that* fund. The provisions of sections 15.041 to 15.044 shall not apply to the rules (AND REGULATIONS) promulgated pursuant hereto. The state auditor shall keep a record showing the number, date of issue and date of maturity of each (SUCH) bond.

Sec. 31. Minnesota Statutes 1978, Section 167.50, Subdivision 2, is amended to read:

Subd. 2. (SAID) *The* bonds shall be issued and sold upon sealed bids after two weeks' published notice (, OR THEY MAY BE SOLD DIRECTLY TO THE STATE BOARD OF INVESTMENT WITHOUT BIDS). They shall mature serially over a term not exceeding 20 years from their respective dates of issue, shall not be sold for less than par and accrued interest, and shall not bear interest at a greater rate than five percent per annum. Subject to the foregoing limitations, and subject to any other limitations stated in the acts authorizing (SUCH) *the* bonds and appropriating the proceeds thereof, but not subject to the provisions of sections 15.0411 to 15.0422, (SUCH) *the* bonds shall be issued and sold in (SUCH) *the* number of series, at (SUCH) times, in (SUCH) *the* form and denominations, bearing interest at (SUCH) *the* rate or rates, maturing on (SUCH) dates, either without option of prior redemption or subject to prepayment upon (SUCH) notice and at (SUCH) *the* times and prices, payable at (SUCH) *the* bank or banks, within or without the state, with (SUCH) provisions for registration, conversion, and exchange and for the issuance of notes in anticipation of the sale and delivery of definitive bonds, and in accordance with such further regulations, as the commissioner of finance may determine. The bonds shall be executed by the commissioner of finance and attested by the state treasurer under their official seals. The signature of one of these officers on the face of any bond, and their seals, and the signatures of both officers on the interest coupons appurtenant to any bond, may be printed, lithographed, stamped, or engraved thereon.

Sec. 32. Minnesota Statutes 1978, Section 193.146, Subdivision 4, is amended to read:

Subd. 4. [SALE.] (SUCH) *The* bonds shall be sold by (SUCH) *the* corporation under (SUCH) notice and upon (SUCH) *the* terms and at (SUCH) times as the corporation shall deem best. (SUCH) *The* bonds shall not be deemed or construed to be debts of the state of Minnesota or of the county or municipality in which (SUCH) *the* armory is situated, nor to impose any personal liability upon any member of (SUCH)

the corporation, but shall be payable solely out of the income to be received by (SUCH) *the* corporation as specified herein. Bonds legally issued pursuant hereto (MAY BE PURCHASED BY THE STATE BOARD OF INVESTMENT FOR THE PERMANENT SCHOOL FUND, PERMANENT UNIVERSITY FUND, SWAMP LAND FUND, INTERNAL IMPROVEMENT LAND FUND, OR ANY OTHER TRUST FUND OF THE STATE OF MINNESOTA, OR FOR ANY OTHER FUND ADMINISTERED BY SUCH BOARD, AND) shall be deemed authorized securities within the provisions of section 50.14, and laws supplemental thereto, and shall be proper for the investment of capital, surplus, or deposits of any savings bank or trust company, and for the investment of funds of any insurance company, and for the investment of any sinking funds held by any public or municipal corporation, and may be pledged by any bank or trust company as security for the deposit of public moneys therein in lieu of surety bonds. (SUCH) *The* bonds shall be deemed and treated as instrumentalities of a public governmental agency, and as such shall be exempt from taxation.

Sec. 33. Minnesota Statutes 1978, Section 352.115, Subdivision 8, is amended to read:

Subd. 8. [ACCRUAL OF ANNUITY.] State employees shall make application for an annuity but such application shall not be made *more than 60 days* prior to the time the employee is eligible to retire by reason of both age and service requirements. If the director determines an applicant for annuity has fulfilled all the requirements of the law to entitle him to an annuity, he shall authorize payment thereof in accordance with the provisions of this chapter and payment shall be made pursuant to this authorization. An annuity shall begin to accrue no earlier than 60 days prior to the date the application is filed with the director except that if an optional annuity as provided in section 352.116, subdivision 3 is selected the annuity shall begin to accrue 30 days after the application is filed with the director but in no event prior to the day following the termination of state service *or prior to the day the employee is eligible to retire by reason of both age and service requirements.* The retirement annuity shall cease with the last payment which had accrued to the retired employee during his lifetime unless he elected an optional annuity provided in section 352.116, subdivision 3, and he had become entitled to payment thereof. The joint and last survivor annuity shall cease with the last payment received by the survivor in his or her lifetime. If a retired employee had not selected an optional annuity, or a survivor annuity is not payable under the option; and a spouse survives, such spouse shall be entitled only to the annuity for the calendar month in which the retired employee died. If an optional annuity is payable after the death of the retired employee, the survivor shall be entitled to the annuity for the calendar month in which the retired employee died. If an employee who has filed an

application for annuity prior to the termination of his state service dies before an annuity becomes payable to him, refundment of his accumulated contributions shall be made as provided in section 352.12, subdivision 1.

Sec. 34. Minnesota Statutes 1978, Section 352.23, is amended to read:

352.23 [TERMINATION OF RIGHTS.] When any employee accepts a (REFUNDMENT) *refund* as provided in section 352.22, all existing service credits and all rights and benefits to which the employee was entitled prior to the acceptance of such (REFUNDMENT) *refund* shall terminate and shall not again be restored until the former employee acquires not less than one year's allowable service credit subsequent to taking his last (REFUNDMENT) *refund*. In that event, he may repay all (REFUNDMENTS) *refunds* which he had taken from the retirement fund. Repayment of (REFUNDMENTS) *refunds* will entitle the employee only to credit for service covered by (a) salary deductions, (b) payments made in lieu of salary deductions, and (c) payments made to obtain credit for service as permitted by laws in effect at the time payment was made. If an employee before taking one or more (REFUNDMENTS) *refunds* had credit for prior service or for military service without payment in either case, he may obtain credit for such forfeited service prior to July 1, 1929, and for such forfeited military service by making payments at a contribution rate of three percent of his average salary upon which deductions for the retirement fund were based, for the three year period immediately preceding repayment of (REFUNDMENT) *refund* for service credit prior to July 1, 1929, and on the salary received by him at the time of entering military service to restore his military service credit. All such payments and repayment of (REFUNDMENTS) *refunds* are to be paid with interest at six percent per annum compounded annually and may be paid in a lump sum or by payroll deduction in the manner provided in section 352.04.

Sec. 35. Minnesota Statutes 1978, Section 352.75, Subdivision 3, is amended to read:

Subd. 3. [EXISTING RETIRED MEMBERS AND BENEFIT RECIPIENTS.] As of the effective date of Laws 1978, Chapter 538, the liability for all retirement annuities, disability benefits, survivorship annuities and survivor of deceased active employee benefits paid or payable by the metropolitan transit commission—transit operating division employees retirement fund shall be transferred to the Minnesota state retirement system, and shall no longer be the liability of the metropolitan transit commission—transit operating division employees retirement fund. The required reserves for retirement annuities, disability benefits and optional joint and survivor annuities in effect on the day prior to the effective date of Laws 1978, Chapter 538 and the required reserves for the increase in annuities and ben-

efits provided pursuant to subdivision 6 shall be determined using a five percent interest assumption and the applicable Minnesota state retirement system mortality table and shall be transferred by the Minnesota state retirement system to the Minnesota adjustable fixed benefit fund on the effective date of Laws 1978, Chapter 538 but shall be considered transferred as of June 30, 1978. The annuity or benefit amount in effect on the effective date of Laws 1978, Chapter 538, including the increase granted pursuant to subdivision 6, shall be considered the "originally determined benefit" for purposes of any adjustments made pursuant to section (11.25. IF AN ADJUSTMENT FROM THE MINNESOTA ADJUSTABLE FIXED BENEFIT FUND PURSUANT TO SECTION 11.25 IS PAYABLE AS OF JANUARY 1, 1979, ANY ANNUITANT OR BENEFIT RECIPIENT RECEIVING AN ANNUITY OR BENEFIT FROM THE MINNESOTA ADJUSTABLE FIXED BENEFIT FUND PURSUANT TO THIS SECTION SHALL BE ENTITLED TO RECEIVE THE ADJUSTMENT IF THE ANNUITANT OR RECIPIENT BEGAN RECEIVING THE ANNUITY OR BENEFIT FROM THE METROPOLITAN TRANSIT COMMISSION TRANSIT OPERATING DIVISION EMPLOYEES RETIREMENT FUND ON OR BEFORE JUNE 30, 1977, BUT THAT ADJUSTMENT SHALL NOT INCLUDE IN THE BASE FOR CALCULATION THE AMOUNT OF ANY INCREASE GRANTED PURSUANT TO SUBDIVISION 6. IF AN ADJUSTMENT FROM THE MINNESOTA ADJUSTABLE FIXED BENEFIT FUND PURSUANT TO SECTION 11.25 IS PAYABLE AS OF JANUARY 1, 1979, THE REQUIRED RESERVES FOR THE INCREASE DETERMINED USING A FIVE PERCENT INTEREST ASSUMPTION AND THE APPLICABLE MINNESOTA STATE RETIREMENT SYSTEM MORTALITY TABLE SHALL BE TRANSFERRED BY THE MINNESOTA STATE RETIREMENT SYSTEM TO THE MINNESOTA ADJUSTABLE FIXED BENEFIT FUND ON JANUARY 1, 1979) 16. For persons receiving benefits as survivors of deceased former retirement annuitants, the benefits shall be considered as having commenced on the date on which the retirement annuitant began receiving the retirement annuity.

Sec. 36. Minnesota Statutes 1978, Section 352B.26, Subdivision 3, is amended to read:

Subd. 3. [VALUATION OF ASSETS; ADJUSTMENT OF BENEFITS.] (1) As of June 30, 1969, the present value of all annuities, including joint and survivor annuities and qualified recipients of surviving spouse benefits, in force as of June 30, 1969, and as amended in accordance with Laws 1969, Chapter 977, shall be determined in accordance with the United States Life Tables, 1959-61, white males and white females, calculated with an interest assumption of three and one-half percent and assets representing the required reserves for these annuities shall be transferred to the Minnesota adjustable fixed benefit fund, during a period of one year in accordance with procedures

specified in *Minnesota Statutes 1969*, Section 11.25. The provisions of this clause apply to all annuities which are payable under this chapter.

(2) Effective July 1, 1969, for those employees commencing to receive annuities and qualified recipients of surviving spouse benefits, or joint and survivor annuities, pursuant to this chapter, and acts amendatory thereof, the required reserves as determined in accordance with this section shall be transferred to the Minnesota adjustable fixed benefit fund as of the date benefits begin to accrue after June 30, 1969.

(3) Annuity payments shall be adjusted in accordance with the provisions of section 11.25, subdivisions 12 and 13.

(4) Notwithstanding section 356.18, increases in annuity payments pursuant to this section shall be made automatically unless written notice is filed by the annuitant with the executive director of the Minnesota state retirement system requesting that the increase shall not be made.

Sec. 37. Minnesota Statutes, 1979 Supplement, Section 352D.02, Subdivision 1, is amended to read:

352D.02 [COVERAGE.] Subdivision 1. The following employees in the unclassified service of the state who are eligible for coverage under the Minnesota state retirement system shall participate in the unclassified program unless such employee gives notice to the executive director of the state retirement system within one year following (JUNE 5, 1975 OR) the commencement of his employment (, WHICHEVER IS LATER,) that he desires coverage under the regular employee plan. For the purposes of this chapter, an employee who does not file such notice with the executive director shall be deemed to have exercised his option to participate in the unclassified plan. (THE EMPLOYEE AND APPLICABLE EMPLOYER CONTRIBUTIONS FOR THOSE EMPLOYEES COVERED BY THE REGULAR PLAN ON JUNE 5, 1975, WHO AFTER SUCH DATE PARTICIPATE IN THE UNCLASSIFIED PLAN, SHALL BE TRANSFERRED TO THE SUPPLEMENTAL FUND IN ACCORDANCE WITH SUBDIVISION 4 AND SECTION 352D.03 AS THOUGH THE EMPLOYEE HAD ELECTED TO PARTICIPATE WHEN FIRST ELIGIBLE TO MAKE SUCH ELECTION. THIS SUBDIVISION SHALL ALSO BE APPLICABLE TO ANY PERSON WHO WAS AN EMPLOYEE IN AN ELIGIBLE POSITION ON OR AFTER JANUARY 1, 1975, HAS TERMINATED SERVICE BEFORE JUNE 5, 1975 WITH LESS THAN TEN YEARS OF ALLOWABLE SERVICE, AND HAS NOT TAKEN A REFUND OF HIS CONTRIBUTIONS.)

(1) Any employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general (, REVISOR OF STATUTES) or the state board of investment,

(2) *The head of any department, division, or agency (HEAD, THE ASSISTANT DEPARTMENT HEAD OR DEPUTY) created by statute, an acting department head subsequently appointed to the position, or any employee enumerated in sections 15A.081, subdivision 1 or 15A.083, subdivisions 4 and 4a,*

(3) Any permanent, fulltime unclassified employee of the legislature or any commission or agency of the legislature or a (PARTTIME) temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system,

(4) Any person employed in a position established pursuant to section 43.09, subdivision 2a or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level,

(5) The chairman, chief administrator, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan waste control commission as designated by the commission; and the chairman, executive director, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan council as designated by the council; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations shall be made without approval of the board of directors of the Minnesota state retirement system, and

(6) The executive director, associate executive director, and not to exceed nine positions of the higher education coordinating board in the unclassified service, as designated by the higher education coordinating board; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations shall be made without approval of the board of directors of the Minnesota state retirement system.

(THE ELIGIBILITY TO PARTICIPATE OF THOSE EMPLOYEES SPECIFIED IN CLAUSES (4) AND (5) EMPLOYED IN SUCH POSITIONS ON APRIL 21, 1976, SHALL BE RETROACTIVE TO THEIR DATE OF APPOINTMENT TO SUCH POSITIONS.)

(THE ELIGIBILITY TO PARTICIPATE OF THOSE EMPLOYEES SPECIFIED IN CLAUSE (6) EMPLOYED IN SUCH POSITIONS ON JULY 1, 1977, SHALL BE RETROACTIVE TO THEIR DATE OF APPOINTMENT TO SUCH POSITIONS.)

Sec. 38. Minnesota Statutes 1978, Section 352D.04, Subdivision 2, is amended to read:

Subd. 2. The moneys used to purchase shares under this section shall be the employee and employer contributions as provid-

ed in section 352.04, subdivisions 2 and 3 (, CLAUSE (1). EXCEPT AS AUTHORIZED BY SECTION 352D.10, THE ADDITIONAL AMOUNT PROVIDED IN SECTION 352.04, SUBDIVISION 3, CLAUSE (2) SHALL REMAIN IN THE REGULAR FUND).

Sec. 39. Minnesota Statutes 1978, Section 352D.05, Subdivision 3, is amended to read:

Subd. 3. (UPON) *Thirty days after termination of covered employment or at any time thereafter a participant shall be entitled upon application, to withdraw the cash value of his total shares or may leave such shares on deposit with the supplemental retirement fund. Shares not withdrawn shall remain on deposit with the supplemental retirement fund until the former participant attains the age of at least 58 years, and applies for an annuity as provided in section 352D.06, subdivision 1.*

Sec. 40. Minnesota Statutes 1978, Section 352D.05, Subdivision 4, is amended to read:

Subd. 4. (NO PERSON SHALL BE PERMITTED TO REPAY THE VALUE OF SHARES WITHDRAWN FROM THE UNCLASSIFIED PROGRAM, BUT) *A participant in the unclassified program may repay regular refunds taken pursuant to section 352.22, as provided in section 352.23. A participant in the unclassified program or an employee covered by the general plan who has withdrawn the value of the total shares may repay the refund taken and thereupon restore the service credit, rights and benefits forfeited by paying into the fund the greater of (1) the amount refunded plus interest at 6-1/2 percent per annum compounded annually from the date that the refund was taken until the date that the refund is repaid, or (2) an amount equal to the total of the employee and employer matching and additional contributions for the forfeited employment period less the administrative fee provided in section 352D.09, subdivision 7, plus interest at the rate of 6-1/2 percent per annum compounded annually from the date of the start of the forfeited employment period until the date that the refund is paid. If the participant had withdrawn only the employee shares as permitted under prior laws, repayment shall be pro rata. Payment shall be made in a lump sum.*

Sec. 41. Minnesota Statutes, 1979 Supplement, Section 353.023, is amended to read:

353.023 [TRANSFER OF PENSION COVERAGE OF MINNEAPOLIS MUNICIPAL EMPLOYEES RETIREMENT FUND COORDINATED PROGRAM.] Notwithstanding any provisions of law to the contrary, as of July 1, 1979, all active members of the coordinated program of the Minneapolis municipal employees retirement fund established pursuant to Minnesota Statutes 1978, Sections 422A.30 to 422A.39, shall cease to be members of the program of that fund and shall cease to have any accrual of service credit, rights, or benefits under the bene-

fit plan of that program. From and after July 1, 1979, all active members of the coordinated program will have their retirement coverage transferred to the coordinated program of the public employees retirement association. The accrued liability for retirement coverage of these members to date shall be transferred to the coordinated program of the public employees retirement association and shall no longer be the liability of the Minneapolis municipal employees retirement fund. Within 30 days of July 1, 1979, the board of trustees of the Minneapolis municipal employees retirement fund shall transfer the entire assets attributable to the coordinated program of the Minneapolis municipal employees retirement fund to the coordinated program of the public employees retirement association. The assets transferred shall be an amount equal in value to the amount of employee contributions made by coordinated program members since July 1, 1978, the amount of employer matching contributions made by an employing unit on behalf of a coordinated program member since July 1, 1978, an amount equal to the employer additional contribution for the members of the coordinated program, and an amount equal to the investment income earned by the fund on the invested assets of the program since July 1, 1978. The assets transferred to the public employees retirement fund shall only include securities which are proper investments pursuant to section (11.16) 22. Within 30 days of July 1, 1979, the board of trustees and the actuary of the Minneapolis municipal employees retirement fund shall transfer to the public employees retirement association original copies of all records and documents which are in their possession relating to the coordinated program of the Minneapolis municipal employees retirement fund and any of its members and shall provide from time to time whatever additional relevant information which the board of trustees of the public employees retirement association may request. Upon the transfer of the assets, liabilities and records of the coordinated program of the Minneapolis municipal employees retirement fund to the coordinated program of the public employees retirement association, the coordinated program of the Minneapolis municipal employees retirement fund shall terminate and shall cease to exist.

Sec. 42. Minnesota Statutes 1978, Section 353.661, Subdivision 3, is amended to read:

Subd. 3. [TRANSFER OF EXISTING RECIPIENTS OF PENSION AND OTHER RETIREMENT BENEFITS.] As of July 1, 1978, the accrued liability for all retirement annuities, disability benefits, survivorship annuities and survivor of deceased active employee benefits paid or payable by the university of Minnesota police department retirement plan and fund shall be transferred to the public employees police and fire fund and shall no longer be the liability of the university of Minnesota police department retirement plan and fund. The required reserves for retirement annuities in effect as of June 30, 1978, including future automatic survivor benefits for survivors of deceased former retirement annuitants attributable to those annuities, and the required reserves for benefits of survivor of

deceased former retirement annuitants in effect as of June 30, 1978 shall be determined using a five percent interest assumption and the applicable public employees police and fire fund mortality table and shall be transferred by the public employees police and fire fund to the Minnesota adjustable fixed benefit fund on July 1, 1978 but shall be considered transferred as of June 30, 1978. The annuity or benefit amount on July 1, 1978 shall be considered the "originally determined benefit" for purposes of further adjustments pursuant to section (11.25. IF AN ADJUSTMENT FROM THE MINNESOTA ADJUSTABLE FIXED BENEFIT FUND PURSUANT TO SECTION 11.25 IS PAYABLE AS OF JANUARY 1, 1979, ANY ANNUITANT OR BENEFIT RECIPIENT RECEIVING AN ANNUITY OR BENEFIT FROM THE MINNESOTA ADJUSTABLE FIXED BENEFIT FUND PURSUANT TO THIS SECTION SHALL BE ENTITLED TO RECEIVE THE ADJUSTMENT IF THE ANNUITANT OR RECIPIENT BEGAN RECEIVING THE ANNUITY OR BENEFIT FROM THE UNIVERSITY OF MINNESOTA POLICE DEPARTMENT RETIREMENT PLAN AND FUND ON OR BEFORE JUNE 30, 1977. IF AN ADJUSTMENT FROM THE MINNESOTA ADJUSTABLE FIXED BENEFIT FUND PURSUANT TO SECTION 11.25 IS PAYABLE AS OF JANUARY 1, 1979, THE REQUIRED RESERVES FOR THE INCREASE DETERMINED USING A FIVE PERCENT INTEREST ASSUMPTION AND THE APPLICABLE PUBLIC EMPLOYEES POLICE AND FIRE FUND MORTALITY TABLE SHALL BE TRANSFERRED BY THE PUBLIC EMPLOYEES POLICE AND FIRE FUND TO THE MINNESOTA ADJUSTABLE FIXED BENEFIT FUND ON JANUARY 1, 1979) 16. For persons receiving benefits as survivors of deceased former retirement annuitants, the benefit shall be considered as having commenced on the date on which the retirement annuitant began receiving the retirement annuity.

Sec. 43. Minnesota Statutes 1978, Section 462.631, Subdivision 1, is amended to read:

462.631 [APPROVED MORTGAGES, BOND ISSUE; LIMITATIONS, PROVISIONS.] Subdivision 1. Any redevelopment company, subject to the approval of the state housing commission, may borrow funds and secure the repayment thereof by bond and mortgage or by an issue of bonds under a trust indenture. Each mortgage or issue of bonds of a redevelopment company shall relate only to a single specified project and to no other, and those bonds shall be secured by mortgage upon all of the real property of which (SUCH) *the* project consists. First lien bonds of a redevelopment company, when secured by a mortgage not exceeding 80 percent of the estimated cost prior to the completion of the project, or 80 percent of the appraised value or actual cost, but in no event in excess of 80 percent of the actual cost, after that completion, as certified by the state housing commission, are hereby declared securities in which all public officers and bodies of the state and of its municipal subdivisions,

including the state board of investment if the bonds meet the requirements of section 22, subdivision 2, all insurance companies and associations, all savings banks and savings institutions, including savings, building and loan associations, executors, administrators, guardians, trustees, and all other fiduciaries in the state may properly and legally invest the funds within their control. The bonds so issued and secured and the mortgage or trust indenture relating thereto may create a first or senior lien and a second or junior lien upon the real property embraced in any project; provided, however, that the total mortgage liens shall not exceed 80 percent of the estimated cost prior to the completion of the project, or 80 percent of the appraised value or actual cost, but in no event in excess of 80 percent of the actual cost after that completion, as certified by the state housing commission; and provided further that, where there are first and second mortgage liens upon the property embraced in a project, only the first or senior lien thereon shall be deemed a security in which (SUCH) the officers, bodies, corporations, associations, and fiduciaries may invest the funds within their control. (SUCH) The bonds and mortgages may contain (SUCH) other clauses and provisions as shall be approved by the state housing commission, including the right to assignment of rents and entry into possession in case of default; but the operation of the housing project in the event of such entry by mortgagee or receiver shall be subject to regulations promulgated by the state housing commission. Provisions for the amortization of the bonded indebtedness of companies formed under sections 462.415 to 462.711 shall be subject to the approval of the state housing commission. So long as funds made available by the federal government or any instrumentality thereof or any mortgage or mortgage bonds insured by the federal housing administrator or any other instrumentality of the federal government are used in financing, in whole or in part, any project under sections 462.415 to 462.711, the capital structure of a redevelopment company undertaking such project and the proportionate amount of the cost of the lands and improvements to be represented by mortgages or bonds shall be entirely in the discretion of the housing commission; and all restrictions as to the amounts to be represented by mortgages, mortgage bonds, income debenture, or stock shall be inapplicable to (SUCH) the projects or to redevelopment companies undertaking (SUCH) the projects, except that the bonds, mortgages, debentures, and stock covering any project shall not exceed the total actual final cost of (SUCH) the project as defined in section 462.635, clause 2.

Interest rates on mortgage indebtedness shall not exceed five percent per annum.

Sec. 44. Minnesota Statutes 1978, Section 475.73, Subdivision 1, is amended to read:

475.73 [STATE BOARD OF INVESTMENT.] Subdivision 1. Obligations sold under the provisions of section 475.60 may

be purchased by the state board of investment if the obligations meet the requirements of section 22, subdivision 2, upon the approval of the Attorney General as to form and execution of the application therefor, and under (SUCH) rules (AND REGULATIONS) as the board may specify, and the state board (OF INVESTMENT) shall have authority to purchase the same to an amount not exceeding 15 percent of the assessed valuation of the taxable property of (SUCH) the municipality, according to the last preceding assessment. (SUCH) The obligations shall not run for a shorter period than one year, nor for a longer period than 30 years and shall bear interest at a rate to be fixed by the state board (OF INVESTMENT) but not less than two percent per annum. Forthwith upon the delivery to the state of Minnesota of any obligations issued by virtue thereof, the commissioner of finance shall certify to the respective auditors of the various counties wherein are situated the municipalities issuing the same, the number, denomination, amount, rate of interest and date of maturity of each (SUCH) obligation.

Sec. 45. [INSTRUCTIONS TO THE REVISOR.] *Subdivision 1. In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute the term "executive director" for the term "executive secretary" wherever that term appears in reference to the state board of investment, shall substitute the term "Minnesota supplemental retirement investment fund" for the term "Minnesota supplemental retirement fund" wherever that term appears, and shall substitute the term "Minnesota variable annuity investment fund" for the term "Minnesota variable annuity fund" wherever that term appears.*

Subd. 2. In the next and subsequent editions of the Minnesota Statutes, the revisor of statutes shall substitute wherever the term "Minnesota adjustable fixed benefit fund" appears in reference to the state board of investment, the term "Minnesota post-retirement investment fund".

Sec. 46. [INSTRUCTION TO REVISOR.] *In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall in each section referred to in column A, strike the reference referred to in column B and insert the reference set forth in column C:*

<i>column A</i>	<i>column B</i>	<i>column C</i>
<i>Minnesota Statutes</i>	<i>Minnesota Statutes</i>	
<i>1978</i>	<i>1978</i>	
<i>Section 3A.11,</i>	<i>Section 11.25</i>	<i>Section 11A.18</i>
<i>Subdivisions</i>		
<i>1 and 2</i>		

<i>column A</i> <i>Minnesota Statutes</i> <i>1978</i>	<i>column B</i> <i>Minnesota Statutes</i> <i>1978</i>	<i>column C</i>
<i>Section 60B.25(16)</i>	<i>Chapter 11</i>	<i>Section 11A.24</i>
<i>Section 82.34,</i> <i>Subdivision 5</i>	<i>Section 11.16</i>	<i>Section 11A.24</i>
<i>Section 137.022</i>	<i>Section 11.25,</i> <i>Subdivision 2</i>	<i>Section 11A.18</i>
<i>Section 137.022</i>	<i>Section 11.015,</i> <i>Subdivision 7</i>	<i>Section 11A.16,</i> <i>Subdivision 5</i>
<i>Section 137.022</i>	<i>Section 11.16,</i> <i>Subdivision 17</i>	<i>Section 11A.12,</i> <i>Subdivision 2</i>
<i>Section 137.025</i>	<i>Section 11.10</i>	<i>Section 11A.25</i>
<i>Section 161.04,</i> <i>Subdivision 2</i>	<i>Chapter 11</i>	<i>Section 11A.21</i>
<i>Section 162.16</i>	<i>Chapter 11</i>	<i>Section 11A.21</i>
<i>Section 198.265</i>	<i>Section 11.17</i>	<i>Section 11A.21</i>
<i>Section 222.59</i>	<i>Section 11.10</i>	<i>Section 11A.25</i>
<i>Section 352.04,</i> <i>Subdivision 12</i>	<i>Section 11.25</i>	<i>Section 11A.18</i>
<i>Section 352.061</i>	<i>Section 11.25</i>	<i>Section 11A.18</i>
<i>Section 352.061</i>	<i>Chapter 11</i>	<i>Section 11A.24</i>
<i>Section 352.119,</i> <i>Subdivision 2(2)</i>	<i>Section 11.25,</i> <i>Subdivisions</i> <i>12 and 13</i>	<i>Section 11A.18</i>
<i>Section 352.93,</i>	<i>Section 11.25</i>	<i>Section 11A.18</i>

column A
Minnesota Statutes
1978

column B
Minnesota Statutes
1978

column C

Subdivision 3

Section 352.96,

Section 11.18

Section 11A.17

Subdivision 2(a)

Section 352B.26,

Section 11.25,

Section 11A.18

Subdivision 3(3)

Subdivisions

12 and 13

Section 352D.015,

Sections 11.18 to

Section 11A.17

Subdivision 3

11.24

Section 352D.03

Section 11.18

Section 11A.17

Section 353.06

Section 11.25

Section 11A.18

Section 353.271,

Section 11.25,

Section 11A.18

Subdivision 2(2)

Subdivisions

12 and 13

Section 354.05,

Section 11.26

Section 11A.19

Subdivision 23

Section 354.05,

Section 11.25,

Section 11A.18

Subdivision 26

Subdivision 12

Section 354.62,

Section 11.26,

Section 11A.19,

Subdivision 4(3)

Subdivision 7

Subdivision 8

Section 354.63,

Section 11.25,

Section 11A.18

Subdivision 2(2)

Subdivisions

12 and 13

Section 356.39

Section 11.25

Section 11A.18

<i>column A</i> <i>Minnesota Statutes</i> <i>1978</i>	<i>column B</i> <i>Minnesota Statutes</i> <i>1978</i>	<i>column C</i>
<i>Section 360.017,</i> <i>Subdivision 2</i>	<i>Section 11.01</i>	<i>Section 11A.25</i>
<i>Section 422A.18,</i> <i>Subdivision 2</i>	<i>Section 11.25,</i> <i>Subdivision 12</i>	<i>Section 11A.18</i>
<i>Section 422A.23,</i> <i>Subdivision 10</i>	<i>Section 11.25,</i> <i>Subdivision 12</i>	<i>Section 11A.18</i>
<i>Section 490.123,</i> <i>Subdivision 3</i>	<i>Section 11.25</i>	<i>Section 11A.18</i>
<i>Section 490.123,</i> <i>Subdivision 3</i>	<i>Chapter 11</i>	<i>Section 11A.24</i>
<i>Section 525.161</i>	<i>Section 11.08</i>	<i>Section 11A.04</i> <i>(9)</i>
<i>Section 525.841</i>	<i>Section 11.08</i>	<i>Sections 11A.04</i> <i>(9) and 11A.10,</i> <i>Subdivision 2</i>
<i>Minnesota Statutes,</i> <i>1979 Supplement</i>	<i>Minnesota Statutes</i> <i>1978</i>	
<i>Section 299B.17,</i> <i>Subdivision 7</i>	<i>Section 11.10</i>	<i>Section 11A.25</i>

Sec. 47. [TEMPORARY PROVISION.] *Portfolio securities held by the state board of investment which met statutory criteria at the time of purchase but which became nonconforming as a result of the passage of sections 1 to 23 may be retained.*

Sec. 48. [REPEALER.] *Minnesota Statutes 1978, Sections 11.01; 11.015; 11.04; 11.05; 11.06; 11.08; 11.10; 11.11; 11.115;*

11.117, Subdivisions 1, 2, 3, 5, and 7; 11.12; 11.13; 11.14; 11.15; 11.16; 11.17; 11.18; 11.19; 11.20; 11.21; 11.22; 11.23; 11.24; 11.25; 11.26; 11.27; 11.28; 360.303; 458.53; and Minnesota Statutes, 1979 Supplement, Sections 11.117, Subdivisions 4 and 6; 11.118; and 11.145 are repealed.

Sec. 49. [EFFECTIVE DATE.] *This article is effective the day following enactment.*

ARTICLE XV

POLICE, FIRE AND JUDGES RETIREMENT

Section 1. [LEGISLATIVE INTENT AND PURPOSE.] *It is the intent and purpose of sections 1 to 11 to provide:*

(a) *A means by which municipalities may establish an orderly phase-out of local police and salaried firefighters relief associations governed by Minnesota Statutes, Section 69.77, by allowing municipalities to provide that all newly hired police officers and salaried firefighters shall be covered by the public employees police and fire fund established by Minnesota Statutes, Sections 353.63 to 353.68;*

(b) *Assistance to municipalities and local police and salaried firefighters relief associations by establishing a local police and salaried firefighters relief association amortization state aid program; and*

(c) *An increase in retirement benefits to members of local police and salaried firefighters relief associations under certain conditions while not diminishing or impairing any retirement benefits of any persons who are members of local police and salaried firefighters relief associations, either active or retired.*

Sec. 2. Minnesota Statutes 1978, Section 69.77, Subdivision 2, as amended by Laws 1980, Chapter 341, Section 1, is amended to read:

Subd. 2. Subdivision 1 does not apply to an association enumerated in subdivision 1a under the following circumstances:

(1) Each member of the association pays into the retirement funds of the association during his term of covered employment from and after January 1, 1981, a contribution for retirement and survivorship benefits of not less than eight percent of the maximum rate of salary from which retirement and survivorship credits and amounts of benefits are determined, and that such contributions of a member are deducted from his salary by his governmental employer, transmitted to the association, and deposited to the credit of the proper fund thereof, provided that to avoid undue increase in the amount of employee contributions

in any one year, any increase in the amount of contributions required by this section may be spread over several years, but the increase in rate of contribution in each year commencing in 1981 shall not be less than one percent until the appropriate levels of required employee contributions have been reached. This paragraph shall not apply to members who are volunteer firefighters, provided that the local governing body shall have given their approval to the exemption following consideration of the most recent actuarial survey.

(2) The officers of the association determine on or before the date established by the municipality, which shall not be later than September 1 and shall not be earlier than August 1, of each year the financial requirements and minimum obligation of the association for the following calendar year in accordance with the following requirements:

The financial requirements shall be based on the most recent actuarial survey prepared in accordance with sections 356.215, subdivision 4 and 356.216.

The total of the amounts calculated pursuant to clauses (a) and (b) shall constitute the financial requirements of the relief association for the following year.

(a) The normal level cost expressed as a percent of covered payroll determined from the actuarial survey shall be applied to the estimated covered payroll of the membership for the following year to determine the dollar amount of normal cost for said following year.

(TO THE DOLLAR AMOUNT OF NORMAL COST THUS DETERMINED SHALL BE ADDED THE AMOUNT OF ONE YEAR'S INTEREST AT FIVE PERCENT ON THE AMOUNT OF THE (DEFICIT) UNFUNDED LIABILITY FOUND BY THE ACTUARIAL SURVEY OF THE FUND.)

(THE TOTAL OF THESE TWO AMOUNTS REPRESENTS THE FINANCIAL REQUIREMENTS OF THE ASSOCIATION FOR THE FOLLOWING YEAR.)

(b) *To the dollar amount of normal cost thus determined shall be added an amount equal to the level annual dollar amount sufficient to amortize the unfunded accrued liability by December 31, 2010, as determined from the actuarial survey of the fund.*

Except as otherwise provided in this paragraph, the minimum obligation of the governmental subdivision shall be the financial requirements of the association less the estimated amount of member contributions herein provided from covered salary anticipated for the following calendar year and less one year's estimated receipts expected from the applicable state (OF

MINNESOTA THROUGH STATE COLLECTED INSURANCE PREMIUM TAXES OR OTHER STATE AIDS) *aid program established pursuant to sections 69.011 to 69.051, and from the local police and salaried firefighters' relief association amortization aid program established pursuant to section 5.* The minimum obligation may, by vote of the governing body of the governmental subdivision, be reduced to the amount levied in the preceding year for purposes of the association, plus the following percentage of the difference between that levy and the amount of the minimum obligation determined without benefit of this sentence: for the levy made in 1971, 10 percent; in 1972, 20 percent; in 1973, 30 percent; in 1974, 40 percent; in 1975, 50 percent; in 1976, 60 percent; in 1977, 70 percent; in 1978, 80 percent; and in 1979, 90 percent. Commencing with the levy made in 1980, there shall be no reduction in the minimum obligation pursuant to this paragraph.

(3) The foregoing determination of the obligation of a governmental subdivision shall be submitted to its governing body *on or before the date established by the municipality which shall not be earlier than August 1 and shall not be later than September 1* of each year so that it may ascertain if it has been prepared in accordance with law.

(4) The governmental subdivision shall provide and pay as promptly as funds are available to the association at least the amount of the minimum obligation each year. Any portion of this amount not paid to the association at the end of any calendar year shall be increased at the rate of six percent per annum until so paid. On September 1 of any year the unpaid amount subject to interest shall be added to the obligation of the governmental subdivision.

(5) The governmental subdivision shall provide in its annual budget at least its minimum obligation and may levy taxes for the payment thereof without limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of any fund of the association has attained a specified level; the levy of such taxes shall not cause the amount of other taxes levied or to be levied by the governmental subdivision, which are subject to any such limitation, to be reduced in any amount whatsoever. If the governmental subdivision does not include the full amount of the minimum obligation in its levy for any year, the officers of the association shall certify that amount to the county auditor, who shall spread a levy in the amount of such obligation.

(6) Moneys paid by the governmental subdivision to the association in excess of the minimum amount so required shall be applied to the reduction in the unfunded liabilities of the association.

(7) The funds of the association shall be invested in securities which are proper investments for funds of the Minnesota state retirement system, except that up to \$10,000 may be invested in the stock of any one corporation in any account of such small size that the three percent stock limitation applicable to the Minnesota state retirement system would necessitate a lesser investment. Securities held by the association before July 1, 1971, which do not meet the requirements of this paragraph may be retained after that date if they were proper investments for the association on April 28, 1969. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board of investment under the provisions of section 11.21, provided that there be no share account described in section 11.18, subdivision 2, or in the fixed-return account described in section 11.18, subdivision 3a, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental retirement fund may be invested in the growth share account described in section 11.18, subdivision 3.

(8) The association shall procure an actuarial survey, showing the condition of its fund pursuant to section 356.216 as of December 31, 1978, and shall procure an actuarial survey every two years thereafter. The association shall also procure a quadrennial experience study pursuant to section 356.216 as of December 31, 1978, and shall procure a quadrennial experience study every four years thereafter. A copy of the actuarial survey and the quadrennial experience study shall be filed with the director of the legislative reference library, the governing body of the municipality in which the association is organized, executive secretary of the legislative commission on pensions and retirement, and the commissioner of insurance, not later than June 1 of the following year.

Sec. 3. Minnesota Statutes 1978, Section 353.657, Subdivision 3, is amended to read:

Subd. 3. Each dependent child, until the child reaches the age of 18 years, shall receive a monthly benefit equal to ten percent of the member's average monthly salary earned as a police officer or fire fighter on which employee contributions were paid over the last full six months of allowable service preceding death. Payments for the benefit of any qualified dependent child under the age of 18 years shall be made to the surviving parent, or if there be none, to the legal guardian of (SUCH) the child. The maximum monthly benefit for any one family shall not exceed (\$450) *an amount equal to 50 percent of the member's specified average monthly salary*, and the minimum benefit per family shall not be less than 30 percent of the member's (SAID) *specified average monthly salary* (, SUBJECT TO THE AFOREMENTIONED MAXIMUM).

Sec. 4. [POLICE AND SALARIED FIREFIGHTER'S RELIEF ASSOCIATIONS.] Subdivision 1. [MEMBERSHIP OF NEW POLICE AND SALARIED FIREFIGHTERS IN THE PUBLIC EMPLOYEES POLICE AND FIRE FUND.] *Notwithstanding any law to the contrary, all persons first employed by any municipality as police officers or police officer trainees, salaried firefighters or firefighter trainees or public safety officers or public safety officer trainees after the effective date of this section shall be members of the public employees police and fire fund established by sections 353.63 to 353.68, and shall not be members of any local police or paid firefighter's relief association established or maintained by the municipality, unless the municipality elects to retain the local relief association by the adoption of a municipal resolution approved by a majority of the governing body of the municipality following the holding of a public meeting at which the views of the public are considered and a copy of the municipal resolution is filed with the secretary of state, the commissioner of finance, the commissioner of insurance and the executive secretary of the legislative commission on pensions and retirement on or before August 15, 1980.*

Subd. 2. [OPERATION OF LOCAL RELIEF ASSOCIATION UPON MODIFICATION OF RETIREMENT COVERAGE FOR NEWLY HIRED POLICE OFFICERS AND FIREFIGHTERS.] *The minimum obligation of a municipality in which the retirement coverage for newly hired police officers or salaried firefighters has been modified pursuant to subdivision 1 with respect to the local relief association shall be determined and governed in accordance with the provisions of Minnesota Statutes, Sections 69.77, 356.215 and 356.216, except that the normal cost calculation for the relief association shall be computed as a percentage of the compensation paid to the active members of the relief association. The compensation paid to persons with retirement coverage modified pursuant to subdivision 1 shall not be included in any of the computations made in determining the obligation of the municipality with respect to the local relief association.*

The contribution rate of members of the local relief association shall be governed by Minnesota Statutes, Section 69.77, unless a special law establishing a greater member contribution rate is applicable whereupon it shall continue to govern. The member contribution rate of persons with retirement coverage modified pursuant to subdivision 1 shall be governed by Minnesota Statutes, Section 353.65.

When every active member of the local relief association retires or terminates from active duty, the local relief association shall cease to exist as a legal entity and the assets of the special fund of the relief association shall be transferred to a trust fund to be established by the appropriate municipality for the purpose of paying service pensions and retirement benefits to recipient beneficiaries. If there are at least five recipient beneficiaries,

the trust fund shall be managed by a board of trustees composed of five members selected by the recipient beneficiaries of the fund, subject to the approval of the governing body of the municipality. If there are fewer than five recipient beneficiaries, the trust fund shall be managed by the governing body of the municipality. The term of the elected members of the board of trustees shall be indefinite and shall continue until a vacancy occurs in one of the board of trustee member positions. Board of trustee members shall not be compensated for their services, but shall be reimbursed for any expenses actually and necessarily incurred as a result of the performance of their duties in their capacity as board of trustee members. The municipality shall perform whatever services are necessary to administer the trust fund. The balance of assets remaining in the trust fund shall not revert to the municipality until all obligations of the trust fund are paid.

The financial requirements of the trust fund and the minimum obligation of the municipality with respect to the trust fund shall be determined in accordance with Minnesota Statutes, Sections 69.77, 356.215 and 356.216 until the unfunded accrued liability of the trust fund is fully amortized in accordance with this act. The municipality shall provide in its annual budget for at least the aggregate amount of service pensions, disability benefits, survivorship benefits and refunds which are projected as payable for the following calendar year, as determined by the board of trustees of the trust fund, less the amount of assets in the trust fund as of the end of the most current calendar year for which figures are available, valued pursuant to Minnesota Statutes, Section 356.20, Subdivision 4, Clause (1) (a), if the difference between those two figures is a positive number.

In calculating the amount of service pensions and other retirement benefits payable from the local relief association and in calculating the amount of any automatic post retirement increases in those service pensions and retirement benefits based on the salary paid or payable to active members or escalated in any fashion, the salary for use as the base for the service pension or retirement benefit calculation and the post retirement increase calculation for the local relief association shall be the salary for the applicable position as specified in the articles of incorporation or bylaws of the relief association as of the date immediately prior to the effective date of the modification of retirement coverage for newly hired personnel pursuant to subdivision 1, as the applicable salary is reset by the municipality periodically, irrespective of whether retirement coverage for persons holding the applicable position used in calculations is provided by the relief association or by the public employees police and fire fund.

If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local police relief association, the police state aid received by the municipality shall be disbursed pursuant to Minnesota Statutes, Section 69.031,

Subdivision 5, Clause (2) (c). If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local firefighters' relief association, the fire state aid received by the applicable municipality shall be disbursed as the municipality at its option may elect. The municipality may elect: (1) to transmit the total fire state aid to the treasurer of the local relief association for immediate deposit in the special fund of the relief association; or (2) to apply the total fire state aid toward the employer contribution of the municipality to the public employees police and fire fund pursuant to Minnesota Statutes, Section 353.65, Subdivision 3; or (3) to allocate the total fire state aid proportionately between the special fund of the local relief association and employer contribution of the municipality to the public employees police and fire fund on the basis of the respective number of active full time salaried firefighters receiving retirement coverage from each.

Subd. 3. [BENEFIT INCREASE FOR CERTAIN RELIEF ASSOCIATION MEMBERS.] *Notwithstanding any law to the contrary, any member of a local police or salaried firefighters' relief association located in a municipality which has not adopted a municipal resolution retaining the local relief association pursuant to subdivision 1, except the city of Minneapolis, shall be entitled to receive, after the effective date for the modification of pension coverage for newly employed personnel, a retirement annuity in addition to the service pension to which the member may be eligible upon retirement. The additional retirement annuity shall be payable for the life of the retired member. The additional retirement annuity shall be equal to one-half of one percent of the salary upon which the service pension is calculated payable on the date of termination of active service per year of service credit acquired in excess of 25 years of service credit. The retirement annuity under this subdivision shall not be subject to any post retirement increases granted pursuant to increases in the salary payable to a certain employment category or in the salaries payable to active members or be in any other manner escalated or increased after retirement.*

Subd. 4. [AUTOMATIC POST RETIREMENT ADJUSTMENTS FOR CERTAIN NEWLY EMPLOYED, ACTIVE AND RETIRED MEMBERS.] *(1) Notwithstanding any provision of law, municipal charter, municipal ordinance or resolution, or relief association articles of incorporation or bylaws to the contrary, any person who meets one of the following requirements for entitlement shall be entitled to an annual automatic post retirement adjustment in the amount of the service pension calculated pursuant to clause (2). A person meets the requirements for entitlement if:*

(a) the person is a member of a covered local police or salaried firefighters' relief association enumerated in clause (3) unless the municipality has adopted a municipal resolution retaining the local relief association pursuant to subdivision 1, if applicable, commences receiving a service pension at an age no

earlier than attaining the age of 55 years, and has met all applicable requirements for entitlement to a service pension specified in the applicable laws and relief association articles of incorporation or bylaws governing the local relief association;

(b) the person is a retired member of a covered local police or salaried firefighters' relief association enumerated in clause (3) unless the municipality has adopted a municipal resolution retaining the local relief association pursuant to subdivision 1, if applicable, retired on a service pension after the effective date of this section and after attaining the age of at least 50 years but prior to attaining the age of 55 years and attains the age of 55 years subsequent to retirement; or

(c) the person was a retired member on the effective date of this section of a covered local police or salaried firefighters' relief association or retirement trust fund enumerated in clause 3, unless the municipality has adopted a municipal resolution retaining the local relief association pursuant to subdivision 1, if applicable, on the effective date of this section, is receiving a service pension, and has attained the age of at least 55 years.

(2) Any person who meets the requirements specified in clause (1)(a) or (1)(b) shall be entitled to receive the annual automatic post retirement adjustment on the January 1 next following the date upon which the requirements for entitlement are met but in no event prior to the date upon which the person attains the age of 55 years. Any person who meets the requirements specified in clause (1)(c) shall be entitled to receive the annual automatic post retirement adjustment on the January 1 next following the effective date of the approval of the benefit modification by the municipality as provided for in clause (3) or the date upon which the person attains the age of 55 years; whichever occurs later. The amount of the annual automatic post retirement adjustment shall be determined by the board of trustees of the local relief association on or before December 1 annually and the annual automatic post retirement adjustment shall accrue each year as of January 1 next following the determination date. The annual automatic post retirement adjustment shall be first payable with the service pension payment made for January. Each annual automatic post retirement adjustment in the amount of the service pension shall be equal to the dollar amount determined by applying the percentage by which the salary payable by the municipality to a top grade patrol officer or a top grade firefighter, whichever is applicable, has increased during the year subject to the limitation provided for in this clause to the amount of service pension payable to the person for the month immediately prior to the month in which the determination is made. The maximum percentage increase shall not exceed three and one-half percent in any year and any increase in the salary level of the applicable position used to govern the determination of annual automatic post retirement adjustments in excess of three and one-half percent in any year

shall not carry over to or be used to calculate the rate of salary increase for any succeeding year in which the increase in the salary of the applicable position does not exceed three and one-half percent.

(3) The provisions of this subdivision shall apply to the active members and retired members of a local police or salaried firefighters' relief association or to the retired members of a retirement trust fund contained in the following enumeration of covered relief associations if the governing body of the applicable municipality approves the modification in the benefit plan of the relief association specified in this subdivision following consideration of an actuarial valuation which is, or actuarial estimate based on the most recent actuarial valuation which was, prepared in accordance with Minnesota Statutes, Sections 356.215 and 356.216, based on the benefit plan of the applicable local relief association or retirement trust fund including the modification provided for in this subdivision, does not adopt a municipal resolution retaining the local relief association pursuant to subdivision 1, and files a resolution indicating approval of the modification in the benefit plan with the secretary of state, the commissioner of insurance and the executive secretary of the legislative commission on pensions and retirement on or before the first day of the tenth month following the effective date of this section:

- (a) Buhl police relief association;
- (b) Crookston firefighters relief association;
- (c) Crookston police relief association;
- (d) Eveleth joint retired police and firefighters retirement trust fund;
- (e) Moorhead firefighters relief association;
- (f) Moorhead police relief association;
- (g) Thief River Falls police retirement trust fund;
- (h) Virginia firefighters relief association;
- (i) West St. Paul police relief association.

Sec. 5. [LOCAL POLICE AND FIREFIGHTERS' RELIEF ASSOCIATION AMORTIZATION STATE AID.] Any municipality in which is located a local police or salaried firefighters' relief association to which the provisions of Minnesota Statutes, Section 69.77, apply, unless the municipality has adopted a municipal resolution retaining the local relief association pursuant to section 4, subdivision 1, shall be entitled upon annual

application on or before the date specified by the commissioner of finance to receive local police and salaried firefighters' relief association amortization state aid if the municipality and the appropriate relief association both comply with the applicable provisions of Minnesota Statutes, Sections 69.031, Subdivision 5, 69.051, Subdivisions 1 and 3, and 69.77. The amount of local police and salaried firefighters' relief association amortization state aid to which a municipality is entitled annually shall be an amount equal to the level annual dollar amount required to amortize, by December 31, 2010, the unfunded accrued liability of the special fund of the appropriate relief association as reported in the most recent actuarial valuation of the relief association prepared pursuant to Minnesota Statutes 1978, Sections 356.215 and 356.216, and filed with the commissioner of insurance on the date of final enactment of this act, reduced by the dollar amount required to pay the interest on the unfunded accrued liability of the special fund of the relief association for the calendar year next following the date of final enactment of this act set at the rate specified in Minnesota Statutes 1978, Section 356.215, Subdivision 4, Clause (4). Payment of local police and salaried firefighters' relief association amortization state aid to municipalities shall be made directly to the municipalities involved in four equal installments on March 15, July 15, September 15 and November 15 annually. Upon receipt of the local police and salaried firefighters' relief association amortization state aid, the municipal treasurer shall transmit the aid amount to the treasurer of the local relief association for immediate deposit in the special fund of the relief association. The commissioner of finance shall prescribe and periodically revise the form for and content of the annual application for the local police and salaried firefighters' relief association amortization state aid. The amounts required to pay the local police and salaried firefighters' relief association amortization state aid are hereby annually appropriated from the general fund to the commissioner of finance.

Sec. 6. [TEMPORARY PROVISION; APPLICATION TO CERTAIN MUNICIPALITIES.] Any municipality in which is located a local police or salaried firefighters' relief association which is governed by Minnesota Statutes, Section 69.77, and in which all newly hired police officers or firefighters, whichever is applicable, after a certain date are required by special law to have their retirement coverage provided by the public employees police and fire fund established pursuant to Minnesota Statutes, Chapter 353, and not by the local police or firefighters' relief association, may have made applicable any other provisions of section 4, by adopting by majority vote of the governing body, a resolution implementing those provisions of section 4 which are not present in or which are in substantial conflict with the applicable special law modifying retirement coverage for new police officers or firefighters, whichever is applicable, other than the date of the modification in retirement coverage. Prior to becoming effective, a copy of the municipal resolution shall be filed with the secretary of state, the commis-

sioner of finance, the commissioner of insurance and the executive secretary of the legislative commission on pensions and retirement. To be deemed an implementing municipal resolution within the meaning of this section, the municipal resolution shall either refer to this section and the applicable subdivisions of section 4 or shall describe in summary form the modifications to be implemented.

Sec. 7. [ALTERNATIVE BENEFIT INCREASE.] Notwithstanding any provision of law to the contrary, and in lieu of the benefit increase provided for in section 4, subdivision 3, the governing body of a participating municipality, except the city of Minneapolis, is authorized by resolution approved by a majority of the members of the governing body, following consideration of an actuarial analysis of the effect of any change, to increase the service pension or retirement benefits provided by or modify any provision of the benefit plan of either a police relief association or a salaried firefighters relief association unless the municipality elects to retain the local relief association by the adoption of a municipal resolution pursuant to section 4, subdivision 1. The total cost of any increase or modification, including amortization by the applicable date to amortize specified in any prior applicable special legislation, shall not exceed 1.26 percent of covered payroll.

Sec. 8. [MINNEAPOLIS POLICE AND FIREFIGHTERS RELIEF ASSOCIATIONS: MINIMUM MEMBER CONTRIBUTION.] Notwithstanding any provision of Minnesota Statutes, Section 69.77, or any other law to the contrary, the minimum employee contribution to the special fund of the relief association for retirement and survivorship benefits by each member of the Minneapolis police relief association or the Minneapolis firefighters relief association, during the remaining term of covered employment by the member shall be seven percent of the maximum salary from which retirement and survivorship credits and amounts of benefits are determined, effective July 1, 1980, and eight percent effective January 1, 1981.

Sec. 9. [HEALTH AND WELFARE BENEFIT.] Notwithstanding any law to the contrary, any person who, after July 1, 1980, retires on a service pension or a disability benefit from the Minneapolis police relief association or the Minneapolis firefighters relief association shall be entitled on January 1, 1981, or upon the date of retirement, whichever occurs later, to receive a monthly health and welfare benefit unless the city of Minneapolis elects to retain the local relief association by the adoption of a municipal resolution pursuant to section 4, subdivision 1. The monthly health and welfare benefit shall be an amount equal to one unit as defined pursuant to Laws 1963, Chapter 315, Section 1, Subdivision 3, for the Minneapolis police relief association, or Minnesota Statutes, Section 69.45, for the Minneapolis firefighters relief association, whichever is applicable. The monthly health and welfare benefit shall be paid to the

retired member unless the retired member designates in writing that the amount be paid to an insurance carrier to defray the cost of any health or welfare related insurance coverage.

Sec. 10. [DETERMINATION OF FINANCIAL REQUIREMENTS OF RELIEF ASSOCIATION AND MINIMUM MUNICIPAL OBLIGATION.] *The officers of the Minneapolis police relief association and the Minneapolis firefighters relief association shall include in their determinations of the financial requirements of the relief association and the minimum obligation of the governmental subdivision submitted to the city of Minneapolis on or before September 1, 1980, pursuant to Minnesota Statutes, Section 69.77, Subdivision 2, Clauses (2) and (3), the cost of the health and welfare benefit as estimated by the actuary of the respective relief association based on the most recent actuarial valuation of the relief association prepared pursuant to Minnesota Statutes, Sections 69.77, 356.215 and 356.216. The city of Minneapolis shall provide sufficient financial support to each relief association to meet the minimum obligation of the governmental subdivision including the cost of the health and welfare benefit, effective January 1, 1981.*

Sec. 11. Minnesota Statutes, 1979 Supplement, Section 424A.02, is amended by adding a subdivision to read:

Subd. 9a. [POST RETIREMENT INCREASES.] Notwithstanding any provision of general or special law to the contrary, a volunteer firefighters' relief association may, from time to time, with municipal approval pursuant to subdivision 10 and section 69.772, subdivision 6, or section 69.773, subdivision 6, whichever is applicable, provide a post retirement increase to retired members and other retirement benefit recipients of the relief association. The post retirement increase may only be granted pursuant to an amendment to the bylaws of the relief association and shall be applicable only to retired members and other retirement benefit recipients receiving a service pension or retirement benefit as of the effective date of the bylaw amendment. The authority to provide a post retirement increase to retired members and other retirement benefit recipients of a relief association contained in this subdivision shall supersede any prior special law authorization relating to the provision of post retirement increases.

Sec. 12. Minnesota Statutes, 1979 Supplement, Section 424A.04, is amended to read:

424A.04 [VOLUNTEER RELIEF ASSOCIATIONS; BOARD OF TRUSTEES.] Every volunteer firefighters' relief association shall be managed by a board of trustees consisting of nine members. Six trustees shall be elected from the membership of the relief association and three trustees shall be drawn from the officials of the municipality which has a fire

department to which the relief association is directly associated or the municipality which contracts or the municipalities which contract with the independent nonprofit firefighting corporation of which the relief association is a subsidiary. *The bylaws of a volunteer firefighters' association may provide that one of the six trustees required to be elected from the membership of the relief association may be a retired member of the relief association receiving a monthly pension elected by the membership of the fire department.* The ex officio trustees, if the relief association is directly associated with the fire department of a municipality, shall be the mayor, the clerk or clerk-treasurer, and the chief of the municipal fire department. The ex officio trustees, if the relief association is a subsidiary of an independent nonprofit firefighting relief corporation, shall be three elected officials of the contracting municipality designated by the governing body of the municipality if only one municipality contracts with the independent nonprofit firefighting corporation, two elected officials of the largest municipality in population and one elected official of the next largest municipality in population designated by the governing bodies of the applicable municipalities if two municipalities contract with the independent nonprofit firefighting corporation, or one elected official of each of the three largest municipalities in population designated by the governing bodies of the applicable municipalities if three or more municipalities contract with the independent nonprofit firefighting corporation. An ex officio trustee shall have all of the rights and duties accorded to any other trustee except the right to be an officer of the board of trustees. A board shall have at least three officers, which shall be a president, a secretary and a treasurer. These officers shall be elected from among the elected trustees by either the full board of trustees or by the membership, as specified in the bylaws, and in no event shall any trustee hold more than one officer position at any one time. The terms of the elected trustees and of the officers of the board shall be specified in the bylaws of the relief association but shall not exceed three years. If the term of the elected trustees exceeds one year, the election of the various trustees elected from the membership shall initially and shall thereafter continue to be staggered on as equal a basis as is practicable.

It shall be the duty of the board of trustees to faithfully administer any provisions of statute or special law applicable to the relief association without prejudice and consistent with the expressed intent of the legislature. The members of the board shall act as trustees with a fiduciary obligation to the state of Minnesota which authorized the creation of the relief association, the taxpayers who aid in its financing and the firefighters who are its beneficiaries.

Sec. 13. [HIBBING; AUTHORIZATION FOR SEPARATE RELIEF ASSOCIATIONS FOR SALARIED AND VOLUNTEER FIREFIGHTERS.] *Subdivision 1. Notwithstanding any provisions of any law to the contrary, the city of Hibbing*

may establish and maintain or continue to maintain two separate relief associations for firefighters employed by or serving with the Hibbing municipal fire department. One relief association shall provide retirement benefit coverage for regular salaried firefighters employed by the Hibbing municipal fire department and the other relief association shall provide retirement benefit coverage for volunteer firefighters serving with the Hibbing municipal fire department. Any fire state aid amounts received by the city of Hibbing pursuant to Minnesota Statutes, Sections 69.011 to 69.051, shall be allocated proportionately between the two relief associations on the basis of the assessed property value, excluding mineral values, and the population pursuant to the most recent federal census, of the areas which are predominantly served by the members of each relief association, as determined by the governing body of the city of Hibbing and certified to the commissioner of insurance and the county auditor.

Subd. 2. No person who is employed by the city of Hibbing as a regular salaried firefighter, and who is a member of the Hibbing salaried firefighters relief association to which Minnesota Statutes, Section 69.77, applies, shall be entitled while so employed after the effective date of this section to be a member of or to accrue any service credit in the relief association which provides retirement benefit coverage for volunteer firefighters serving with the Hibbing municipal fire department and to which Minnesota Statutes, Sections 69.771 to 69.776, apply.

Subd. 3. Any person who is prohibited from further membership in or from accruing further service credit in the volunteer firefighters' relief association which is established or maintained by the city of Hibbing and to which Minnesota Statutes, Sections 69.771 to 69.776 apply and who has not as of the effective date of this section received credit for sufficient years of service with the Hibbing municipal fire department or membership with the Hibbing volunteer firefighters' relief association to be entitled to a service pension without the benefit of this section shall be entitled when otherwise qualified to receive a proportionate service pension based on the number of completed years of service rounded to the nearest full years of service.

Sec. 14. [EVELETH POLICE OFFICERS AND FIREFIGHTERS.] Notwithstanding any general or specific law to the contrary, retirement benefits payable to retired police officers and firefighters by the Eveleth police and fire trust fund may be increased by \$50 per month. Survivor benefits payable to a surviving spouse or surviving dependent child may be increased by \$25 per month. Increases shall be retroactive to January 1, 1980.

Sec. 15. Any volunteer firefighters' relief association which had prior special legislative authorization to grant a post retirement increase and which approved a post retirement increase prior to the effective date of Laws 1979, Chapter 201, may grant

the post retirement increase, pursuant to section 11 of this article, effective retroactively to January 1, 1980.

Sec. 16. Minnesota Statutes 1978, Section 490.123, Subdivision 1, is amended to read:

490.123 [JUDGES' RETIREMENT FUND.] Subdivision 1. [CREATION; CONTRIBUTIONS.] There is hereby created a special fund known as the "judges' retirement fund". The fund shall be credited with all contributions, all interest and all other income authorized by law. From this fund there are appropriated the payments authorized by sections 490.121 to 490.132 in the amounts and at times provided herein, including the expenses of administering the fund. Except as provided in section 490.128, subdivision 2, each judge shall contribute to the fund from each salary payment *a sum equal to one-half of one percent of salary, plus a sum equal to the salary multiplied by the rate of employee tax under the Federal Insurance Contributions Act as defined in section 355.01, subdivision 9, but in aggregate not less than seven percent of salary.* The balance of all money necessary for administering sections 490.121 to 490.132 and the judges' retirement fund, including payment of retirement compensation and other benefits under sections 490.121 to 490.132, shall be contributed to the fund by the state. The amount required therefor is hereby annually appropriated from the general fund to the judges' retirement fund.

Sec. 17. Minnesota Statutes 1978, Section 490.124, Subdivision 1, is amended to read:

490.124 [MATURITY OF BENEFITS; RETIREMENT AND SURVIVORS' ANNUITIES.] Subdivision 1. [BASIC RETIREMENT ANNUITY.] Except as qualified hereinafter from and after mandatory retirement date, normal retirement date, early retirement date, or two years from the disability retirement date, as the case may be, a retirement annuity shall be payable to a retiring judge from the judges' retirement fund in an amount equal to: (1) two and one-half percent of the judge's final average compensation multiplied by the number of years and fractions of years of service rendered (,) *prior to July 1, 1980; plus (2) three percent of the judge's final compensation multiplied by the number of years and fractions of years of service rendered after June 30, 1980; provided that such annuity shall not exceed (60) 65 percent of the judge's annual salary for the year immediately preceding his retirement.*

Sec. 18. Laws 1979, Chapter 293, Section 10, Subdivision 1, is amended to read:

Sec. 10. [POST RETIREMENT ADJUSTMENT; LUMP SUM PAYMENTS.] Subdivision 1. [ENTITLEMENT.] Any person (WHO, ON OR BEFORE JULY 1, 1979, HAS AT-

TAINED THE AGE OF 65 YEARS AND) who is receiving a retirement annuity (FROM) , (OR ANY PERSON WHO IS RECEIVING) a disability benefit or a surviving spouse's annuity or benefit from a retirement fund specified in subdivision 4, clauses (1) to (5) which was computed under the laws in effect prior to June 1, 1973, if the person is receiving an annuity or benefit from the retirement fund specified in subdivision 4, clause (4), or prior to July 1, 1973, if the person is receiving an annuity or benefit from a retirement fund specified in subdivision 4, clause (1), (2), (3) or (5), and any person (WHO, ON OR BEFORE JULY 1, 1979, HAS ATTAINED THE AGE OF 65 AND) who is receiving a "\$2 bill and annuity" annuity from the retirement fund specified in subdivision 4, clause (6), shall be entitled to receive a post retirement adjustment from the applicable retirement fund in the amount specified in subdivision 3.

Sec. 19. Laws 1979, Chapter 293, Section 10, is amended by adding a subdivision to read:

Subd. 6. [TRANSFER OF APPROPRIATION; TERMINAL AUDIT.] From the amounts appropriated and apportioned pursuant to subdivision 5, there is transferred to the commissioner of finance for purposes of redistribution the specified amount from each fund indicated, as follows:

<i>highway patrol retirement fund</i>	<i>\$ 11,971</i>
<i>state employees retirement fund</i>	<i>263,100</i>
<i>public employees retirement fund</i>	<i>238,155</i>
<i>public employees police and fire fund</i>	<i>45,471</i>

From the total amount transferred to the commissioner of finance for redistribution, the commissioner shall transfer the specified amount to each fund indicated as follows:

<i>Minneapolis municipal employees retirement fund</i>	<i>\$ 25,780</i>
<i>teachers retirement fund</i>	<i>173,711</i>

The remaining balance of the appropriation transferred to the commissioner of finance following redistribution shall cancel and shall be returned to the general fund.

Each covered retirement fund as specified in subdivision 4 shall, as soon as is practical following the payment of the December 1, 1980, post retirement adjustment, calculate the amount of any appropriation apportioned to it which is in excess of the amounts required to pay the December 1, 1979, and December 1, 1980, post retirement adjustments and the post retirement ad-

justments provided for in this article. In addition, the executive secretary of the state board of investment, for covered retirement funds specified in subdivision 4, clauses (1) to (5), and the executive secretary of the Minneapolis municipal employees retirement fund, for that fund, shall calculate the amount which represents for each applicable covered retirement fund the investment income which the fund received on its portion of the appropriation calculated on the basis of the actual annual rate of investment return received on the assets of the retirement fund. The calculations required by this paragraph shall be reported to and verified by the commissioner of finance and amounts equal to these reported excess appropriation and investment income amounts shall be returned to the general fund.

The commissioner of finance is not authorized to adjust or modify any appropriation made pursuant to Laws 1979, Chapter 293, Section 10 or any amounts transferred pursuant to this act except in accordance with this subdivision.

Sec. 20. [RETROACTIVE APPLICATION.] Any person who was not entitled to receive a lump sum post retirement adjustment on December 1, 1979, pursuant to Laws 1979, Chapter 293, Section 10, solely by virtue of not having attained the age of 65 years on or before July 1, 1979 shall be entitled to receive the lump sum post retirement adjustment which that person would have received on December 1, 1979. The adjustment shall be payable on the first day of the second month following the effective date of this section and may be included with the annuity or benefit payable on that date.

Sec. 21. [RETIREMENT COVERAGE FOR MINNEAPOLIS CHIEF OF POLICE.] Notwithstanding any provision of law to the contrary, the chief of the police department of the city of Minneapolis shall be excluded from either membership in the Minneapolis police relief association or the public employees police and fire fund, unless the person at the time of appointment is either a member of the Minneapolis police relief association or the public employees police and fire fund, whereupon the person may elect by irrevocable written application within 30 days of the person's appointment as chief of police to continue membership in the applicable pension fund. If the person is excluded from membership in the Minneapolis police relief association or the public employees police and fire fund by operation of this section, the city of Minneapolis may pay to the person compensation in addition to the salary allowed under any limitations imposed by law on the salaries of public employees, on the condition that the person agrees that the additional compensation shall be deposited by the city in a deferred compensation program. The additional compensation shall be a dollar amount equal to the employer contribution to meet the normal cost obligation of the Minneapolis police relief association as specified in the most recent actuarial valuation of the relief association prepared and reported pursuant to Minnesota Statutes, Sections 69.77 and

356.215, applied to the salary payable to a first grade patrol officer.

Sec. 22. [SPECIAL RETIREMENT COVERAGE FOR MILITARY AFFAIRS DEPARTMENT PERSONNEL.] Subdivision 1. [ELIGIBILITY; RETIREMENT ANNUITY.] An employee of the department of military affairs who is covered by the Minnesota state retirement system, who is ordered to active duty pursuant to Minnesota Statutes, Section 190.08, Subdivision 3, and who is required to retire from federal military status at the age of 60 years by applicable federal laws or regulations shall be entitled upon application, to a retirement annuity commencing at the age of 60 computed in accordance with Minnesota Statutes, Section 352.115, Subdivisions 2 and 3, without reduction pursuant to Minnesota Statutes, Section 352.116, Subdivision 1.

Subd. 2. [DISABILITY BENEFIT.] An employee described in subdivision 1, who is less than 60 years of age and who shall become disabled and physically or mentally unfit to perform his duties due to injury, sickness or other disability, and who shall be found disqualified for retention on active duty as a result of a physical examination required by applicable federal laws or regulations, shall be entitled upon application to disability benefits computed in the same manner as specified in Minnesota Statutes, Section 352.113. Disability benefits shall be otherwise governed by Minnesota Statutes, Section 352.113, except that the age for the termination of the disability benefit shall be 60 years.

Subd. 3. [ADDITIONAL CONTRIBUTIONS.] The special retirement annuities and disability benefits authorized by this section shall be financed by an employee contribution of one percent and an employer contribution of one percent, which contributions shall be in addition to the contributions required by Minnesota Statutes, Section 352.04, Subdivisions 2 and 3, and shall be made in the manner provided for in Minnesota Statutes, Section 352.04, Subdivisions 4, 5 and 6.

Subd. 4. [ELECTION OF COVERAGE.] To be covered by the provisions of this act, any employee of the department of military affairs, described in subdivision 1, who is employed on July 1, 1980, or is first employed in such position after July 1, 1980, shall by August 1, 1980, or within 30 days of their employment, whichever is later, file a notice with the executive director of the Minnesota state retirement system on a form prescribed by the executive director stating whether or not the employee elects to be covered. Elections shall be irrevocable during any period of covered employment.

Subd. 5. [RESTRICTION ON COVERAGE.] Nothing in this section shall be construed to apply to the adjutant general.

Sec. 23. [PRIOR MODIFICATIONS IN RETIREMENT COVERAGE APPLICABLE TO CERTAIN LOCAL POLICE AND SALARIED FIREFIGHTERS RELIEF ASSOCIATIONS.] *Any actions of the city of Richfield or the city of Crystal providing by ordinance for the membership of newly employed police officers or police officer trainees, or firefighters or firefighter trainees in the public employees police and fire fund which occurred prior to the date of final enactment of this act are ratified and confirmed.*

Sec. 24. [REPEALER.] *Laws 1979, Chapter 293, Section 10, Subdivision 2, is repealed effective retroactively to July 1, 1979.*

Sec. 25. [EFFECTIVE DATE.] *Sections 1, 2, 6, 11, 12, 15, 19 and 20 are effective the day following final enactment. Sections 3 and 17 are effective July 1, 1980. Section 4 is effective June 15, 1980. Section 16 is effective for the first pay period ending after July 1, 1980. Section 5 is effective January 1, 1981. Section 18 is effective retroactively to November 30, 1979. Sections 8, 9, 10, 13, 14 and 21 are effective on the day of compliance with Minnesota Statutes, Section 645.021, Subdivision 3. Any benefit change pursuant to section 7 is effective upon approval by the governing body of the applicable municipality and upon compliance with Minnesota Statutes, Section 645.021. Section 22 is effective July 1, 1980. Section 23 is effective the day following final enactment.*

ARTICLE XVI

MINNEAPOLIS MUNICIPAL EMPLOYEES RETIREMENT FUND

Section 1. Minnesota Statutes 1978, Section 422A.02, is amended to read:

422A.02 [RETIREMENT BOARD; MEMBERS.] A retirement board of seven members is hereby constituted which shall consist of the following:

- (1) Mayor;
- (2) The city (COMPTROLLER OR CORRESPONDING OFFICIAL) *comptroller-treasurer*;
- (3) One member of the city council selected by the council;
and
- (4) Four legally qualified voters (OF THE CITY, RESIDENTS THEREOF FOR THE PRECEDING FIVE YEARS,) to be chosen by the employees as defined in sections 422A.01 to 422A.25 who are contributors to the retirement fund created

by sections 422A.01 to 422A.25. The employees may form an association for that purpose and the employing authorities are authorized to make payroll deductions for the payment of dues to (SAID) *the* association. The persons selected shall serve for staggered terms of two years from the first of the next succeeding January after their election, and until their successors are duly elected. (SUCH) *The* selection shall be made by the employees during the first week of December of each year. Vacancies occurring by death, resignation, or removal of (SUCH) representatives shall be filled by representatives chosen by the employees.

Sec. 2. Minnesota Statutes, 1979 Supplement, Section 422A.-03, Subdivision 1, is amended to read:

422A.03 [MEETINGS; EMPLOYEES; RULES AND REGULATIONS.] Subdivision 1. The retirement board shall meet on the third Tuesday of each calendar month of each year and may adjourn from time to time. Special meetings may be held upon the call of the president. The board shall, by a four-sevenths vote of all members of the board, appoint an executive (SECRETARY) *director*, who shall have charge of the performance of the duties required by the provisions of sections 422A.01 to 422A.-25, and shall appoint other necessary (CLERICAL HELP) *employees*. If at the time of his appointment as executive (SECRETARY) *director* the appointee holds a position subject to the civil service rules and regulations of the city he shall be deemed to be on leave of absence from (SUCH) *the* civil service position during his tenure as executive secretary, and upon termination of (SUCH) service shall be returned to his permanent civil service classification. If no vacancy is available in his permanent civil service classified position, seniority shall prevail, and the person most recently certified to (SUCH) *the* position shall be returned to the permanent civil service classification held by him prior to such certification.

Sec. 3. Minnesota Statutes, 1979 Supplement, Section 422A.-03, Subdivision 2, is amended to read:

Subd. 2. The executive (SECRETARY) *director* may be removed by a four-sevenths vote of all members of the board at a meeting called for (SUCH) *that* purpose. Before exercising the power of removal (,) 15 days written notice shall be given to the executive (SECRETARY) *director* setting forth the cause for removal and stating the time and place where (SUCH) *the* charges will be heard. The hearing shall be open to the public. Other employees under the supervision of the board and employees appointed hereafter shall be subject to applicable civil service laws and rules of the city *unless the board determines that they should be unclassified*. The compensation of the executive (SECRETARY) *director* and the other employees under the supervision of the board shall be fixed by (SUCH) *the* board.

Sec. 4. Minnesota Statutes 1978, Section 422A.03, Subdivision 3, is amended to read:

Subd. 3. At the regular meeting in January each year, the board shall elect (ONE OF) *from among* its members (AS) a president, (ONE MEMBER AS) a vice president, and (ONE MEMBER AS RECORDING) a secretary, who shall hold office for one year or until successors have been elected and qualified. *The city comptroller-treasurer shall serve as treasurer of the board.* The president shall preside at all meetings at which he is present. In the absence of the president the vice president shall preside and have all powers of the president while acting as such. The recording secretary shall keep a record of all proceedings of the board, which shall be open to public inspection. At least one of the officers of the board shall be one of the representatives elected by the employees of the city to the board.

Sec. 5. Minnesota Statutes 1978, Section 422A.03, Subdivision 5, is amended to read:

Subd. 5. For the purpose of administration, except as otherwise herein provided, the executive (SECRETARY) *director*, under the direction of the board, shall perform any and all acts and make (SUCH) regulations as may be necessary and proper for the purpose of carrying out the provisions of sections 422A.01 to 422A.25.

Sec. 6. Minnesota Statutes 1978, Section 422A.05, Subdivision 1, is amended to read:

422A.05 [TRUSTEE OF FUNDS.] Subdivision 1. Except as otherwise provided by law the members of the retirement board shall be the trustees *and custodians* of the several funds created by sections 422A.01 to 422A.25 and shall have exclusive control and management of these funds, and power to invest (THE SAME, SUBJECT TO ALL THE TERMS, CONDITIONS, LIMITATIONS, AND RESTRICTIONS IMPOSED BY LAW UPON SAVINGS BANKS IN THE MAKING AND DISPOSING OF THEIR INVESTMENTS, EXCEPT CONVERTIBLE BONDS WHICH MAY BE PURCHASED AS TO RATING BUT SUBJECT TO THE ELIGIBILITY LIMITS IMPOSED BELOW FOR COMMON OR PREFERRED STOCK SUBJECT TO LIKE TERMS, CONDITIONS, LIMITATIONS, AND RESTRICTIONS, THESE TRUSTEES SHALL HAVE FULL POWER) *them and* to hold, purchase, sell, assign, transfer, or dispose of any of the securities and investments in which any of the funds created by sections 422A.01 to 422A.25 shall have been invested as well as the proceeds of the investments, and of the money belonging to these funds.

Sec. 7. Minnesota Statutes 1978, Section 422A.05, is amended by adding a subdivision to read:

Subd. 2a. [STANDARD OF CARE.] In the discharge of their respective duties, the members of the board, the executive director, the board staff and any other person charged with the responsibility of investing money pursuant to the standards set forth in chapter 422A shall act in good faith and shall exercise that degree of judgment and care, under circumstances then prevailing, which persons of prudence, discretion and intelligence exercise in the management of their own affairs, not for speculation, but for investment, considering the probable safety of their capital as well as the probable income to be derived therefrom.

Sec. 8. Minnesota Statutes 1978, Section 422A.05, is amended by adding a subdivision to read:

Subd. 2b. [CONFLICT OF INTEREST.] No member of the board may participate in the deliberations or the voting on any matter before the board which will or is likely to result in direct, measurable personal gain to the member.

Sec. 9. Minnesota Statutes 1978, Section 422A.05, is amended by adding a subdivision to read:

Subd. 2c. The board may invest funds in corporate stocks or corporate obligations of any corporations organized under the laws of the United States or of any state of the United States or the Dominion of Canada or any province thereof and other corporations traded on the New York or American Stock Exchanges if they conform to the following provisions:

(a) On corporate stocks:

(1) The market value of these investments shall not exceed 50 percent of the market value of the funds.

(2) Investments in any one corporation shall not exceed five percent of the market value of the funds or five percent of the total shares outstanding of any one corporation.

(3) Cash dividends on these investments shall have been earned and paid for the preceding five years.

(4) Investments which do not conform to the dividend standard contained in clause (3) may be held, but the total amount of these securities shall not exceed five percent of the total market value of the funds.

(b) On corporate obligations:

(1) The consolidated net pretax earnings of corporations other than finance corporations shall have been an average for the preceding five years at least 1.5 times the annual interest charge on total funded debt applicable to that period.

(2) *The consolidated net pretax earnings of banks and finance corporations shall have been an average for the preceding five years at least 1.2 times the annual interest charges on total funded debt applicable to that period.*

(3) *Obligations shall be rated among the top three quality categories by a nationally recognized rating agency; or if unrated, the corporation shall have other comparably secured issues similarly rated; or the consolidated net pretax earnings of the corporation shall have been an average for the preceding five years at least twice the ratios required in clauses (a) and (b).*

Sec. 10. Minnesota Statutes 1978, Section 422A.05, Subdivision 3, is amended to read:

Subd. 3. The board shall have authority:

((1) TO MAKE SUCH LOANS AND ADVANCES OF CREDITS AND PURCHASES OF OBLIGATIONS, REPRESENTING LOANS AND ADVANCES OF CREDIT, AS ARE INSURED BY THE FEDERAL HOUSING ADMINISTRATION, AND TO OBTAIN SUCH INSURANCE;)

((2) TO MAKE SUCH LOANS SECURED BY MORTGAGES ON REAL PROPERTY, WHICH THE FEDERAL HOUSING ADMINISTRATOR HAS INSURED OR MADE A COMMITMENT TO INSURE, AND TO OBTAIN SUCH INSURANCE;)

(1) To invest in mortgage participation certificates and pools secured by first mortgages or trust deeds on improved real estate located in the United States where there is a guarantee of replacement by a note or bond of comparable value and security in the event of a default, and where the loan to value ratio for each loan does not exceed 80 percent for fully amortizable residential properties and in all other respects meets the requirements of section 61A.28, subdivision 3.

((3)) (2) To enter into any and all agency agreements necessary to enable it to invest its funds in loans, advances of credit, and obligations (INSURED BY THE FEDERAL HOUSING ADMINISTRATOR, OR WHICH HE HAS MADE A COMMITMENT TO INSURE) and to enter into any agreement or arrangement with any other of the pension and retirement systems (OF THE CITY) for the joint handling of these securities;

((4) TO PROVIDE FOR THE PRORATING OF PART OR ALL OF THE COST OF MAKING, HANDLING OR FORECLOSING OF SUCH MORTGAGES AGAINST THE EARNINGS OF SUCH MORTGAGES AND TO ESTABLISH RESERVE ACCOUNTS FROM SUCH EARNINGS TO LIQUIDATE LOSSES OR FUTURE LOSSES ON SUCH MORTGAGES;)

((5)) (3) To employ and dismiss agents, attorneys, appraisers, and others necessary for the proper handling (OR) *and* servicing of (SUCH MORTGAGES) *investments* and to fix their compensation or fee on (SUCH) *the* basis (AS) it may see fit for (SUCH) services rendered in connection with (SUCH MORTGAGES) *the investments*; and

((6)) (4) To do any and all things necessary to carry out the provisions of sections 422A.01 to 422A.25 in the best interest of the funds.

Sec. 11. Minnesota Statutes 1978, Section 422A.05, Subdivision 5, is amended to read:

Subd. 5. All payments from the funds created by sections 422A.01 to 422A.25 shall be (MADE) *signed* by the treasurer (OF THE CITY ONLY UPON WARRANT SIGNED BY THE), executive (SECRETARY) *director*, (OR EMPLOYEE) or other person appointed by the retirement board, and no (WARRANT) *payment* shall be (DRAWN) *made* except by order of the board duly entered in the record of its proceedings, except that the board may create a revolving fund in (SUCH) *an* amount as may be necessary to be used for the purpose of withdrawals from the fund of excess contributions; refunds to employees upon their separation from the service and for (SUCH) other purposes as may be determined by the board. The revolving fund (HEREIN PROVIDED FOR) shall be periodically reimbursed (BY WARRANT DRAWN AND SIGNED) as set forth herein. (IT SHALL BE KEPT IN THE SAME BANK OR TRUST COMPANY AS THE CITY TREASURER KEEPS OTHER RETIREMENT FUNDS.) It shall be subject to withdrawal upon check signed by the executive (SECRETARY) *director*, (OR EMPLOYEE) or other person appointed by the board. (THE REVOLVING FUND SHALL BE CONSIDERED FUNDS OF THE CITY INsofar AS IT IS NECESSARY TO BRING THEM WITHIN ANY BOND OR SECURITY FURNISHED BY SUCH BANK OR TRUST COMPANY TO PROTECT THE CITY AGAINST LOSS.)

Sec. 12. Minnesota Statutes 1978, Section 422A.06, Subdivision 1, is amended to read:

422A.06 [RETIREMENT FUND.] Subdivision 1. [CREATION; DIVISIONS OF FUND.] For the the purposes of sections 422A.01 to 422A.25 there shall be a (CITY MUNICIPAL) *Minneapolis* employees retirement fund, hereafter referred to as the retirement fund. The retirement fund shall be subdivided into (1) a deposit accumulation fund, (2) a participating share in the Minnesota adjustable fixed-benefit fund, (3) a survivor benefit fund, and (4) a disability benefit fund. Expense of administration of the retirement fund shall be paid from the

deposit accumulation fund, less (SUCH) *the* amount as the retirement board may charge against income from investments as the cost of handling the investments of the retirement fund.

Sec. 13. Minnesota Statutes 1978, Section 422A.06, Subdivision 3, is amended to read:

Subd. 3. [DEPOSIT ACCUMULATION FUND.] The deposit accumulation fund shall consist of the assets held in such fund, increased by amounts contributed by or for employees, amounts contributed by the city, amounts contributed by municipal activities supported in whole or in part by revenues other than taxes and amounts contributed by any public corporation, and by income from investments. There shall be paid from (SUCH) *the* fund the amounts required to be transferred to the Minnesota adjustable fixed-benefit fund or the disability benefit fund, refunds of contributions, death benefits payable on death before retirement not payable from the survivors' benefit fund, retirement allowances granted pursuant to Laws 1965, Chapter 688, Laws 1969, Chapter 859, and expenses of administration.

Sec. 14. Minnesota Statutes 1978, Section 422A.06, Subdivision 5, is amended to read:

Subd. 5. [VALUATION OF ASSETS; ADJUSTMENTS OF BENEFITS.] (a) For those members retiring pursuant to sections 422A.01 to 422A.25, assets equal to the required reserves as determined in accordance with a mortality table appropriate to the fund with an interest assumption of five percent, shall be transferred to the Minnesota adjustable fixed-benefit fund or the disability benefit funds as provided in subdivision 7, except for any amounts payable from the survivor benefit fund, as of date of retirement.

(b) Annuity payments shall be adjusted in accordance with the provisions of sections 422A.09 and 422A.15, except that no minimum retirement payments therein described shall include any amounts payable from the survivors' benefit fund or disability benefit fund and supplemented benefits specifically financed by statute.

(c) Notwithstanding the provisions of section 356.18 increases in annuity payments pursuant to this section will be made automatically unless written notice on a form prescribed by the board is filed with the retirement board requesting that the increase shall not be made.

(d) All annuities payable from the Minnesota adjustable fixed-benefit fund which are in effect on June 30, 1973 shall be increased in the same ratio that the actuarially computed reserve for such annuities determined by using an interest assumption of 3 1/2 percent bears to the actuarially computed reserve for

such annuities determined by using an interest assumption of five percent. The reserves upon which such increases shall be based shall be the actuarially determined reserves for all Minnesota adjustable fixed-benefit fund annuities which were in effect on December 31, 1972, in accordance with the mortality assumptions then in effect and at interest assumptions of 3 1/2 percent and five percent. (SUCH) The ratio of increase computed to the last full 1/100 of one percent shall be applied to all annuities payable from the Minnesota adjustable fixed-benefit fund which are in effect on June 30, 1973. Any additional annuity shall begin to accrue on July 1, 1973 and shall be considered as part of the base amount to be used in determining any increase which may become effective on January 1, 1974 under the provisions of section 11.25, subdivisions 12 and 13.

(e) All assets in the annuity stabilization reserve and suspense account shall be credited proportionately to the individual retirement funds' participation in the Minnesota adjustable fixed-benefit fund. Effective January 1, 1974 each participating fund in the Minnesota adjustable fixed-benefit fund, except the municipal employees retirement fund, shall increase the benefits in effect on June 30, 1973 by an amount that when added to the increase granted to such benefits effective July 1, 1973, equals 20 percent. The increase shall apply to accrual of benefits commencing January 1, 1974 and shall be in lieu of the adjustment provided by *Minnesota Statutes, 1973 Supplement*, Section 11.25, Subdivisions 12 and 13 scheduled to take effect January 1, 1974. The municipal employees retirement fund of Minneapolis shall determine the increase if any in accrual of benefits commencing January 1, 1974, determined on the basis of its entire participation in the manner provided in *Minnesota Statutes, 1973 Supplement*, Section 11.25, Subdivisions 12 and 13 (AS AMENDED BY LAWS 1973, CHAPTER 7).

(f) The actuary for each participating fund shall calculate the reserve required to support the benefits in effect on June 30, 1973 as increase July 1, 1973 and herein. As of December 31, 1973, each participating fund shall transfer to or from the Minnesota adjustable fixed-benefit fund assets so that its participation equals the total of such required reserves and the reserve for benefits authorized on or after July 1, 1973. The increased benefits accruing as of January 1, 1974 shall be considered the "originally determined benefits" for the purpose of future adjustments.

Sec. 15. Minnesota Statutes, 1979 Supplement, Section 422A.08, Subdivision 2, is amended to read:

Subd. 2. Prior to August 31 of each year the retirement board shall prepare an itemized statement of its financial requirements from tax revenue for the succeeding fiscal year. A copy of the statement shall be submitted to the board of

estimate and taxation and to the city council prior to September 15 of each year. This statement shall include:

(1) An estimate of the administrative expense of the board less:

(a) Such amount as the board may charge against the interest income account of the fund as cost of handling the investment securities of the fund.

(b) The cost of handling the retirement benefits of any city-owned public utility, improvement project, or other municipal activities supported in whole or in part by revenues other than taxes.

(c) The cost of handling the retirement benefits of any public corporation and its employees who have availed themselves of the provisions of sections 422A.01 to 422A.25.

(2) An estimated amount not to exceed 7-1/4 percent of the salaries and wages of all employees covered by the retirement fund less any amounts contributed for current cost of future retirement benefits by any city-owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation.

(3) The estimated amount to meet the requirements of section 422A.06, subdivision 3, less any amounts contributed for this purpose by any city-owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation.

(4) The cost of all monthly survivor's benefits provided in section 422A.23 as an obligation of the city and any of its boards, departments, commission or public corporations as therein provided, less any amounts contributed for this purpose by any city-owned public utility, improvement project, other municipal activities supported in whole or in part by revenues other than taxes, or any public corporation.

(5) Such other levies and financing as are required by law.

(6) The total of items 1, 2, and 3 above shall be increased or decreased as the case may be by any deficiency or excess of the amount of tax revenue actually collected within the preceding fiscal year under or over the amount actually determined to meet the financial requirements of the fund for such year. In no event shall the amount requested for levy exceed the total of entry age normal cost, less the amounts contributed by the employees, plus administrative expense, plus an amount necessary to amortize on a level annual dollar basis the principal

amount of the actuarial deficit by the year 2017 using an interest rate of five percent, compounded annually, plus interest upon any deficiency from the previous year's levy at the rate of (FOUR) *six* percent per annum. This limit does not apply to the requirements for survivors benefits provided in section 422A.23 nor to any levy which is administered by the retirement board pursuant to special act.

Sec. 16. Minnesota Statutes, 1979 Supplement, Section 422A.09, Subdivision 3, is amended to read:

Subd. 3. The exempt class shall consist of:

(1) Employees who are members of any other organization or association of the city on behalf of which a tax is levied by the city for the purpose of paying retirement allowances to disabled or superannuated employees.

(2) Persons filling elective position. Provided that any elective officer holding an elective city office, excepting judges of a municipal court, shall, upon written application to the retirement board, be entitled to become a member of the contributing class of the fund, and after becoming a contributor to the fund be entitled to all benefits conferred upon employees of the contributing class except retirement on a service allowance, which shall be granted only upon completion of ten or more years of service and attaining at least age 60.

All retirement allowances shall be computed and determined as provided herein, except that in determining the number of years of service, credit shall be given for time served as an elective officer or employee, or member of an executive board or commission or any combination thereof. Persons who have served in elective positions which qualified them for membership in the fund prior to July 1, 1967, and who immediately thereafter hold elective office, first being appointed to that elective office in Hennepin county in which they served as an elected official, may retain or resume membership in the fund as an elective officer of the county. The county shall collect and pay to the retirement fund the employee contribution. The employer cost of allowances and benefits credited to an elected officer as set forth above shall be paid from the county revenue fund by the proper county officials upon certification of such costs by the retirement board in the same manner as prescribed in section 422A.08 for the payment of costs by public corporations. A tax shall be levied by Hennepin county to defray the cost of such retirement allowances which may be in addition to all other taxes levied by the county. Before receiving a retirement allowance, or any other benefit, any person who claims credit for service under this section shall contribute to the fund an amount equal to the amount of contributions to the fund which such person would have made had he been a contributor to the fund since the date he first became eligible for member-

ship in the fund, in accordance with the method of contribution herein provided for, plus (FOUR) *six* percent compound interest.

(3) Persons serving without pay.

(4) Persons employed on a temporary basis, as doorkeepers, ticket takers, and attendance at the municipal auditorium, park recreation facilities, or like activities, employed less than 1000 hours, or its equivalent if employed on any other basis than an hourly basis, in any calendar year from January 1 to December 31, inclusive, provided that employees who are contributing members of the fund on July 1, 1959 shall not be affected by the exclusions contained in this section.

(5) A person who is exempted from the contributing class by Minnesota Statutes 1974, Section 422A.09, Subdivision 3, Clauses (4) and (5), but who is employed by and paid, in whole or in part, by the city or any of its boards, departments, or commissions, operated as a department of the city government or independently, if financed in whole or in part by city funds, including any person employed by a public corporation as herein defined, and including any person employed by the Minneapolis school district, each of whom is not a member of any other retirement system, who later becomes a contributing member of the fund may elect to qualify such time for credit by paying into the fund an amount equal to the amount of contributions to the fund which such person would have made had he been a contributor to the fund since the date he first qualified as an exempt member of the contributing class, in accordance with the method of contribution herein provided, plus four percent compound interest.

(6) Any person who is employed by the city or any of its boards, departments, commissions or a public corporation, as herein outlined, and is excluded from participation in the fund by paragraph (4) shall be separated from the service upon reaching the age of 70 regardless of the provisions of the veterans preference act.

(7) Any person who is employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after March 30, 1978, unless the city council of the city of Minneapolis specifies that the person is to be considered as a provisional member of the retirement fund pursuant to section 356.451 or unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing to make the required employer contributions, including any employer additional contributions, on account of that person from

revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing to make the required employer contribution in addition to the required employee contribution.

Sec. 17. [INSTRUCTIONS TO THE REVISOR.] *Subdivision 1. In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute the term "executive director" for the term "executive secretary" wherever that term appears in reference to the state board of investment, shall substitute the term "Minnesota supplemental retirement investment fund" for the term "Minnesota supplemental retirement fund" wherever that term appears, and shall substitute the term "Minnesota variable annuity investment fund" for the term "Minnesota variable annuity fund" wherever that term appears.*

Subd. 2. In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute wherever the amount "four percent interest" appears in reference to the Minneapolis employees retirement fund the amount "six percent interest".

Subd. 3. In the next and subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute "director" or "executive director" for "secretary" or "executive secretary" in chapter 422A.

Sec. 18. [TEMPORARY PROVISION.] *Portfolio securities held by the retirement board of the Minneapolis employees retirement fund which met statutory criteria at the time of purchase but which became nonconforming as a result of the passage of this act may be retained.*

Sec. 19. [REPEALER.] *Minnesota Statutes 1978, Sections 422A.05, Subdivisions 2 and 4; and 422A.07 are repealed.*

Sec. 20. [EFFECTIVE DATE.] *This article is effective upon compliance with Minnesota Statutes, Section 645.021, Subdivision 3.*

ARTICLE XVII

BALLOT QUESTIONS

Section 1. Minnesota Statutes 1978, Section 10A.01, Subdivision 7, is amended to read:

Subd. 7. "Contribution" means a transfer of funds or a donation in kind.

Contribution includes any loan or advance of credit to a political committee, political fund, or principal campaign commit-

tee, which loan or advance of credit is (a) forgiven, or (b) paid by an entity other than the political committee, political fund, or principal campaign committee to which the loan or advance of credit is made. If an advance of credit or a loan is forgiven or paid as provided in this subdivision, it is a contribution in the year in which the loan or advance of credit is made.

A contribution made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate.

Contribution does not include services provided without compensation by an individual volunteering his time on behalf of a candidate, *ballot question*, political committee or political fund, or the publishing or broadcasting of news items or editorial comments by the news media.

Sec. 2. Minnesota Statutes 1978, Section 10A.01, Subdivision 7a, is amended to read:

Subd. 7a. "Transfer of funds" or "transfer" means money or negotiable instruments given by an individual or association to a political committee, political fund, or principal campaign committee for the purpose of influencing the nomination or election of a candidate *or for the purpose of promoting or defeating a ballot question*.

Sec. 3. Minnesota Statutes 1978, Section 10A.01, Subdivision 7b, is amended to read:

Subd. 7b. "Donation in kind" means anything of value other than money or negotiable instruments given by an individual or association to a political committee, political fund, or principal campaign committee for the purpose of influencing the nomination or election of a candidate *or for the purpose of promoting or defeating a ballot question*. Donation in kind includes an approved expenditure.

Sec. 4. Minnesota Statutes 1978, Section 10A.01, Subdivision 10, is amended to read:

Subd. 10. "Campaign expenditure" or "expenditure" means a purchase or payment of money or anything of value, or an advance of credit, made or incurred for the purpose of influencing the nomination or election of a candidate *or for the purpose of promoting or defeating a ballot question*.

An expenditure is considered to be made in the year in which the goods or services for which it was made are used or consumed.

An expenditure made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate.

Except as provided in clause (a), expenditure includes the dollar value of a donation in kind.

Expenditure does not include:

(a) Noncampaign disbursements as defined in subdivision 10c;

(b) Transfers as defined in subdivision 7a;

(c) Services provided without compensation by an individual volunteering his time on behalf of a candidate, *ballot question*, political committee, or political fund; or

(d) The publishing or broadcasting of news items or editorial comments by the news media.

Sec. 5. Minnesota Statutes 1978, Section 10A.01, Subdivision 10c, is amended to read:

Subd. 10c. "Noncampaign disbursement" means a purchase or payment of money or anything of value made, or an advance of credit incurred, by a political committee, political fund, or principal campaign committee for any purpose other than to influence the nomination or election of a candidate *or to promote or defeat a ballot question*.

Noncampaign disbursement includes:

(a) Payment for accounting and legal services;

(b) Return of a contribution to the source;

(c) Repayment of a loan made to the political committee, political fund, or principal campaign committee by that committee or fund;

(d) Return of moneys from the state elections campaign fund;

(e) Payment for food and beverages consumed at a fund raising event;

(f) Services for a constituent by a member of the legislature or a constitutional officer in the executive branch, performed from the beginning of the term of office to adjournment sine die of the legislature in the election year for the office held; and

(g) A donation in kind given to the political committee, political fund, or principal campaign committee for purposes listed in clauses (e) and (f). The board shall determine whether

an activity involves a noncampaign disbursement within the meaning of this subdivision.

Sec. 6. Minnesota Statutes 1978, Section 10A.01, Subdivision 15, is amended to read:

Subd. 15. "Political committee" means any association as defined in subdivision 3 whose major purpose is to influence the nomination or election of a candidate *or to promote or defeat a ballot question.*

"Political committee" includes a major political party as defined in subdivision 12, a minor political party as defined in subdivision 13, and any principal campaign committee formed pursuant to section 10A.19.

Sec. 7. Minnesota Statutes 1978, Section 10A.01, Subdivision 16, is amended to read:

Subd. 16. "Political fund" means any accumulation of dues or voluntary contributions by an association other than a political committee, which accumulation is collected or expended for the purpose of influencing the nomination or election of a candidate *or for the purpose of promoting or defeating a ballot question.*

Sec. 8. Minnesota Statutes 1978, Section 10A.01, is amended by adding a subdivision to read:

Subd. 23. "*Ballot question*" means a question or proposition which is placed on the ballot and which may be voted on by all voters of the state. "*Promoting or defeating a ballot question*" includes activities related to qualifying the question for placement on the ballot.

Sec. 9. Minnesota Statutes 1978, Section 10A.12, Subdivision 1, is amended to read:

10A.12 [POLITICAL FUNDS.] Subdivision 1. No association other than a political committee shall transfer more than \$100 in aggregate in any one year to candidates or political committees or make any approved or independent expenditure *or expenditure to promote or defeat a ballot question* unless the transfer or expenditure is made from a political fund.

Sec. 10. Minnesota Statutes 1978, Section 10A.20, Subdivision 3, is amended to read:

Subd. 3. Each report under this section shall disclose:

(a) The amount of liquid assets on hand at the beginning of the reporting period;

(b) The name, address and employer, or occupation if self-employed, of each individual, political committee or political fund who within the year has made one or more transfers or donations in kind to the political committee or political fund, including the purchase of tickets for all fund raising efforts, which in aggregate exceed \$50 for legislative candidates or \$100 for statewide candidates or *ballot questions*, together with the amount and date of each transfer or donation in kind, and the aggregate amount of transfers and donations in kind within the year from each source so disclosed. A donation in kind shall be disclosed at its fair market value. An approved expenditure is listed as a donation in kind. A donation in kind is considered consumed in the reporting period in which it is received. The names of contributors shall be listed in alphabetical order;

(c) The sum of contributions to the political committee or political fund during the reporting period;

(d) Each loan made or received by the political committee or political fund within the year in aggregate in excess of \$100, continuously reported until repaid or forgiven, together with the name, address, occupation and the principal place of business, if any, of the lender and any endorser and the date and amount of the loan. If any loan made to the principal campaign committee of a candidate is forgiven at any time or repaid by any entity other than that principal campaign committee, it shall be reported as a contribution for the year in which the loan was made;

(e) Each receipt in excess of \$100 not otherwise listed under clauses (b) to (d);

(f) The sum of all receipts of the political committee or political fund during the reporting period;

(g) The name and address of each individual or association to whom aggregate expenditures, including approved expenditures, have been made by or on behalf of the political committee or political fund within the year in excess of \$100, together with the amount, date and purpose of each expenditure and the name and address of, and office sought by, each candidate on whose behalf the expenditure was made, *identification of the ballot question which the expenditure is intended to promote or defeat*, and (,) in the case of independent expenditures made in opposition to a candidate, the name, address and office sought for each such candidate;

(h) The sum of all expenditures made by or on behalf of the political committee or political fund during the reporting period;

(i) The amount and nature of any advance of credit incurred by the political committee or political fund, continuously re-

ported until paid or forgiven. If any advance of credit incurred by the principal campaign committee of a candidate is forgiven at any time by the creditor or paid by any entity other than that principal campaign committee, it shall be reported as a donation in kind for the year in which the advance of credit was incurred;

(j) The name and address of each political committee, political fund, or principal campaign committee to which aggregate transfers in excess of \$100 have been made within the year, together with the amount and date of each transfer;

(k) The sum of all transfers made by the political committee, political fund, or principal campaign committee during the reporting period;

(l) For principal campaign committees only, the sum of non-campaign disbursements made in each category listed in section (10 OF THIS ACT) 10A.01, *subdivision 10c* during the reporting period; and

(m) The sum of all noncampaign disbursements made by the political committee, political fund, or principal campaign committee during the reporting period.

Sec. 11. Minnesota Statutes 1978, Section 10A.20, Subdivision 6, is amended to read:

Subd. 6. Every candidate who does not designate and cause to be formed a principal campaign committee, and any individual who makes independent expenditures or expenditures expressly advocating the approval or defeat of a ballot question in aggregate in excess of \$100 in any year, shall file with the board a report containing the information required by subdivision 3. Reports required by this subdivision shall be filed on the dates on which reports by committees and funds are filed.

Sec. 12. Minnesota Statutes 1978, Section 10A.32, Subdivision 3, is amended to read:

Subd. 3. As a condition of receiving any (MONEYS) money from the state elections campaign fund, a candidate shall agree by stating in writing to the board that (a) his expenditures and approved expenditures shall not exceed the expenditure limits as set forth in section 10A.25 and that (b) he shall not accept contributions or allow approved expenditures to be made on his behalf for the period beginning with January 1 of the election year or with the registration of his principal campaign committee, whichever occurs later, and ending December 31 of the election year, which aggregate contributions and approved expenditures exceed the difference between the amount which may legally be expended by him or on his behalf, and the amount which he receives from the state elections campaign fund. The agreement,

insofar as it relates to the expenditure limits set forth in section 10A.25, remains effective until the dissolution of the principal campaign committee of the candidate or the opening of filings for the next succeeding election to the office held or sought at the time of agreement, whichever occurs first. (BEGINNING IN 1980,) Money in the account of the principal campaign committee of a candidate on January 1 of the election year for the office held or sought shall be considered contributions accepted by that candidate in that year for the purposes of this subdivision. (NOTWITHSTANDING THE EFFECTIVE DATE OF THIS SECTION, FOR 1978, THE PERIOD FOR DETERMINING THE AGGREGATE CONTRIBUTION AND APPROVED EXPENDITURE LIMIT AGREED TO PURSUANT TO THIS SUBDIVISION SHALL BEGIN JANUARY 1, 1978.) That amount of all contributions accepted by a candidate in an election year which equals the amount of noncampaign disbursements and contributions and expenditures to promote or defeat a ballot question which are made by that candidate in that year (, AND THE AMOUNT OF CONTRIBUTIONS RECEIVED AND APPROVED EXPENDITURES MADE BETWEEN JANUARY 1, 1978, AND FEBRUARY 28, 1978 WHICH EQUALS THE AMOUNT OF EXPENDITURES MADE BETWEEN JANUARY 1, 1978, AND FEBRUARY 28, 1978, FOR GOODS CONSUMED AND SERVICES USED BEFORE FEBRUARY 28, 1978,) shall not count toward the aggregate contributions and approved expenditure limit imposed by this subdivision. Any amount by which his aggregate contributions and approved expenditures agreed to under clause (b) exceed the difference shall be returned to the state treasurer in the manner provided in subdivision 2. In no case shall the amount returned exceed the amount received from the state elections campaign fund.

The candidate may submit his signed agreement to the filing officer on the day he files his affidavit of candidacy or petition to appear on the ballot, or he may submit the agreement to the board no later than September 1.

The board prior to the first day of filing for office shall forward forms for the agreement to all filing officers. The filing officer shall without delay forward signed agreements to the board. An agreement may not be rescinded after September 1.

For the purposes of this subdivision only, the total amount to be distributed to each candidate is calculated to be his share of the total estimated funds in his party account as provided in subdivision 3a, plus the total amount estimated as provided in subdivision 3a to be in the general account of the state elections campaign fund and set aside for that office divided by the number of candidates whose names are to appear on the general election ballot for that office. If for any reason the amount actually received by the candidate is greater than his share of the estimate, and his contributions thereby exceed the difference, the agreement shall not be considered violated.

Sec. 13. Minnesota Statutes 1978, Section 210A.26, Subdivision 3, is amended to read:

Subd. 3. [STATEMENTS OF POLITICAL COMMITTEES.] Statements shall also be made by any political committee showing the total amount of receipts and disbursements, and for what purpose such disbursements were made. Such statement shall be filed within 30 days after any primary, municipal, or general election:

(a) When the committee is organized to support a candidate for a federal office with the filing officer of such candidate;

(b) When the committee is organized to support a candidate for a judicial district or county office with the auditor of the county in which such committee has its headquarters;

(c) (WHEN THE COMMITTEE IS ORGANIZED TO SUPPORT OR OPPOSE ANY CONSTITUTIONAL AMENDMENT WITH THE SECRETARY OF STATE;)

((D)) When the committee is organized to support a candidate for municipal office in municipalities having more than 20,000 population (OR TO SUPPORT OR OPPOSE PROPOSITIONS IN ELECTIONS IN SUCH MUNICIPALITIES) with the filing officer of the municipality.

Sec. 14. Minnesota Statutes 1978, Section 210A.26, is amended by adding a subdivision to read:

Subd. 6. [BALLOT QUESTIONS.] *Any individual, political committee, association or corporation that makes any contribution or expenditure to promote or defeat a ballot question shall file reports as required by this subdivision. Reports shall be filed at the times required for filing financial statements under subdivision 1. Reports shall be filed with the official responsible for placing the question on the ballot. Each report shall show the following information, covering the period from the last report to seven days before the filing date:*

(a) *The name and address of each committee, individual, or other person to whom aggregate contributions or expenditures in excess of \$100 have been made to promote or defeat a ballot question, together with the amount, date and purpose of the contribution or expenditure;*

(b) *The total amount of contributions and expenditures made to promote or defeat a ballot question; and*

(c) *Identification of the ballot question which the individual, political committee, association or corporation seeks to promote or defeat.*

The secretary of state shall prescribe the form for reports required under this subdivision and may do so without adopting rules pursuant to chapter 15.

For the purpose of this subdivision:

(1) *"Ballot question" means a question or proposition, other than a ballot question as defined in section 10A.01, subdivision 23, which is placed on the ballot and which may be voted on by the voters of one or more political subdivisions of the state; and*

(2) *A contribution or expenditure for activities related to qualifying a question for placement on the ballot is a contribution or expenditure to promote or defeat the ballot question.*

Sec. 15. Minnesota Statutes 1978, Section 210A.34, Subdivision 1, is amended to read:

210A.34 [CORPORATIONS NOT TO CONTRIBUTE TO POLITICAL CAMPAIGN; PERMITTED ACTIVITIES; REPORTS; PENALTIES.] Subdivision 1. It shall be unlawful for any corporation doing business in this state to (PAY OR CONTRIBUTE OR) *make any contribution or to offer, consent or agree to (PAY OR CONTRIBUTE) make any contribution, directly or indirectly, of any money, property, free service of its officers or employees or thing of value to any political party, organization, committee or individual (FOR ANY POLITICAL PURPOSE WHATSOEVER, OR) to promote or defeat the candidacy of any person for nomination, election, or appointment to any political office. For the purpose of this subdivision, "contribution" includes an expenditure to promote or defeat the election or nomination of any candidate to any political office which is made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of a candidate, his principal campaign committee or his agent.*

Sec. 16. Minnesota Statutes 1978, Section 210A.34, is amended by adding a subdivision to read:

Subd. 1a. *It shall be unlawful for any corporation doing business in this state to make any independent expenditure or to offer, consent or agree to make any independent expenditure to promote or defeat the candidacy of any person for nomination, election or appointment to any political office. For the purpose of this subdivision, "independent expenditure" means an expenditure which is not made with the authorization or expressed or implied consent of, or in cooperation or concert with, or at the request or suggestion of, a candidate, his principal campaign committee or his agent.*

Sec. 17. Minnesota Statutes 1978, Section 210A.34, is amended by adding a subdivision to read:

Subd. 1b. A corporation doing business in this state may make contributions or expenditures to promote or defeat a ballot question, to qualify a question for placement on the ballot, or to express its views on issues of public concern. But no such contribution shall be made to any candidate for nomination, election or appointment to a political office or to any committee organized wholly or partly to promote or defeat such a candidate.

Sec. 18. Minnesota Statutes 1978, Section 210A.34, is amended by adding a subdivision to read:

Subd. 1c. Nothing in this section shall be construed to prohibit publication or broadcasting of news items or editorial comments by the news media.

Sec. 19. [EFFECTIVE DATE.] *This article is effective the day following final enactment.*

ARTICLE XVIII

GASOHOL

Section 1. Minnesota Statutes 1978, Section 296.01, is amended by adding a subdivision to read:

Subd. 24. "Agricultural alcohol gasoline" means a gasoline blend at least ten percent of which is agricultural ethyl alcohol of at least 190 proof.

Sec. 2. Minnesota Statutes 1978, Section 296.02, is amended by adding a subdivision to read:

Subd. 7. The tax on gasoline imposed by subdivision 1 shall be reduced by four cents per gallon for gasoline which is agricultural alcohol gasoline as defined in section 1, which is blended by a distributor with alcohol distilled in this state from agricultural products produced in this state, and which is used in producing and generating power for propelling motor vehicles used on the public highways of this state. The tax imposed by this subdivision shall be payable at the same time, and collected in the same manner, as the tax imposed by subdivision 1. The reduction in gasoline taxes imposed by this subdivision shall expire on December 31, 1984.

Sec. 3. [EFFECTIVE DATE.] *This article is effective May 1, 1980.*

ARTICLE XIX

MISCELLANEOUS

Section 1. Minnesota Statutes 1978, Section 10.39, Subdivision 1, is amended to read:

10.39 [LOANS, DUES; DEDUCTIONS FROM SALARIES.] Subdivision 1. The heads of the various departments of the government of the state of Minnesota are hereby authorized, by and with the written consent of any employee of any state department, to deduct from the salary of such employee such sum or sums as may be agreed to by such employee for the payment of any moneys to any state employees' credit union, or the *Minnesota Benefit Association* or to any organization contemplated by the provisions of section 179.65, of which the employee is a member; provided, that where an employee is a member of more than one such credit union or more than one such organization, only one credit union and one organization may be paid money by payroll deduction from the employee's salary; and provided further, that no deduction shall be made from the salary of any state employee for payment to any credit union or organization hereinbefore referred to unless there are at least 100 state employees who have deductions made from their salaries for payment to such credit union or organization. Provided however, that the above noted numerical requirement shall not apply to present and prospective members of credit unions and organizations which received authorized payroll deduction payments on the effective date of this act.

Sec. 2. Minnesota Statutes 1978, Section 117.155, is amended to read:

117.155 [PAYMENTS; PARTIAL PAYMENT PENDING APPEAL.] Except as otherwise provided herein payment of damages awarded may be made or tendered at any time after the filing of the report; and the duty of the petitioner to pay the amount of any award or final judgment upon appeal shall, for all purposes, be held and construed to be full and just compensation to the respective owners or the persons interested in the lands. If either the petitioner or any respondent appeals from an award, the respondent or respondents, if there is more than one, except encumbrancers having an interest in the award which has been appealed, may demand of the petitioner a partial payment of the award pending the final determination thereof, and it shall be the duty of the petitioner to comply with such demand and to promptly pay the amount demanded but not in excess of an amount equal to three-fourths of the award of damages for the parcel which has been appealed, less any payments made by petitioner pursuant to section 117.042; provided, however, that the petitioner may by motion after due notice to all interested parties request, and the court may order, reduction in the amount of the partial payment for cause shown. If an appeal is taken

from an award the petitioner may, but it cannot be compelled to, pay the entire amount of the award pending the final determination thereof. If any respondent or respondents having an interest in the award refuses to accept such payment the petitioner may pay the amount thereof to the clerk of district court to be paid out under direction of the court. A partial or full payment as herein provided shall not draw interest from the condemnor from the date of payment or deposit, and upon final determination of any appeal the total award of damages shall be reduced by the amount of the partial or full payment. If any partial or full payment exceeds the amount of the award of compensation as finally determined, the petitioner shall have a claim against the respondents receiving such payment for the amount thereof, to be recoverable in the same manner as in any civil action.

Sec. 3. Minnesota Statutes 1978, Section 296.14, is amended by adding a subdivision to read:

Subd. 4. Notwithstanding the provisions of this section, the producer of ethyl alcohol which is produced for personal use and not for sale in the usual course of business shall report and pay the tax on all ethyl alcohol delivered into the supply tank of a licensed motor vehicle during the preceding calendar year. The tax shall be reported and paid together with the income tax return of the taxpayer. The commissioner of revenue shall transfer the amount collected in each calendar year to the highway user tax distribution fund by March 30 of the following taxable year. Any producer, qualifying under this subdivision, shall be exempt from the licensing requirements contained in section 296.01, subdivision 1.

Sec. 4. Minnesota Statutes 1978, Section 297.03, Subdivision 6, is amended to read:

Subd. 6. [TAX METER MACHINES.] (1) The commissioner may authorize any person licensed as a distributor to stamp packages with a tax meter machine, approved by him, which shall be provided by the distributor. He may provide for the use of such a machine by the distributor, supervise and check its operation, provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5, and in that connection require the furnishing of a corporate surety bond in a suitable amount to guarantee the payment of the tax.

(2) The commissioner may authorize any person licensed as a distributor to stamp packages with a heat-applied tax stamping machine, approved by him, which shall be provided by the distributor. The commissioner shall supervise and check the operation of the machines and shall provide for the payment of the tax on any package so stamped, subject to the discount provided in subdivision 5. The commissioner may sell heat-ap-

plied stamps on a credit basis under conditions prescribed by him, and in that connection require the furnishing of a corporate surety bond in an amount suitable to guarantee payment of the tax stamps so purchased by a distributor. The stamps shall be sold by the commissioner at a price which includes the tax after giving effect to the discount provided in subdivision 5.

Sec. 5. Minnesota Statutes 1978, Chapter 298, is amended by adding a section to read:

[298.75] [GRAVEL REMOVAL; PRODUCTION TAX.]

Subdivision 1. A county may impose upon every person, firm, corporation or association, hereafter referred to as "operator," engaged in the business of removing gravel for sale from gravel pits or deposits, a production tax in an amount not to exceed ten cents per cubic yard of gravel removed.

Subd. 2. On October 1, 1980, and thereafter on the first day of each calendar quarter in each county in which a tax is imposed pursuant to this section, every operator shall make and file with the county auditor of the county in which the gravel is removed, a correct report under oath, in such form and containing such information as the auditor shall require relative to the quantity of gravel removed during the preceding calendar quarter. The report shall be accompanied by a remittance of the amount of tax due.

Subd. 3. If any operator fails to make the report required by subdivision 2 or files an erroneous report, the county auditor shall determine the amount of tax due and notify the operator by registered mail of the amount of tax so determined. An operator may, within 30 days from the date of mailing the notice, file in the office of the county auditor a written statement of objections to the amount of taxes determined to be due. The statement of objections shall be deemed to be a petition within the meaning of Minnesota Statutes, Chapter 278, and shall be governed by sections 278.02 to 278.13.

Subd. 4. Failure to file the report shall result in a penalty of \$5 for each of the first 30 days, beginning on the fourteenth day after the date when the county auditor has sent notice to the taxpayer as provided in subdivision 3, during which the report is overdue and no statement of objection has been filed. For each subsequent day during which the report is overdue and no statement of objection has been filed, a penalty of \$10 shall be assessed against the person who is required to file the report. The penalties imposed by this subdivision shall be collected as part of the tax. If neither the report nor a statement of objection has been filed after more than 60 days have elapsed from the date when the notice was sent, the person who is required to file the report is guilty of a misdemeanor.

Subd. 5. It is a misdemeanor for any operator to remove gravel from a pit or deposit unless all taxes due under this section have been paid or objections thereto have been filed pursuant to subdivision 3.

Subd. 6. All moneys collected as taxes under this section shall be deposited in the county treasury and credited as follows, for expenditure by the county board:

(a) Sixty percent to the county road and bridge fund for expenditure for the maintenance, construction and reconstruction of roads traveled by vehicles hauling gravel;

(b) Thirty percent to the town road and bridge fund, for expenditure for maintenance, construction and reconstruction of roads traveled by vehicles hauling gravel, in a manner determined by the county; and

(c) Ten percent to a special reserve fund which is hereby established, for expenditure for the restoration of abandoned gravel pits or deposits upon lands to which the county holds title or upon tax forfeited lands within the county.

Sec. 6. Minnesota Statutes 1978, Chapter 298, is amended by adding a section to read:

[298.76] Section 5 shall not supersede any local law.

Sec. 7. [FARM WINERY LICENSES.] Subdivision 1. For purposes of this section and of section 8:

(a) "Farm winery" means a winery operated by the owner of a Minnesota farm and producing table or sparkling wines from grapes, grape juice, other fruit bases or honey with a majority of the ingredients grown or produced in Minnesota.

(b) "Table or sparkling wines" means a beverage made without rectification or fortification and containing not more than 25 percent of alcohol by volume and made by the fermentation of grapes, grape juice, other fruits or honey.

Subd. 2. The commissioner of public safety may issue a farm winery license to the owner or operator of a farm winery located within the state and producing table or sparkling wines. Licenses shall be issued and renewed on an annual basis upon payment of a fee of \$25, which shall be in lieu of all other license fees required by Minnesota Statutes, Chapter 340.

Subd. 3. A license shall authorize the sale on the farm winery premises of table or sparkling wines produced by that farm winery at on-sale or off-sale in retail or wholesale lots, in total

quantities not in excess of 50,000 gallons in any calendar year, glassware, wine literature and accessories, and the dispensing of free samples of the wines offered for sale. Sales at on-sale and off-sale may be made on Sundays between 12 o'clock noon and 12 o'clock midnight. Labels for each type or brand produced shall be registered with the commissioner, without fee, prior to the sale thereof.

Subd. 4. Except as otherwise specified in this section, all provisions of Minnesota Statutes, Chapter 340 shall govern the production, sale, possession and consumption of table or sparkling wines produced by a farm winery.

Subd. 5. If Minnesota produced or grown grapes, grape juice, other fruit bases or honey is not available in quantities sufficient to constitute a majority of the table or sparkling wine produced by a farm winery, the holder of the farm winery license may file an affidavit stating this fact with the commissioner of public safety. If the commissioner determines, after consultation with the commissioner of agriculture, this to be true, the farm winery may use imported products and shall continue to be governed by the provisions of this section and section 8. The affidavit is effective for a period of one year, after which time the farm winery shall use the required amount of Minnesota products as provided by subdivision 1 unless the farm winery holder files a new affidavit with the commissioner.

Sec. 8. [TAXATION.] In lieu of all taxes imposed by Minnesota Statutes, Section 340.47, there shall be levied and collected on all table or sparkling wines manufactured or produced by a Minnesota farm winery, the following excise tax:

(a) Wines containing 14 percent or less of alcohol by volume, the sum of 4 cents per liter;

(b) Wines containing more than 14 percent of alcohol by volume, the sum of 13 cents per liter.

Payment and collection of taxes imposed by this section shall be governed by Minnesota Statutes, Chapter 340.

Sec. 9. Minnesota Statutes 1978, Section 340.47, Subdivision 1, is amended to read:

340.47 [EXCISE TAX.] Subdivision 1. [ON INTOXICATING LIQUORS.] There shall be levied and collected on all intoxicating liquors manufactured, imported, sold or in possession of any person in this state, except as herein provided by sections 340.50 and 340.601, and except the natural fermentation of fruit juices in the home for family use the following excise tax:

(1) On all table wine containing 14 percent or less of alcohol by volume, the sum of 27 cents per gallon;

(2) On all wines containing more than 14 percent and not exceeding 21 percent of alcohol by volume, the sum of 79 cents per gallon;

(3) On all wines containing more than 21 percent and not exceeding 24 percent of alcohol by volume, the sum of \$1.58 per gallon;

(4) On all wines containing more than 24 percent of alcohol by volume, the sum of \$3.08 per gallon;

(5) On all natural and artificial sparkling wines containing alcohol, the sum of (\$3.08) \$1.50 per gallon;

(6) On all other distilled spirituous liquors, liqueurs, cordials, and liquors designated as specialties regardless of alcoholic content, the sum of \$4.39 per gallon, but not including ethyl alcohol; provided, that in computing the tax on any package of spirits a proportional tax at a like rate on all fractional parts of a gallon shall be paid except that all fractional parts of a gallon less than one-sixteenth shall be taxed at the same rate as shall be taxed for one-sixteenth of a gallon; provided, however, that the contents of miniatures containing two fluid ounces or less shall be taxed 12 cents.

Sec. 10. Minnesota Statutes 1978, Section 340.47, Subdivision 1a, is amended to read:

Subd. 1a. [METRIC CONTAINERS.] In lieu of the tax imposed by subdivision 1, there shall be levied and collected on all intoxicating liquors manufactured, imported, sold or in possession of any person in this state when packaged in containers where the net contents is stated in metric units of measure, except as herein provided by sections 340.50 and 340.601, and except the natural fermentation of fruit juices in the home for family use the following excise tax:

(1) On all table wine containing 14 percent or less of alcohol by volume, the sum of seven cents per liter;

(2) On all wines containing more than 14 percent and not exceeding 21 percent of alcohol by volume, the sum of 21 cents per liter;

(3) On all wines containing more than 21 percent and not exceeding 24 percent of alcohol by volume, the sum of 42 cents per liter;

(4) On all wines containing more than 24 percent of alcohol by volume, the sum of 81 cents per liter;

(5) On all natural and artificial sparkling wines containing alcohol, the sum of (81) 40 cents per liter;

(6) On all other distilled spirituous liquors, liqueurs, cordials, and liquors designated as specialties regardless of alcoholic content, the sum of \$1.16 per liter, but not including ethyl alcohol; provided, that in computing the tax on any package of intoxicating liquors where the net contents is stated in metric units of measure, a proportional tax at a like rate on all fractional or multiple parts of a liter shall be paid, provided, however, that the contents of miniatures containing 50 milliliters or less shall be taxed 12 cents.

Sec. 11. Minnesota Statutes, 1979 Supplement, Section 471.665, Subdivision 1, is amended to read:

471.665 [MILEAGE ALLOWANCES.] Subdivision 1. The maximum amount which shall be paid by any county, home rule charter or statutory city, town, or school district, to any officer or employee as compensation or reimbursement for the use by the officer or employee of his own automobile in the performance of his duties shall be set by the town board or other governing body of the unit in an amount (NOT EXCEEDING THAT PROVIDED) *to be determined by the (COMMISSIONER OF PERSONNEL FOR STATE OFFICERS AND EMPLOYEES) the governing body.*

Sec. 12. Minnesota Statutes 1978, Section 471.665, Subdivision 3, is amended to read:

Subd. 3. *In lieu of the mileage allowance provided in subdivision 1, the governing body or town board of any city, county, town, or school district may pay any officer or employee thereof as compensation or reimbursement for the use by (SUCH) the officer or employee of his own automobile in the performance of his official duties (SUCH MILEAGE ALLOWANCES AS THE GOVERNING BODY OR TOWN BOARD MAY PRESCRIBE AND MAY PROVIDE) a monthly or periodic allowance (IN LIEU OF MILEAGE); but no (SUCH) allowance in lieu of mileage shall be paid to the members of (SUCH) the governing body or town board except as otherwise provided by special law or home rule charter.*

Sec. 13. [REPEALER.] *Minnesota Statutes, 1979 Supplement, Section 340.47, Subdivision 1b, is repealed.*

Sec. 14. [APPROPRIATION.] *The sum of \$30,000 is appropriated annually from the general fund in the state treasury to the commissioner of revenue for the purchase of heat-applied stamps.*

Sec. 15. [EFFECTIVE DATE.] *Section 2 applies to all partial payments on deposit with the court on its effective date and to partial payments deposited thereafter. Sections 5 and 6 are effective for gravel removed from pits or deposits after June 30, 1980.*

ARTICLE XX

DEPARTMENT APPROPRIATIONS

Section 1. [APPROPRIATION.] *There is appropriated from the general fund to the commissioner of revenue for the purpose of funding the study of railroad gross earnings taxes, the amount of \$150,000 for fiscal year 1980. This amount shall be reduced by any amount otherwise appropriated for this purpose during this legislative session.*

Sec. 2. [APPROPRIATION.] *There is appropriated from the general fund to the commissioner of revenue for the purpose of implementing tax changes in Laws 1979, Chapter 303, the amount of \$92,600 for fiscal year 1980 and \$92,600 for fiscal year 1981. This amount shall be reduced by any amount otherwise appropriated for this purpose during this legislative session.*

Sec. 3. [APPROPRIATION.] *There is appropriated from the general fund to the commissioner of revenue the amount of \$100,000 to be available through June 30, 1981. This appropriation is for the purpose of implementing the sales ratio study design recommendations made in the 1980 legislative report entitled "Property Tax Equalization in Minnesota: A Review of the Sales Ratio Study."*

Notwithstanding any law to the contrary, the commissioner of revenue may negotiate with private consultants for the development of the sales ratio study system.

The recommended design changes shall be used in computing the 1980 adjusted assessed valuations as provided in Minnesota Statutes 1978, Section 124.212, Subdivision 10, Clause (a) and they shall be completed by March 15, 1981. The revenue department shall also compute the 1980 adjusted assessed valuations using the same methodology as had been used for the previous year's valuations and shall report them to the legislature by March 15, 1981. The commissioner of revenue shall report his progress to the legislature in the development of this sales ratio system by July 1, 1980; October 1, 1980; and January 15, 1981. This appropriation shall be reduced by any amount otherwise appropriated for this purpose during this legislative session."

Delete the title and insert:

"A bill for an act relating to the operation and financing of state and local government; adopting certain federal income

tax changes; allowing a subtraction of certain interest and dividend income; increasing the pension exclusion; adopting technical and conforming amendments to income tax and property tax refund provisions; providing an income tax credit for contributions to candidates for federal offices; providing a definition of "quadriplegic"; increasing low income credit amounts, eliminating indexing of that credit, and allowing it to be taken as an alternative tax; modifying provisions of the renewable energy source credit; authorizing deduction of certain interest; increasing the dependent care credit; allowing involuntary conversion treatment of divestitures required by the F.C.C.; authorizing a non-game wildlife income tax refund checkoff; providing for treatment of small business corporations; providing for taxation of mobile homes; increasing the state share of certain income maintenance payments; providing for taxation of airport concessions; eliminating certain property tax exemptions; adjusting property tax classifications and assessment ratios; increasing the homestead credit; allowing homestead of surviving spouse to retain 3cc classification; adjusting levy limitations; requiring study of agricultural land valuations; modifying the administration of the property tax refund; providing relief for substantial homestead net property tax increases in 1981; requiring state reimbursement of local taxing districts for reduced property tax revenue due to reduced assessment properties; providing certain state and local sales tax exemptions; authorizing certain carriers to be treated as common carriers; providing technical and conforming amendments to tax increment financing provisions; providing for adjustments to captured assessed values and original assessed values; authorizing assessment agreements; restricting use of proceeds of taconite production tax to the taconite relief area; providing for membership of IRRRB; altering source and distribution of certain payments related to taconite taxes; restating apportionment of imputed income under occupation tax provisions; adjusting maximum interest rates on industrial revenue bonds and municipal bonds; increasing limit on issues requiring public sales; eliminating minimum tax on corporations and specific exemption for corporations; providing for taxation of utility property on situs basis; adjusting computation of credit paid to owners of rights of way; restricting procedure for appeals of special assessments; requiring collection of certain debts owed to the state by taking tax refunds; increasing the metropolitan transit levy authorization; creating a joint commuter rail study commission; providing for a study of light rail transit; recodifying the laws governing the state board of investment; altering standards for the investment of state and pension assets; modifying public employee pension provisions and funding mechanisms; making certain changes in the Minneapolis employees retirement fund; authorizing contributions by corporations in relation to ballot questions; allowing deductions from state employees salaries for the Minnesota benefit association; restricting interest related to condemnation actions; providing for taxation of ethyl alcohol; reducing the excise tax on gasohol; authorizing heat-applied cigarette tax stamps; pro-

viding county option to impose gravel tax; authorizing licensure of farm wineries and providing for excise tax on wine produced on farm wineries; making reduction of excise tax on sparkling wines permanent; allowing local government to set mileage reimbursement rates; appropriating funds; providing penalties; amending Minnesota Statutes 1978, Sections 10.39, Subdivision 1; 10A.01, Subdivisions 7, 7a, 7b, 10, 10c, 15, 16, and by adding a subdivision; 10A.12, Subdivision 1; 10A.20, Subdivisions 3 and 6; 10A.32, Subdivision 3; 69.77, Subdivision 2, as amended; 69.775; 117.155; 124.212, Subdivisions 2 and 8a; 124.46, Subdivision 4; 167.42; 167.50, Subdivision 2; 168.012, Subdivision 9; 193.146, Subdivision 4; 210A.26, Subdivision 3, and by adding a subdivision; 210A.34, Subdivision 1, and by adding subdivisions; 272.01, Subdivision 2; 273.13, Subdivisions 3, 8a, 9, and 17b; 273.135, Subdivision 2; 273.19, Subdivision 1; 273.36; 273.37, Subdivision 2; 275.11, Subdivision 2; 275.28, Subdivision 3; 275.51, by adding a subdivision; 275.52, Subdivisions 2 and 5; 276.04; 290.01, by adding a subdivision; 290.06, Subdivision 1; 290.067, Subdivision 2; 290.08, Subdivision 24; 290.09, Subdivisions 2 and 28; 290.095, by adding a subdivision; 290.13, by adding a subdivision; 290.17, by adding a subdivision; 290.26, Subdivision 2; 290.49, Subdivision 10; 290.971, Subdivisions 1, 3 and 6; 290.972, Subdivisions 1, 3 and 5; 290A.04, by adding a subdivision; 290A.06; 290A.11, by adding a subdivision; 290A.17; 290A.18; 290A.19; 296.01, by adding a subdivision; 296.02, by adding a subdivision; 296.14, by adding a subdivision; 297.03, Subdivision 6; 297A.01, Subdivision 4; 297A.211, Subdivision 1; 298.17; 298.22, Subdivision 2; 298.223; 298.28, Subdivision 1; 340.47, Subdivisions 1 and 1a; 352.115, Subdivision 8; 352.23; 352.75, Subdivision 3; 352B.26, Subdivision 3; 352D.04, Subdivision 2; 352D.05, Subdivisions 3 and 4; 353.657, Subdivision 3; 353.661, Subdivision 3; 375.192, Subdivision 1; 422A.02; 422A.03, Subdivisions 3 and 5; 422A.05, Subdivisions 1, 3 and 5, and by adding subdivisions; 422A.06, Subdivisions 1, 3, and 5; 429.061, Subdivisions 1 and 2; 429.081; 462.631, Subdivision 1; 471.665, Subdivision 3; 472A.02, by adding a subdivision; 474.06; 475.55; 475.60, Subdivision 2; 475.73, Subdivision 1; 490.123, Subdivision 1; 490.124, Subdivision 1; and Chapters 273; 290; 298; and 477A, by adding sections; and Minnesota Statutes, 1979 Supplement, Sections 15A.081, Subdivision 1; 43.064; 256.82; 256D.03, Subdivision 2; 256D.36, Subdivision 1; 272.02, Subdivision 1; 273.13, Subdivisions 4, 5a, 6, 7, 14a and 19; 273.42; 273.73, Subdivisions 7, 8, 10, 11 and 12; 273.74, Subdivision 3; 273.75, Subdivisions 1, 2, 5 and 6; 273.76, Subdivisions 1, 2, 3, and by adding subdivisions; 273.77; 273.78; 273.86, Subdivision 4; 275.125, Subdivision 9; 275.50, Subdivision 5; 275.51, Subdivision 3d; 290.01, Subdivision 20; 290.06, Subdivisions 11, 3c, 3d, 3f, and 14; 290.067, Subdivision 1; 290.081; 290.09, Subdivision 3; 290.091; 290.095, Subdivision 1; 290.14; 290.17, Subdivision 1; 290.37, Subdivision 1; 290A.03, Subdivision 3; 297A.25, Subdivision 1; 352D.02, Subdivision 1; 353.023; 422A.03, Subdivisions 1 and 2; 422A.08, Subdivision 2; 422A.09, Subdivision 3; 424A.02, by adding a subdivision; 424A.04; 471.665, Subdivision 1; 473.446,

Subdivision 1; and 473F.08, Subdivision 6; and Laws 1979, Chapter 293, Section 10, Subdivision 1, and by adding a subdivision; and Chapter 303, Article II, Section 39; and repealing Minnesota Statutes 1978, Sections 11.01; 11.015; 11.04; 11.05; 11.06; 11.08; 11.10; 11.11; 11.115; 11.117, Subdivisions 1, 2, 3, 5 and 7; 11.12; 11.13; 11.14; 11.15; 11.16; 11.17; 11.18; 11.19; 11.20; 11.21; 11.22; 11.23; 11.24; 11.25; 11.26; 11.27; 11.28; 290.21, Subdivision 2; 290.971, Subdivision 5; 360.303; 422A.05, Subdivisions 2 and 4; 422A.07; 458.53; Minnesota Statutes, 1979 Supplement, Sections 11.117, Subdivisions 4 and 6; 11.118; 11.145; 273.122; 290.23, Subdivision 16; 340.47, Subdivision 1b; and Laws 1979, Chapter 293, Section 10, Subdivision 2."

We request adoption of this report and repassage of the bill.

House Conferees: HARRY SIEBEN, JR., JAMES R. CASSERLY, JAMES C. PEHLER, WILLIS R. EKEN and WILLIAM SCHREIBER.

Senate Conferees: BILL MCCUTCHEON, MARVIN B. HANSON, DOUGLAS J. JOHNSON, COLLIN C. PETERSON and OTTO T. BANG, JR.

Sieben, H., moved that the report of the Conference Committee on H. F. No. 1121 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1121, A bill for an act relating to taxation; updating the definition of gross income for income tax purposes for individuals, trusts and estates with certain modifications; providing for exempt-interest dividends for certain mutual funds; extending the political contribution credit to congressional and local candidates; clarifying certain definitions; providing a tax credit for energy conservation expenditures; clarifying the renewable energy source credit; increasing the dependent care credit; extending investment tax credits to family corporations; making certain changes in the minimum tax and in the treatment of small business corporations; allowing a ten year carryback of product liability losses; providing for deferral of certain gains recognized in the disposition of broadcasting property; reducing certain property tax classification ratios; increasing homestead credits; changing the property tax status of certain mobile homes; providing for delayed assessments for certain improvements; increasing homestead base value; providing a classification for neighborhood real estate trusts; adjusting levy limits and providing for certain special levies; providing for certain hearings and appeals on special assessments; clarifying property tax settlements; clarifying certain property tax refund filing due dates; extending eligibility for property tax refunds to certain claimants; providing for adjustment of property tax refunds due to abatements; providing state reimbursement for certain property; authorizing heat applied tax stamping machines; increasing the sales tax on retail sales from vending machines; pro-

viding a sales tax exemption for certain arts admissions; fixing maximum interest rates on public obligations; excepting certain debt obligations from public sale requirement; appropriating money; amending Minnesota Statutes 1978, Sections 124.212, Subdivision 2; 168.012, Subdivision 9; 273.13, Subdivisions 3 and 17b, and by adding a subdivision; 275.51, by adding a subdivision; 275.52, Subdivisions 2 and 5; 276.04; 276.09; 276.10; 276.11; 290.01, by adding a subdivision; 290.09, Subdivisions 2, 24 and 28; 290.095, by adding a subdivision; 290.13, by adding a subdivision; 290.26, Subdivision 2; 290.49, Subdivision 10; 290.971, Subdivisions 1, 3 and 6; 290.972, Subdivisions 1, 3 and 5; 290A.06; 290A.11, by adding a subdivision; 290A.17; 290A.18; 290A.19; 297.03, Subdivision 6; 297A.02; 297A.25, Subdivision 1; 375.192, Subdivision 1; 429.061, Subdivisions 1 and 2; 429.081; 474.06; 475.55; 475.60, Subdivision 2; Chapters 273, by adding sections; and 298, by adding sections; Minnesota Statutes, 1979 Supplement, Sections 273.122; 273.13, Subdivisions 4, 5a, 6, 7, 14a and 19; 275.50, Subdivision 5; 290.01, Subdivision 20; 290.06, Subdivisions 11 and 14; 290.067, Subdivisions 1 and 2; 290.09, Subdivision 3; 290.091; 290.095, Subdivision 1; 290.14; 290.17, Subdivision 1; 290.37, Subdivision 1; 290A.03, Subdivision 3; repealing Minnesota Statutes 1978, Section 290.971, Subdivision 5; and Minnesota Statutes, 1979 Supplement, Section 290.23, Subdivision 16.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Sieben, H., moved that those not voting be excused from voting. The motion prevailed.

There were 103 yeas and 29 nays as follows:

Those who voted in the affirmative were:

Adams	Dean	Jacobs	Mann	Pehler
Anderson, B.	Drew	Jaros	McCarron	Peterson, B.
Anderson, G.	Eken	Johnson, C.	McDonald	Peterson, D.
Anderson, I.	Eloff	Johnson, D.	McEachern	Piepho
Anderson, R.	Ellingson	Jude	Mehrkins	Prahl
Battaglia	Evans	Kahn	Metzen	Reding
Begich	Ewald	Kaley	Minne	Rees
Berglin	Faricy	Kalis	Moe	Reif
Berkelman	Fjoslien	Kelly	Munger	Rice
Blatz	Forsythe	Kempe	Murphy	Rodriguez
Brinkman	Fritz	Knickerbocker	Nelsen, B.	Rose
Byrne	Fudro	Kostohryz	Nelsen, M.	Sarna
Carlson, D.	Greenfield	Kroening	Norman	Schreiber
Carlson, L.	Halberg	Laidig	Novak	Searle
Cassery	Haukoos	Lehto	Olsen	Searles
Clark	Heap	Levi	Osthoff	Sieben, H.
Corbid	Heinitz	Long	Otis	Sieben, M.
Crandall	Hokanson	Luknic	Patton	Simoneau

Stoa
Stowell
Swanson

Tomlinson
Vanasek
Voss

Waldorf
Weaver
Welch

Wenzel
Wynia
Zubay

Spkr. Norton

Those who voted in the negative were:

Aasness
Ainley
Albrecht
Anderson, D.
Biersdorf
Dempsey

Den Ouden
Erickson
Esau
Friedrich
Hoberg
Jennings

Kvam
Ludeman
Niehaus
Nysether
Onnen
Pleasant

Redalen
Rothenberg
Sherwood
Stadum
Sviggum
Thiede

Valan
Valento
Welker
Wieser
Wigley

The bill was repassed, as amended by Conference, and its title agreed to.

There being no objection the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 2085.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 2085

A bill for an act relating to public employees; creating a state department of employee relations; establishing appropriate units for state and university of Minnesota employees; providing for a right to strike; providing for interim contract approval by the legislative commission on employee relations; clarifying civil service laws; providing for health benefits; providing for a study of promotional systems; repealing duty of the revisor of statutes regarding certain collective bargaining agreements; appropriating money; amending Minnesota Statutes 1978, Sections 43.001; 43.01, Subdivision 8; 43.05, by adding a subdivision; 43.111; 43.18, Subdivision 4; 43.19, Subdivision 1; 43.245; 43.321; 43.45; 43.46; 179.63, Subdivisions 7 and 8; 179.64, Subdivisions 2, 3, 4, and 5, and by adding a subdivision; 179.67, Subdivision 4; 179.69, Subdivisions 1 and 3; 179.71, Subdivisions 3 and 5; 179.72, Subdivision 6; 179.74, Subdivisions 2 and 3; and Chapters 43 and 179, by adding sections; and Minnesota Statutes, 1979

Supplement, Sections 3.855; 43.05, Subdivision 2; 43.067, Subdivision 1; 43.19, Subdivision 1; 43.50, Subdivision 1; 62D.22, Subdivision 7; 179.63, Subdivision 11; 179.65, Subdivision 6; and 179.74, Subdivisions 4 and 5; and Laws 1979, Chapter 332, Article I, Sections 114 and 116; repealing Minnesota Statutes 1978, Sections 43.003; 43.50, Subdivision 3; 179.64, Subdivision 1; 179.69, Subdivisions 4, 5, and 6; and 482.18; and Minnesota Statutes, 1979 Supplement, Sections 15A.081, Subdivision 5; and 179.64, Subdivision 7.

April 11, 1980

The Honorable Edward J. Gearty
President of the Senate

The Honorable Fred C. Norton
Speaker of the House of Representatives

We, the undersigned conferees for S. F. No. 2085, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 2085 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes, 1979 Supplement, Section 3.855, is amended to read:

3.855 [LEGISLATIVE COMMISSION ON EMPLOYEE RELATIONS.] Subdivision 1. [ESTABLISHMENT.] There is created the legislative commission on employee relations. The commission shall consist of six members of the senate and six members of the house of representatives. The senate members shall include the (MAJORITY) leader of the majority caucus of the senate, the (MINORITY) leader of the minority caucus of the senate, the chairman of the governmental operations committee, the chairman of the finance committee, the chairman of the (TAX) committee on taxes and tax laws, and an additional member designated by the (MINORITY) leader (, OR THEIR DESIGNEES) of the minority caucus. The house members shall include the speaker, the (MINORITY) leader of the minority caucus of the house, the chairman of the governmental operations committee, the chairman of the appropriations committee, the chairman of the (TAX) taxes committee, and an additional member designated by the (MINORITY) leader (, OR THEIR DESIGNEES) of the minority caucus. In the event that the membership of the house is evenly divided, the house members shall be selected pursuant to the rules of the house. Any member of the commission may resign by providing notice to the chairman. In the event of a resignation by a member of the: (1) senate, a replacement shall be selected from among the

members of the senate by the committee on rules; (2) house, a replacement shall be selected from among the members of the house pursuant to house rules. The commission shall elect its own officers who shall serve for terms of two years. The chairmanship of the commission shall alternate between a member of the senate and a member of the house.

Subd. 2. [STATE EMPLOYEE NEGOTIATIONS.] (PRIOR TO THE COMMENCEMENT OF COLLECTIVE BARGAINING ACTIVITIES WITH STATE EMPLOYEES, THE COMMISSION SHALL CONDUCT HEARINGS AT WHICH PUBLIC EMPLOYEES, REPRESENTATIVES OF PUBLIC EMPLOYEES AND THE COMMISSIONER OF PERSONNEL SHALL BE ALLOWED TO TESTIFY AS TO THEIR BEGINNING NEGOTIATING POSITIONS.) The commissioner of (PERSONNEL) *employee relations* shall regularly advise the commission on the progress of collective bargaining activities with state employees pursuant to the state public employment labor relations act. *During the course of the negotiations, the commission may make recommendations to the commissioner as it deems appropriate but no recommendation shall impose any obligation or grant any right or privilege to the parties.* The commissioner shall submit to the chairman of the commission any negotiated agreements or arbitration awards (WHICH THE COMMISSIONER HAS APPROVED WITHIN FIVE DAYS OF THE MAKING THEREOF). *Approved negotiated agreements shall be submitted within five days of the date of approval by the commissioner or the date of approval by the affected state employees whichever occurs later. Arbitration awards shall be submitted within five days of their receipt by the commissioner.* If the commission disapproves of any agreement or award, the commission shall specify in writing to the parties those portions with which it disagrees and the reasons therefor. (UPON RECEIPT OF THE NOTICE OF DISAPPROVAL FROM THE COMMISSION, THE COMMISSIONER OF PERSONNEL WILL REOPEN THE NEGOTIATIONS.) If the commission approves of an agreement or award, it shall cause the matter to be submitted to the legislature to be accepted or rejected pursuant to section 179.74, *subdivision 5*. Failure of the commission to disapprove of (AFFECTED PORTIONS OF) an agreement or award within 30 days of its receipt shall be deemed approval. Approval or disapproval by the commission shall not be binding on the entire legislature.

After adjournment of the legislature in an odd numbered year, the commission may give interim approval to a negotiated agreement or arbitration award. It shall submit the negotiated agreement or arbitration award to the entire legislature for ratification as provided in section 179.74, subdivision 5.

Subd. 3. [OTHER DUTIES.] In addition to the duties specified in subdivision 2, the commission shall perform the following:

(a) *Review and approve, reject, or modify a plan for compensation, terms and conditions of employment prepared and sub-*

mitted by the commissioner of employee relations pursuant to section 10 covering all state employees who are not represented by an exclusive bargaining representative and whose compensation is not provided for by section 43.064 or other law;

(b) Continually monitor the state's civil service system (,) as provided for in chapter 43, rules of the commissioner of employee relations and the collective bargaining process (,) as provided for in sections 179.61 to 179.76, as applied to state employees;

((B)) (c) Research and analyze the need for improvements in those statutory sections; (AND)

((C)) (d) Adopt rules not inconsistent with this section relating to the scheduling and conduct of commission business and other organizational and procedural matters; and

(e) Perform such other related functions as are delegated to it by the legislature.

Sec. 2. Minnesota Statutes 1978, Chapter 43, is amended by adding a section to read:

[43.0001] The name of the department of personnel is changed to the department of employee relations. The title of the commissioner of personnel is changed to the commissioner of employee relations. Subject to applicable laws, the department of employee relations, with its commissioner and officers, shall continue to exercise all the powers and duties vested in or imposed upon the department and commissioner of personnel immediately prior to the effective date of this section.

Sec. 3. Minnesota Statutes 1978, Section 43.001, is amended to read:

43.001 [DEPARTMENT OF EMPLOYEE RELATIONS; CREATION.] Subdivision 1. The department of (PERSONNEL) *employee relations* is hereby created under the control and supervision of a commissioner of (PERSONNEL) *employee relations*, which office is hereby established.

Subd. 2. The commissioner of (PERSONNEL) *employee relations* is appointed by the governor under the provisions of section 15.06. (HE SHALL HAVE BROAD EXPERIENCE IN A MANAGERIAL POSITION INCLUDING ABOUT FIVE YEARS AS AN EXECUTIVE PERSONNEL MANAGER IN ONE OR MORE ORGANIZATIONS ESSENTIALLY SIMILAR IN COMPLEXITY TO STATE GOVERNMENT.) *The commissioner shall be knowledgeable in executive personnel management and shall have background in labor relations.*

Subd. 3. The commissioner may appoint (ONE DEPUTY COMMISSIONER AND) a confidential secretary, (EACH OF WHOM) *who shall serve at the pleasure of the commissioner in the unclassified service.*

Subd. 4. Subject to (THE PROVISIONS OF LAWS 1973, CHAPTER 507 AND TO OTHER) applicable laws (GOVERNING A STATE DEPARTMENT OR AGENCY), the commissioner shall organize the department and employ (SUCH) other officers, employees, and agents (AS HE MAY DEEM) necessary to discharge the functions of (HIS) *the department*, define the duties of (SUCH) *these* officers, employees, and agents and (TO) delegate to them any (OF HIS) powers, duties, and responsibilities subject to (HIS) *the commissioner's* control and under (SUCH) conditions as (HE) *the commissioner* may prescribe. Personnel employed pursuant to this subdivision are in the classified service of the state civil service.

Subd. 5. *The department of employee relations shall be organized into two divisions to be designated the division of personnel and the division of labor relations. Each division shall be under the immediate charge of a deputy commissioner.*

Subd. 6. *The deputy commissioners for the divisions of personnel and labor relations shall be appointed by and serve at the pleasure of the commissioner, and shall be in the unclassified service of the state. The deputy commissioner for the division of labor relations shall have extensive background in labor relations and shall have experience in dealing with contracts similar in complexity to those negotiated between the state and exclusive representatives of state employees.*

Subd. 7. *Each division of the department of employee relations shall be responsible for administering the duties and functions that are assigned to it by law and by the commissioner of employee relations. Insofar as the duties of the divisions are not mandated by law, the commissioner may establish and revise the assignments of either division.*

Subd. 8. *The division of labor relations shall perform the duties assigned to the commissioner of employee relations by sections 3.855, 43.05, subdivision 3 and chapter 179.*

The deputy commissioner for the division of labor relations shall be the chief state labor negotiator for purposes of negotiating and administering agreements with exclusive representatives of state employees.

Subd. 9. *The division of personnel shall perform the duties assigned to the commissioner by section 43.05, subdivision 2.*

Sec. 4. Minnesota Statutes 1978, Section 43.01, Subdivision 8, is amended to read:

Subd. 8. [COMMISSIONER.] "Commissioner" means the commissioner of (PERSONNEL) *employee relations*.

Sec. 5. Minnesota Statutes, 1979 Supplement, Section 43.05, Subdivision 2, is amended to read:

Subd. 2. [SPECIFIED DUTIES.] The commissioner shall:

(1) Attend all meetings of the board;

(2) Promulgate (PERSONNEL) rules for the purpose of carrying out the provisions of this chapter; these rules shall provide, among other things, for current records of efficiency, and standards of performance, for all employees subject to the provisions of this chapter; the manner of completing appointments and promotions; rejection of eligible candidates; examinations; retention of examination records under the provisions of section 138.163; creation of eligible lists, with successful candidates ranked according to their ratings in the examinations; (LEAVES OF ABSENCE WITH AND WITHOUT PAY;) transfers (,) and reinstatements (, LAYOFFS, VACATIONS, AND HOURS OF WORK); public notice of examinations; (PROCEDURE FOR CHANGES IN RATES OF PAY;) compulsory retirement at fixed ages; and other conditions of employment (, IF A RULE IS MADE CONCERNING SICK LEAVE FOR ILLNESS IN THE IMMEDIATE FAMILY OF AN EMPLOYEE, THE TERM "IMMEDIATE FAMILY" SHALL BE LIMITED TO THE SPOUSE, MINOR OR DEPENDENT CHILDREN, OR PARENT WHERE THE PARENT HAS NO OTHER PERSON TO PROVIDE THE NECESSARY NURSING CARE, LIVING IN THE HOUSEHOLD OF THE EMPLOYEE);

(3) Operate an information system from which data can be retrieved concerning employees in agencies under his jurisdiction showing their employment histories including the date of appointment, demotion, reinstatement, increases or decreases in pay, the compensation and title of the position, changes in title, transfers, and separations from the service; and the commissioner shall have access to all public and private personnel data kept by an appointing authority, the examination of which will aid in the discharge of his duties;

(4) Prepare, in accordance with the provisions of this chapter and the rules adopted hereunder, examinations, eligible lists, and ratings of candidates for appointment;

(5) Make certifications for appointment within the classified service, in accordance with the provisions of this chapter;

(6) Make investigations concerning all matters touching the enforcement and effect of the provisions of this chapter and the personnel rules prescribed hereunder;

(7) Discharge such duties as are imposed upon him by this chapter;

(8) Establish, publish and continually review logical career paths in the classified civil service;

(9) Consider all requests for other than state appropriated funds from any state department or agency for personnel purposes all of which shall be submitted to him for comment before any such request is made of a federal, local, or private agency; and

(10) Prepare rules regulating the temporary designation of positions in the unclassified civil service;

(11) Review, establish or change titles for the positions in the unclassified civil service in the executive branch of state government except those established by law or by the constitution, to make titles descriptive of positions and consistent throughout the state service; and

(12) In conformance with the rule making provisions of chapter 15, promulgate a code of ethics establishing standards of conduct to be observed by state employees in the performance of their official duties.

Sec. 6. Minnesota Statutes 1978, Section 43.05, is amended by adding a subdivision to read:

Subd. 3. The commissioner, through the division of labor relations, shall:

(a) Represent the state at hearings conducted by the director of the bureau of mediation services and the public employment relations board relating to state employees;

(b) Represent the state in all collective bargaining between the state and exclusive representatives, and represent the state in mediation and arbitration of collective bargaining disputes;

(c) Report to the legislative commission on employee relations pursuant to section 3.855;

(d) Be responsible for state management interpretation of all collective bargaining agreements between the state and exclusive representatives and provide state management personnel with training in the interpretation and application of these collective bargaining agreements;

(e) Oversee the administration of all written grievances arising under collective bargaining agreements between the state

and an exclusive representative. The commissioner shall establish procedures which appointing authorities shall follow to enable the commissioner to monitor the grievance procedure at all steps;

(f) Have final authority to decide if a grievance shall be submitted to arbitration or if it shall be settled without arbitration;

(g) Represent the state at all grievance arbitrations;

(h) Collect and analyze all information necessary to carry out the responsibilities of this subdivision.

Sec. 7. Minnesota Statutes, 1979 Supplement, Section 43.067, Subdivision 1, is amended to read:

43.067 [SALARY LIMITS.] Subdivision 1. [AGENCY HEADS AND DEPUTIES.] The base salary of the head of any state department or other agency in the executive branch shall serve as the upper limit of compensation in the agency. (THE BASE SALARY OF THE CHANCELLOR OF THE UNIVERSITY SYSTEM IS THE UPPER LIMIT OF COMPENSATION OF STATE UNIVERSITY PRESIDENTS.) The base salary of the commissioner of labor and industry is the upper limit of compensation of employees in the bureau of mediation services. (WITHIN THE AGENCY, NO PERSON OTHER THAN THE AGENCY HEAD SHALL BE PAID MORE THAN THE BASE SALARY THAT IS OR WOULD BE PAID A DEPUTY AGENCY HEAD PURSUANT TO SECTION 15A.081 WHETHER OR NOT THERE IS A DEPUTY AGENCY HEAD POSITION FOR THAT AGENCY.)

Sec. 8. Minnesota Statutes 1978, Section 43.111, is amended to read:

43.111 [POLICY.] It is the public policy of the state of Minnesota that an efficient and well trained work force be maintained to carry out the work ordained by the legislature. It is further directed that modern methods of selection, training and salary administration be established and maintained. The standards of selection shall be (OF SUCH A NATURE AS TO) *based on merit and provide for the proper level of preparation and experience.* Recognizing the cost of excessive employee turnover, it is directed that priority be given to the maintenance of a steady work force. To this end, training, by way of in-service programs and stipend allowances shall be encouraged. It is also established as the policy of the state of Minnesota that employees be paid a total compensation which is competitive with that paid for like positions in other private and public employment. Proper attention (WILL ALSO) *shall be given to equitable internal (PAY) compensation relationships between related job classes and among the various levels within the same job family or department, with the understanding that the collective bargaining*

relationship between the state and its employees established through the provisions of chapter 179 must take precedence. Continuing analysis of pay rates (AND), supplementary pay practices (SHALL BE CARRIED ON, AS WELL AS) and analyses of jobs to determine comparability of job content shall be carried on.

Sec. 9. Minnesota Statutes 1978, Chapter 43, is amended by adding a section to read:

[43.112] [COMPENSATION, TERMS, AND CONDITIONS OF EMPLOYMENT.] *Subdivision 1. [REPRESENTED EMPLOYEES.] To the extent they are lawfully covered by a collective bargaining agreement, the compensation, terms and conditions of employment for all state employees represented by an exclusive representative certified pursuant to chapter 179 shall be governed by the collective bargaining agreement executed by the parties and approved by the legislature.*

Subd. 2. [NON-REPRESENTED EMPLOYEES.] The compensation, terms and conditions of employment of all state employees not represented by an exclusive representative certified pursuant to chapter 179 shall be solely governed by statute, rule, or the plan developed by the commissioner and approved by the legislature pursuant to sections 3.855 and 179.74, subdivision 5, and section 10.

Subd. 3. [MERIT SYSTEM TO CONTROL.] The provisions of chapter 43 governing the recruitment, classification and selection of state employees on the basis of their relative ability, knowledge and skills, including sections 43.111, 43.12, subdivision 1, 43.13 to 43.15, 43.17, 43.18, subdivisions 1 to 3, 43.19, subdivisions 2 and 3, 43.20, and 43.30, shall not be modified, waived or abridged by any contract executed by the state pursuant to chapter 179.

Sec. 10. Minnesota Statutes 1978, Chapter 43, is amended by adding a section to read:

[43.113] [PLAN FOR COMPENSATION, TERMS AND CONDITIONS OF EMPLOYMENT FOR NON-REPRESENTED EMPLOYEES.] *Subdivision 1. The commissioner of employee relations shall periodically submit to the legislative commission on employee relations a plan to govern the compensation, terms and conditions of employment for all state employees who are not represented by an exclusive representative certified pursuant to chapter 179 and whose compensation is not provided for by section 43.064 or other law. The commission shall review the plan and submit it to the legislature along with any recommendations it deems appropriate. The plan need not be adopted in accordance with the rulemaking provisions of chapter 15. The*

plan shall not take effect until approved by the legislature, provided that the legislative commission may give interim approval to a plan and subsequently submit it to the entire legislature for ratification in the same manner as provided for negotiated agreements and arbitration awards under section 179.74, subdivision 5.

Subd. 2. In establishing and recommending compensation for any position within the plan, the commissioner of employee relations shall assure that:

(1) Compensation in the classified and unclassified service bear equitable relationships to one another;

(2) Compensation for state positions bears equitable relationships to compensation for similar positions outside state service;

(3) Compensation for management positions bears equitable relationships to compensation of represented employees managed; and

(4) Compensation for positions within the classified service bear equitable relationships among related job classes and among various levels within the same job family.

Compensations bear equitable relationships to one another within the meaning of this subdivision if compensation for positions which require comparable knowledge, abilities, duties, responsibilities and accountabilities are comparable and if compensation for positions which require differing knowledge, abilities, duties, responsibilities and accountabilities are proportional to the knowledge, abilities, duties and responsibilities required.

Sec. 11. Minnesota Statutes 1978, Section 43.18, Subdivision 4, is amended to read:

Subd. 4. [APPOINTMENT; PROBATION.] The appointing authority shall appoint on probation, with sole reference to merit and fitness, one of the said candidates, whose name is certified in the manner above set forth, to fill such vacancy, except as provided in section 43.23. Seniority (IN LENGTH OF SERVICE SHALL) may also be one of the factors in an appointment in the manner as provided by (PERSONNEL) rule. The provisions of this section shall not apply when the employment situation is among those listed in section 43.20, for which competitive examinations are not required.

Sec. 12. Minnesota Statutes, 1979 Supplement, Section 43.19, Subdivision 1, is amended to read:

43.19 [VACANCIES; PROMOTIONS; DISMISSALS.] Subdivision 1. [VACANCIES FILLED BY PROMOTION.] (1) Vacancies in positions shall be filled, so far as practicable, by promotion from among persons holding positions in the executive branch of the state civil service, or the legislative branch of state civil service, and classified positions on the staff of the legislative auditor, Minnesota state retirement system and teachers retirement association and, subject to (SUCH) *those* exceptions as the commissioner may provide, from the lower class and in accordance with section 43.18 and (PERSONNEL) rules. Except as provided in clause (2), promotions shall be based upon merit and fitness, to be ascertained by competitive examinations in which the employee's efficiency and job-related conduct shall constitute a factor. For positions defined by (PERSONNEL) rule as "non-managerial" seniority (SHALL) *may* also constitute a factor.

(2) The commissioner may authorize the appointing authority of any state agency to promote any employee in that agency to a higher class provided his position has been reallocated as the result of gradual changes in the job which have occurred over a period of time and he has performed satisfactorily in the position.

(3) *On or before January 1, 1981, the commissioner shall submit a report to the legislative commission on employee relations recommending methods of improving the state's efforts to insure equal employment opportunity pursuant to section 43.15. The report shall include recommendations with respect to both hiring and promotions along with an analysis of the effects of seniority requirements on promotional practices.*

Sec. 13. Minnesota Statutes 1978, Section 43.245, is amended to read:

43.245 [PERFORMANCE APPRAISAL SYSTEM.] The commissioner shall design and implement an employee performance appraisal system for the classified and unclassified (SERVICE) services. This system shall be based on uniform position description and results oriented performance standards formats. The commissioner, in consultation with the departments, shall develop criteria and content as necessary so long as the system is uniform for all departments. The commissioner shall establish and enforce rules with respect to the utilization of the results of this performance appraisal system in all decisions relating to the status of employees. (THE COMMISSIONER MAY FURTHER BY RULE PRESCRIBE THE EXTENT TO WHICH THESE REPORTS SHALL BE OPEN TO INSPECTION BY THE PUBLIC AND BY THE AFFECTED EMPLOYEE.) Each employee in the classified and unclassified service in the execu-

tive branch shall be evaluated and counseled at least once a year on his work performance. Individual pay increases for all state employees not represented by an exclusive representative certified pursuant to chapter 179 shall be based on (SUCH) the evaluation and other factors the commissioner includes, and the legislature approves, in the plan developed pursuant to section 10. Collective bargaining agreements entered into pursuant to chapter 179 may, and are encouraged to, provide for pay increases based on employee performance.

Sec. 14. Minnesota Statutes 1978, Section 43.321, is amended to read:

43.321 [GRIEVANCE PROCEDURE.] The commissioner shall promulgate by (PERSONNEL) rule procedures relating to grievances of any state officer or employee in the executive branch and provide the circumstances under which the grievance procedure is available, except that no state employee may avail himself of more than one grievance procedure on any one complaint or use the procedure set forth in the rule if he is a member of a bargaining unit that has a collective bargaining agreement entered into pursuant to chapter 179 which provides for methods and procedures to resolve that type of grievance.

Sec. 15. Minnesota Statutes 1978, Section 43.45, is amended to read:

43.45 [CONTRACTING AUTHORITY.] Subdivision 1. The commissioner is authorized to request bids from carriers or to negotiate with carriers and to enter into contracts with carriers which in the sole judgment of the commissioner are best qualified to underwrite and service the benefit plans. The commissioner shall consider (SUCH) factors such as the cost and conversion options relating to the contracts as well as the service capabilities, character, financial position, and reputation (WITH RESPECT TO SUCH) of the carriers and any other factors which the commissioner (MAY DEEM) deems appropriate. Each (SUCH) benefit contract shall be for a uniform term of at least one year, but may be made automatically renewable from term to term in the absence of notice of termination by either party. Effective October 1, 1980, the commissioner shall, to the extent feasible, make basic hospital and medical benefits available from at least three carriers at least one each of whom shall be licensed to do business pursuant to chapters 62A, 62C and 62D. The commissioner need not provide health maintenance services to an employee who resides in an area which is not served by a licensed carrier. The commissioner may elect not to offer all three types of carriers if there are no bids or no acceptable bids by that type of carrier or if the offering of additional carriers would result in excessive additional administrative costs. Any carrier licensed pursuant to chapter 62A shall be exempt from the tax imposed by section 60A.15 on premiums paid to it by the state.

Subd. 2. Each contract under sections 43.42 to 43.49 shall contain a detailed statement of benefits offered and shall include (SUCH) *any* maximums, limitations, exclusions, and other definitions of benefits as the commissioner may deem necessary or desirable. *Each contract shall provide benefits at least equal to those required by section 62E.06, subdivision 2.*

Subd. 3. The commissioner shall make available, through (SUCH) *any* carriers as (IT) *the commissioner* may authorize, as many optional coverages as (IT DEEMS) *deemed* feasible and advantageous to eligible state employees and their dependents which (SAID) *the employees* may pay for at their own expense (TO BE PAID FOR) through payroll deductions.

Subd. 4. *The commissioner shall appoint and serve as chairman of an insurance advisory council consisting of eleven members. Two members shall be selected from names submitted by exclusive representatives of state employees. One member shall be selected from names submitted by exclusive representatives of employees of the university of Minnesota. One member shall be selected from names submitted by organizations representing retired state employees. One member shall be selected from names submitted by the regents of the university of Minnesota. The commissioners of administration, insurance, health and finance, and the deputy commissioner for labor relations or their designees, shall serve as the other members. Except as provided in this section, the provisions of section 15.059 shall apply to the members of the council. The council shall advise the commissioner in the selection of carriers and the implementation of collective bargaining agreements. Evidence of discussions, recommendations or decisions by the council shall not be submitted to any court or arbitrator in any matter involving state or university of Minnesota employees.*

Sec. 16. Minnesota Statutes 1978, Section 43.46, is amended to read:

43.46 [CONTRIBUTIONS BY STATE.] *Subdivision 1. The total contribution by the state for each state employee (UNDER SECTIONS 43.42 TO 43.49) and for dependents of state employees shall be (OTHERWISE) prescribed by law (AND WHICH), rule, a plan prepared pursuant to section 10, or a collective bargaining agreement. The contribution shall be applied to provide basic hospital benefits, basic medical benefits, basic dental benefits (, AN ANNUAL HEALTH EVALUATION AND SCREENING PROGRAM) and basic life insurance (OF SUCH) in amounts as may be determined from time to time by the commissioner or in a collective bargaining agreement.*

Subd. 2. [EMPLOYEE COVERAGE.] *The amount of premium paid by the state for represented employees for state employees' basic hospital benefits, basic medical benefits and basic dental benefits coverage shall be negotiated between the state and exclusive representatives of state employees. Except*

as provided in this subdivision, the amount paid for each state employee's coverage shall be uniform for all employees in the same bargaining unit. Employees who select a carrier whose premium is in excess of the state payment shall be required to pay the difference. Employees who select a carrier whose premium is less than the state payment shall be paid the difference as additional compensation.

Subd. 3. [DEPENDENT COVERAGE.] The amount of premium paid by the state for state employees' dependents' basic hospital benefits, basic medical benefits and basic dental benefits coverage shall be negotiated between the state and exclusive representatives of state employees. Except as provided in this subdivision, the amount paid for each state employee's dependent coverage shall be uniform for all employees in the same bargaining unit. Employees who select a carrier whose premium is in excess of the state payment shall be required to pay the difference. Employees who select a carrier whose premium is less than the state payment shall be paid the difference as additional compensation.

Subd. 4. [UNREPRESENTED EMPLOYEES.] The commissioner shall establish the level of state payment of premiums paid by the state for all state employees who do not have an exclusive representative and for their dependents. The levels of payment shall be included in the plan prepared pursuant to section 10. Payments shall be made in the manner provided for in subdivisions 2 and 3.

Sec. 17. Minnesota Statutes, 1979 Supplement, Section 43.50, Subdivision 1, is amended to read:

43.50 [PAYMENT OF PREMIUMS.] Subdivision 1. Each department of the state government shall pay the amounts due for basic life insurance, basic dental insurance, (AND) basic (HEALTH) hospital benefits and basic medical benefits coverage authorized for eligible state employees (AS PROVIDED BY) pursuant to this chapter. (EFFECTIVE JULY 1, 1979, EACH DEPARTMENT OF THE STATE GOVERNMENT SHALL CONTRIBUTE UP TO \$64 PER YEAR TOWARD THE COST OF THE APPROVED ANNUAL HEALTH EVALUATION AND SCREENING PROGRAM FOR EACH ELIGIBLE EMPLOYEE WHO ELECTS TO PARTICIPATE AND WHO ELECTS HEALTH INSURANCE COVERAGE UNDER BLUE CROSS AND BLUE SHIELD OF MINNESOTA. ELIGIBLE EMPLOYEES WHO ELECT COVERAGE UNDER A HEALTH MAINTENANCE ORGANIZATION SHALL ONLY BE ELIGIBLE TO RECEIVE THIS BENEFIT IF THE HEALTH MAINTENANCE ORGANIZATION IN WHICH THE EMPLOYEE IS ENROLLED DOES NOT MAKE AVAILABLE WITHOUT ADDITIONAL COST, ON AN ANNUAL BASIS, THE TESTS PERFORMED FOR STATE EMPLOYEES BY THE APPROVED PROGRAM.)

(ADDITIONALLY, AND NOTWITHSTANDING ANY LAW TO THE CONTRARY, EFFECTIVE THE FIRST DAY OF THE FIRST PAYROLL PERIOD COMMENCING ON OR AFTER JULY 1, 1979, EACH DEPARTMENT OF THE STATE GOVERNMENT SHALL CONTRIBUTE UP TO \$60 PER MONTH OR 90 PERCENT OF THE COST, WHICHEVER IS GREATER, TOWARD THE COST OF DEPENDENT HOSPITAL MEDICAL INSURANCE COVERAGE PREMIUMS FOR THEIR ELIGIBLE EMPLOYEES WHO HAVE ELIGIBLE DEPENDENTS. EACH DEPARTMENT SHALL ALSO CONTRIBUTE ONE-HALF THE DIFFERENCE BETWEEN SINGLE AND FAMILY DENTAL COVERAGE PER MONTH FOR ALL ELIGIBLE EMPLOYEES CARRYING DEPENDENT DENTAL INSURANCE COVERAGE. TO ENABLE EMPLOYEES TO RECEIVE BENEFIT FROM THIS PROVISION, OPEN ENROLLMENT PERIODS FROM AUGUST 15 THROUGH SEPTEMBER 30, 1979 AND FROM AUGUST 15 THROUGH SEPTEMBER 30, 1980, ARE ESTABLISHED. DURING OPEN ENROLLMENT PERIODS EMPLOYEES MAY ENROLL THEIR DEPENDENTS IN DENTAL COVERAGE AND HOSPITAL MEDICAL COVERAGE WITHOUT PROOF OF INSURABILITY. EFFECTIVE JANUARY 1, 1981,) The (CHANGED) benefits provided in this section shall apply to eligible members of the legislature and their eligible dependents *when they become eligible for the benefits*. Each of the departments shall pay (SUCH) *the* amounts from accounts and funds from which the department receives its revenues, including appropriations from the general fund and from any other fund, now or hereafter existing for the payment of salaries and in the same proportion as it pays therefrom the amounts of salaries. In order to enable the commissioner of finance to maintain proper records covering the appropriations pursuant to this section, he may require certifications in connection therewith as he may deem necessary from any state agency, the Minnesota historical society, or the University of Minnesota whose employees receive benefits pursuant to this chapter. The accounts and funds referred to from which departments receive appropriations under the terms of this section are hereby declared to be a source of revenue for the purposes of any other law or statutory enactment.

Sec. 18. Minnesota Statutes, 1979 Supplement, Section 62D.-22, Subdivision 7, is amended to read:

Subd. 7. A licensed health maintenance organization shall be deemed to be a prepaid group practice plan for the purposes of chapter 43 and shall be allowed to participate as a carrier for state employees subject to any (NEGOTIATED LABOR AGREEMENT) *collective bargaining agreement entered into pursuant to chapter 179 and reasonable restrictions applied to all carriers. The commissioner of employee relations may refuse to allow a health maintenance organization to continue as a car-*

rier if it was selected by less than 200 employees in the preceding benefit year.

Sec. 19. Minnesota Statutes 1978, Section 179.63, Subdivision 7, is amended to read:

Subd. 7. "Public employee" or "employee" means any person appointed or employed by a public employer except:

- (a) elected public officials;
- (b) election officers;
- (c) commissioned or enlisted personnel of the Minnesota national guard;
- (d) emergency employees who are employed for emergency work caused by natural disaster;
- (e) part time employees whose service does not exceed the lesser of 14 hours per week or 35 percent of the normal work week in the employee's bargaining unit;
- (f) employees who hold positions of a basically temporary or seasonal character for a period not in excess of 100 working days in any calendar year;

The exclusions of clauses (e) and (f) of this subdivision shall not apply to:

(1) an employee hired by a school district to replace an absent teacher who at the time of his absence is a "public employee" not within the other exclusions of this subdivision where the replacement employee is employed more than 30 working days as a replacement for that teacher; and

(2) an employee hired by a school district for a teaching position created by increased enrollment, curriculum expansion, courses which are a part of the curriculum whether offered annually or not, or other appropriate reasons.

Employees included as "public employees" pursuant to clauses (1) and (2) shall not be included under master contracts expiring June 30, 1981, for purposes of salary or fringe benefits;

(g) employees of charitable hospitals as defined by section 179.35, subdivision 3;

(h) full time undergraduate students employed by the school which they attend under a work study program or in connection

with the receipt of any financial aid, irrespective of number of hours of service per week.

Sec. 20. Minnesota Statutes 1978, Section 179.63, Subdivision 8, is amended to read:

Subd. 8. "Confidential employee" means any employee who works in the personnel offices of a public employer or who has access to information subject to use by the public employer in meeting and negotiating or who actively participates in the meeting and negotiating on behalf of the public employer. *Provided that when the reference is to executive branch employees of the state of Minnesota or employees of the regents of the University of Minnesota, "confidential employee" means any employee who has access to information subject to use by the public employer in collective bargaining or who actively participates in collective bargaining on behalf of the public employer.*

Sec. 21. Minnesota Statutes, 1979 Supplement, Section 179.63, Subdivision 11, is amended to read:

Subd. 11. "Essential employee" means firefighters, (POLICE) peace officers subject to licensure pursuant to sections 626.84 to 626.855, (HIGHWAY PATROLMEN,) guards at correctional (INSTITUTIONS) facilities, and employees of hospitals other than state hospitals (AND REGISTERED NURSES, AS DEFINED IN SECTION 148.171, ENGAGED IN THE PRACTICE OF PROFESSIONAL NURSING AND EMPLOYED IN A STATE HOSPITAL OR STATE NURSING HOME); provided that (1) with respect to state employees, "essential employee" means all employees in the law enforcement, health care professional, correctional guards, and supervisory collective bargaining units, irrespective of severance, and no other employees, and (2) with respect to university of Minnesota employees, "essential employee" means all employees in the law enforcement, nursing professional and supervisory units, irrespective of severance, and no other employees. The term "firefighters" means salaried employees of a fire department whose duties include, directly or indirectly, controlling, extinguishing, preventing, detecting, or investigating fires.

Sec. 22. Minnesota Statutes 1978, Section 179.64, Subdivision 1, is amended to read:

179.64 [STRIKES AUTHORIZED: NON-TEACHERS.]
Subdivision 1. (NO PERSON HOLDING A POSITION BY APPOINTMENT OR EMPLOYMENT IN THE GOVERNMENT OF THE STATE OF MINNESOTA, OR IN THE GOVERNMENT OF ANY ONE OR MORE OF THE POLITICAL SUBDIVISIONS THEREOF, OR IN THE SERVICE OF THE PUBLIC SCHOOLS, OR OF THE STATE UNIVERSITY, OR IN

THE SERVICE OF ANY AUTHORITY, COMMISSION OR BOARD OR ANY OTHER BRANCH OF THE PUBLIC SERVICE, WHETHER INCLUDED OR EXCEPTED FROM THIS ACT MAY ENGAGE IN A STRIKE, NOR SHALL ANY SUCH PERSON OR ORGANIZATION OF SUCH PERSONS OR ITS OFFICIALS OR AGENTS CAUSE, CONDONE, INSTIGATE, ENCOURAGE, OR COOPERATE, IN A STRIKE EXCEPT AS MAY BE PROVIDED IN SUBDIVISION 7.) *Except as otherwise provided by subdivision 1a and section 32, public employees, other than confidential, essential, managerial and supervisory employees and other than principals and assistant principals, may strike only under the following circumstances:*

(1) (a) *The collective bargaining agreement between their exclusive representative and their employer has expired or, if there is no agreement, impasse under section 32 has occurred; and*

(b) *The exclusive representative and the employer have participated in mediation over a period of at least 45 days, provided that the mediation period established by section 32 shall govern negotiations pursuant to that section. For the purposes of this sub-clause the mediation period commences on the day following receipt by the director of a request for mediation; and*

(c) *Written notification of intent to strike was served on the employer and the director by the exclusive representative on or after the expiration date of the collective bargaining agreement or, if there is no agreement, on or after the date impasse under section 32 has occurred and at least ten days prior to the commencement of the strike, provided that if more than 30 days have expired after service of a notification of intent to strike, no strike may commence until ten days after service of a new written notification; or*

(2) *The requirements of clause (1) have been satisfied and a request for binding arbitration has been rejected pursuant to section 179.69; or*

(3) *The employer violates section 179.68, subdivision 2, clause (9); or*

(4) *In the case of state employees,*

(a) *The legislative commission on employee relations has not given approval during a legislative interim to a negotiated agreement or arbitration award pursuant to section 179.74, subdivision 5, within 30 days after its receipt; or*

(b) *The entire legislature rejects or fails to ratify a negotiated agreement or arbitration award, which has been approved during a legislative interim by the legislative commission on employee relations, at a special legislative session called to consider*

it, or at its next regular legislative session, whichever occurs first.

Written notification of intent to strike, under clauses (3) or (4), shall be served on the employer and the director by the exclusive representative at least ten days prior to the commencement of the strike, provided that if more than 30 days have expired after service of a notification of intent to strike, no strike may commence until ten days after service of a new written notification.

Subd. 1a. [STRIKES AUTHORIZED: TEACHERS.] Except as otherwise provided by section 31, teachers employed by a local school district, other than principals and assistant principals, may strike only under the following circumstances:

(1) (a) The collective bargaining agreement between their exclusive representative and their employer has expired or, if there is no agreement, impasse under section 31 has occurred; and

(b) The exclusive representative and the employer have participated in mediation over a period of at least 60 days, 30 days of which have occurred after the expiration date of the collective bargaining agreement, provided that the mediation period established by section 31 shall govern negotiations pursuant to that section. For the purposes of this sub-clause the mediation period commences on the day following receipt by the director of a request for mediation; and

(c) Written notification of intent to strike was served on the employer and the director by the exclusive representative on or after the expiration date of the collective bargaining agreement or, if there is no agreement, on or after the date impasse under section 31 has occurred and at least ten days prior to the commencement of the strike, provided that if more than 30 days have expired after service of a notification of intent to strike, no strike may commence until ten days after service of a new written notification; and

(d) A request for binding arbitration has been rejected pursuant to section 179.69; or

(2) 45 days after impasse pursuant to section 30 neither party has requested arbitration; or

(3) The employer violates section 179.68, subdivision 2, clause (9).

Written notification of intent to strike under clauses (2) and (3) shall be served on the employer and the director by the exclusive representative at least ten days prior to the commencement of the strike, provided that if more than 30 days

have expired after service of a notification of intent to strike, no strike may commence until ten days after service of a new written notification, and further provided that notice of intent to strike under clause (2) shall be given no earlier than the last day of the period provided in clause (2).

Subd. 1b. Except as authorized in this section, all strikes by public employees shall be illegal. Except as provided in this section, no unfair labor practice or violation of sections 179.61 to 179.76 by a public employer shall give public employees a right to strike. Those factors may be considered, however, by the court in mitigation of or retraction of any penalties provided by this section.

During the period after contract expiration and prior to the date when the right to strike matures, and for additional time if agreed, the terms of an existing contract shall continue in effect and shall be enforceable upon both parties.

Sec. 23. Minnesota Statutes 1978, Section 179.64, Subdivision 2, is amended to read:

Subd. 2. Notwithstanding any other provision of law, any public employee who (VIOLATES) strikes in violation of the provisions of this section may have his appointment or employment terminated by the employer effective the date the violation first occurs. (SUCH) The termination shall be (EFFECTIVE UPON) made by serving written notice (SERVED) upon the employee. Service may be made by certified mail.

Sec. 24. Minnesota Statutes 1978, Section 179.64, Subdivision 3, is amended to read:

Subd. 3. For purposes of this subdivision an employee who is absent from any portion of his work assignment without permission, or who abstains wholly or in part from the full performance of his duties without permission from his employer on the date or dates when a strike not authorized by this section occurs is prima facie presumed to have engaged in (A) an illegal strike on (SUCH) the date or dates involved.

Sec. 25. Minnesota Statutes 1978, Section 179.64, Subdivision 4, is amended to read:

Subd. 4. A public employee who knowingly (VIOLATES) participates in a strike in violation of the provisions of this section and whose employment has been terminated pursuant to this section (,) may (, SUBSEQUENT TO SUCH VIOLATION,) subsequently be appointed or reappointed, employed or reemployed, but the employee shall be on probation for two years with respect to (SUCH) the civil service status, tenure of employment, or contract of employment (, AS) to which he

(MAY HAVE THERETOFORE BEEN) *was previously entitled.*

No employee shall be entitled to any daily pay, wages, *reimbursement of expenses*, or per diem for the days on which he engaged in a strike.

Sec. 26. Minnesota Statutes 1978, Section 179.64, Subdivision 5, is amended to read:

Subd. 5. Any public employee (, UPON REQUEST,) shall be entitled (, AS HEREINAFTER PROVIDED,) *to request the opportunity to establish that he did not violate the provisions of this section.* (SUCH) *The request* (MUST) *shall be filed in writing with the officer or body having the power to remove* (SUCH) *the employee, within ten days after notice of termination is served upon him (; WHEREUPON SUCH).* *The employing officer (,) or body (,) shall within ten days commence a proceeding at which* (SUCH PERSON) *the employee shall be entitled to be heard for the purpose of determining whether the provisions of this section have been violated by* (SUCH) *the public employee (, AND).* If there (BE) *are contractual grievance procedures, laws* (AND REGULATIONS) *or rules establishing proceedings to remove* (SUCH) *the public employee, the hearing shall be conducted in accordance* (THEREWITH) *with whichever procedure the employee elects provided that the election shall be binding and shall terminate any right to the alternative procedures.* The same (PROCEEDINGS) *proceeding may* (UPON APPLICATION TO THE COURT BY AN EMPLOYER, AND EMPLOYEE, OR EMPLOYEE ORGANIZATION AND THE ISSUANCE OF AN APPROPRIATE ORDER BY THE COURT) include more than one employee's employment status if the employees' defenses are identical, analogous or reasonably similar. (SUCH) *The proceedings shall be undertaken without unnecessary delay. Any person whose termination is sustained in the administrative or grievance proceeding may secure a review of his removal by serving a notice* (SO REQUESTING) *of appeal upon the employer removing him within 20 days after the results of the hearing* (REFERRED TO HEREIN) *have been announced. This notice, with proof of service thereof, shall be filed within ten days after service, with the clerk of the district court in the county where the employer has its principal office or in the county where the employee last was employed by the employer. The district court shall* (THEREUPON) *have jurisdiction to review the matter in the same manner as on appeal from administrative orders and decisions. This hearing shall take precedence over all matters before the court and may be held upon ten days written notice by either party. The court shall make such order* (IN THE PREMISES) *as* (IS) *it deems proper (; AND). An employer may obtain review of a decision to reinstate an employee in the same manner as provided for appeals by employees in this subdivision. An appeal may be taken* (THEREFROM) *from the district court order to the supreme court.*

Sec. 27. Minnesota Statutes, 1979 Supplement, Section 179.65, Subdivision 6, is amended to read:

Subd. 6. *Except for confidential employees excluded from bargaining pursuant to section 179.74, subdivision 4, and section 40, supervisory and confidential employees, principals and assistant principals may form their own organizations. An employer shall extend exclusive recognition to a representative of or an organization of supervisory or confidential employees, or principals and assistant principals, for the purpose of negotiating terms or conditions of employment, in accordance with all other provisions of sections 179.61 to 179.76, as though they were essential employees. (UNITS OF) Supervisory or confidential (EMPLOYEES) employee organizations shall not participate in any capacity in any (JOINT) negotiations which involve (THE PARTICIPATION OF) units of employees other than supervisory or confidential employees. (AFFILIATION OF A SUPERVISORY OR CONFIDENTIAL EMPLOYEE WITH ANOTHER EMPLOYEE ORGANIZATION WHICH HAS AS ITS MEMBERS NON-SUPERVISORY EMPLOYEES OR NON-CONFIDENTIAL EMPLOYEES IS PERMITTED.) A supervisory or confidential employee organization which is affiliated, either directly or indirectly, with another employee organization which is the exclusive representative of non-supervisory or non-confidential employees of the same public employer or with a federation or other joint body of employee organizations, any one of whose affiliates is the exclusive representative of non-supervisory or non-confidential employees of the same public employer, shall not be certified as, or act as, an exclusive representative pursuant to sections 179.61 to 179.76 or section 41, except in the case of organizations of non-state, non-university of Minnesota essential supervisory employees as defined in section 179.63, subdivision 11.*

Sec. 28. Minnesota Statutes 1978, Section 179.67, Subdivision 4, is amended to read:

Subd. 4. *Any employee organization may obtain a certification election upon petition to the director wherein it is stated that at least 30 percent of the employees of a proposed employee unit wish to be represented by the petitioner (OR THAT THE CERTIFIED REPRESENTATIVE NO LONGER REPRESENTS THE MAJORITY OF EMPLOYEES IN THE UNIT). Any employee organization may obtain a representation election upon petition to the director wherein it is stated that the currently certified representative no longer represents the majority of employees in an established unit and that at least 30 percent of the employees in the established unit wish to be represented by the petitioner rather than by the currently certified representative. An individual employee or group of employees in a unit may obtain a decertification election upon petition to the director wherein it is stated that the certified representative no longer represents the majority of the employees in an established unit*

and that at least 30 cent of the employees wish to be unrepresented.

Sec. 29. Minnesota Statutes 1978, Section 179.69, Subdivision 1, is amended to read:

179.69 [PROCEDURES.] Subdivision 1. [MEDIATION PETITION.] When any employees or representative of employees shall desire to meet and negotiate an agreement establishing terms and conditions of employment, they shall give written notice to the employer and the director, and it shall thereupon be the duty of the employer to recognize the employee representative for purposes of reaching agreement on terms and conditions of employment of the employees or the employer shall within ten days of receipt of the written notice object or refuse to recognize the employees' representative or the employees an appropriate unit. The employer or employees' representative may thereupon petition the director to take jurisdiction of the matter whereupon the director shall then be authorized and shall perform those duties as provided in section 179.71, subdivision 2(a) and (b).

Upon the certified exclusive representative and the employer reaching agreement on terms and conditions of employment or receiving a valid arbitration award, they shall execute a written contract or memorandum of contract containing the terms of (SUCH) the negotiated agreement or arbitration award. The contracts or memoranda shall in every instance be subject to the provisions of section 179.70.

A petition by an employer shall be signed by him or his duly authorized officer or agent; and a petition by an exclusive representative shall be signed by its authorized officer. In either case the petition shall be served by delivering it to the director in person or by sending it by certified mail addressed to him at his office. The petition shall state briefly the nature of the disagreement of the parties. Upon receipt of a petition, the director (, OR BY SEPTEMBER 1, WHICHEVER DATE IS EARLIER) shall fix a time and place for a conference with the parties to negotiate the (MATTER UPON THE) issues (INVOLVED) not agreed upon in the matter, and he shall then take whatever steps he deems most expedient to bring about a settlement of the matter, including assisting in negotiating and drafting an agreement. It shall be the duty of all parties to respond to the summons of the director for joint or several conferences with him and to continue in such conference until excused by the director. However, for other than essential employees, mediation conferences following the expiration date of a collective bargaining agreement, or in the case of teachers following mediation over a period of 60 days after the expiration date of a collective bargaining agreement, shall continue only for durations agreeable to both parties.

Sec. 30. Minnesota Statutes 1978, Section 179.69, Subdivision 3, is amended to read:

Subd. 3. [BINDING ARBITRATION PETITIONS FOR NON-ESSENTIAL EMPLOYEES.] *For all public employees except those specified in subdivision 3a, the director shall certify a matter to the board for binding arbitration pursuant to section 179.72 if:*

(a) *the director has determined that further mediation efforts under subdivision 1 would serve no purpose and has certified an impasse, or impasse has occurred by reason of the fact that the exclusive representative and the employer have participated in mediation for the period required in section 22 and the collective bargaining agreement has expired, and,*

(b) *within 15 days of a request by one party for binding arbitration the other party has accepted the request. A request for arbitration is deemed rejected if the other party has not responded within 15 days of the request.*

Subd. 3a. [BINDING ARBITRATION PETITIONS FOR ESSENTIAL EMPLOYEES.] *For all public employees defined as essential pursuant to section 179.73, subdivision 11, or treated as though they were essential pursuant to section 179.65, subdivision 6, the director shall only certify a matter to the board for binding arbitration pursuant to section 179.72 when either or both parties (, EXCEPT FOR ESSENTIAL EMPLOYEES,) petition for binding arbitration stating that an impasse has been reached and the director has determined that further mediation efforts under subdivision 1 would serve no purpose. (UPON SUCH PETITION AND DETERMINATION BY THE MEDIATOR, THE PARTIES SHALL EACH SUBMIT THEIR RESPECTIVE FINAL POSITIONS ON MATTERS NOT AGREED UPON. IF THE EMPLOYER HAS PETITIONED FOR BINDING ARBITRATION AND THE DIRECTOR HAS DETERMINED THAT AN IMPASSE HAS BEEN REACHED SAID PROCEEDINGS SHALL BEGIN WITHIN 15 DAYS THEREOF AND BE BINDING ON BOTH PARTIES. THE DIRECTOR SHALL DETERMINE THE MATTERS NOT AGREED UPON BASED UPON HIS EFFORTS TO MEDiate THE DISPUTE. IF THE EMPLOYEE REPRESENTATIVE HAS PETITIONED FOR BINDING ARBITRATION THE EMPLOYER SHALL HAVE 15 DAYS AFTER THE DIRECTOR OF MEDIATION HAS DETERMINED THAT AN IMPASSE HAS BEEN REACHED TO REJECT THE REQUEST OR AGREE TO SUBMIT MATTERS NOT AGREED UPON TO BINDING ARBITRATION. IF THE EMPLOYER DOES NOT RESPOND WITHIN 15 DAYS IT SHALL BE REGARDED AS A REJECTION AND SAID REJECTION SHALL BE A REFUSAL BY THE EMPLOYER WITHIN THE MEANING OF SECTION 179.64, SUBDIVISION 7. UNDER A PETITION BY EITHER PARTY THE PARTIES MAY*

STIPULATE THOSE AGREED UPON ITEMS TO BE EXCLUDED FROM ARBITRATION.)

Subd. 3b. [PROCEDURE.] When the director has certified a matter to the board for binding arbitration pursuant to subdivision 3 or 3a, within 15 days the parties shall each submit their respective final positions on matters not agreed upon. The director shall determine the matters not agreed upon based on the positions submitted by the parties and his efforts to mediate the dispute. Under a petition by either party the parties may stipulate those agreed upon items to be excluded from arbitration.

Sec. 31. Minnesota Statutes 1978, Chapter 179, is amended by adding a section to read:

[179.691] [NEW EXCLUSIVE REPRESENTATIVE: TEACHERS.] *If a new or different exclusive representative of teachers employed by a local school district is certified by the director at any time other than the period between 120 days before the termination date of a contract and the termination date of the contract, or if on July 1 of any odd-numbered year a representation proceeding involving the employer and the employer's teachers is before the director, the provisions of clause (1) of section 22 shall apply. In those cases, however, the employer and the exclusive representative of the teachers shall execute a written contract or memorandum of contract as provided in section 179.70 no later than 60 days after a certification by the director of a new or different exclusive representative or the resolution by the director of a representation proceeding. Either party may petition the director of mediation services for assistance in reaching an agreement, as provided in section 179.69, subdivision 1. If the employer and the exclusive representative of the teachers fail to execute a contract by 60 days after the certification of a new or different exclusive representative or the resolution by the director of a representation proceeding, they shall be conclusively presumed to be at an impasse after having participated in mediation sessions called pursuant to section 179.69 over a period of no less than 60 days.*

Sec. 32. Minnesota Statutes 1978, Chapter 179, is amended by adding a section to read:

[179.692] [NEW EXCLUSIVE REPRESENTATIVE: NON-TEACHERS.] *If a new or different exclusive representative of employees other than teachers employed by a local school district is certified by the director, or if on the expiration date of an existing contract a representation proceeding is before the director, the provisions of clause (1) of section 22 shall apply. In those cases, however, the employer and the exclusive representative of the employees shall execute a written contract or memorandum of contract as provided in section 179.70 no later than 45 days after a certification by the director of a new or different exclusive representative or the resolution by the director of a representation proceeding. Either party may petition*

the director of mediation services for assistance in reaching an agreement, as provided in section 179.69, subdivision 1. If the employer and the exclusive representative fail to execute a contract by 45 days after the certification of a new or different exclusive representative or the resolution by the director of a representation proceeding, they shall be conclusively presumed to be at an impasse after having participated for a period of no less than 45 days in mediation sessions called pursuant to section 179.69.

Sec. 33. Minnesota Statutes 1978, Section 179.71, Subdivision 3, is amended to read:

Subd. 3. The director shall determine appropriate units, *except where appropriate units are defined by section 40.* In determining the appropriate unit he shall take into consideration, along with other relevant factors, the principles and the coverage of uniform comprehensive position classification and compensation plans of the employees, involvement of professions and skilled crafts and other occupational classifications, relevant administrative and supervisory levels of authority, geographical location, and the recommendation of the parties, and shall place particular importance upon the history and extent of organization and the desires of the petitioning employee representatives.

In addition, with regard to the inclusion or exclusion of supervisory employees, the director must find that an employee may perform or effectively recommend a majority of those functions referred to in section 179.63, subdivisions 9 or 9a, before an employee may be excluded as supervisory. However, in every case the administrative head, and his assistant, of a municipality, municipal utility, police or fire department shall be considered a supervisory employee.

He shall not designate an appropriate unit which includes employees subject to section 179.63, subdivision 11, with employees not included in section 179.63, subdivision 11.

Sec. 34. Minnesota Statutes 1978, Section 179.71, Subdivision 5, is amended to read:

Subd. 5. In addition to all other duties imposed by 179.77;

(a) (RETAIN) *provide mediation (JURISDICTION OVER) services as requested by the parties for purposes of this subdivision until (SUCH TIME AS) the parties reach agreement; provided, however, he may continue to assist parties after the parties have submitted their final positions as provided or required under section 179.72, subdivision 6; or section 179.69 (, SUBDIVISION 6);*

(b) *issue notices, subpoenas and orders as may be required by law to carry out his duties under sections 179.61 to 179.77.*

Issuance of orders shall include those orders of the Minnesota public employment relations board;

(c) certify to the Minnesota public employment relations board those items of dispute between parties to be subject to the action of the Minnesota public employment relations board under section 179.69, subdivision 3;

(d) assist the parties in formulating petitions, notices, and other papers required to be filed with the director or the board;

(e) certify the final results of any election or other voting procedure conducted pursuant to sections 179.61 to 179.77;

((F) FURNISH CLERICAL AND ADMINISTRATIVE SERVICES TO THE MINNESOTA PUBLIC EMPLOYMENT RELATIONS BOARD AS MAY BE REQUIRED;)

((G)) (f) adopt reasonable and proper rules (AND REGULATIONS) relative to and regulating the forms of petitions, notices, orders and the conduct of hearings and elections subject to final approval of the Minnesota public employment relations board. (SUCH) *The* rules (AND REGULATIONS) shall be printed and made available to the public and a copy delivered with each notice of hearing; provided, that (EVERY SUCH) *any* rule (OR REGULATION) shall be filed with the secretary of state, and any change therein or additions thereto shall not take effect until 20 days after (SUCH) *the* filing;

((H)) (g) receive, catalogue and file in a logical manner all orders and decisions of the Minnesota public employment relations board and all arbitration panels authorized by sections 179.61 to 179.77 as well as all grievance arbitration decisions and the director's own orders and decisions. All orders and decisions catalogued and filed shall be made readily available to the public;

((I)) (h) promulgate a grievance procedure to effectuate the purposes of section 179.70, subdivision 1. (SUCH) *The* grievance (PROCEDURES) *procedure* shall not provide for the services of the bureau of mediation services. The exercise of authority granted by this clause shall be subject to the provisions of chapter 15 (; SAID). *The* grievance procedure (TO) *shall* be available to any public employee employed in a unit not covered by a (NEGOTIATED) *contractual* grievance procedure as contained in section 179.70, subdivision 1;

((J)) (i) conduct elections;

(j) *assign state employee classifications and university of Minnesota employee classifications to the appropriate units provided in section 40, when the classifications have not been assigned pursuant to section 40, or have been significantly*

modified in occupational content subsequent to assignment pursuant to section 40, and assign supervisory employees to the appropriate units provided in section 40 when the positions have not been assigned pursuant to section 40 or have been significantly modified in occupational content. The assignment of the classes shall be made on the basis of the community of interest of the majority of employees in these classes with the employees within the statutory units, and all the employees in the class, excluding supervisory and confidential employees, shall be assigned to a single appropriate unit.

Sec. 35. Minnesota Statutes 1978, Section 179.72, Subdivision 6, is amended to read:

Subd. 6. When final positions are certified to the board as provided in section 179.69, (SUBDIVISION 3, OR SUBMITTED TO THE BOARD AS PROVIDED IN SECTION 179.69, SUBDIVISION 5,) the board shall constitute an arbitration panel as follows:

The parties shall, under the direction of the chairman of the board, alternately strike names from a list of seven arbitrators until only three names remain, which three members shall be members of the panel; provided, however, that if either party requests the parties shall select a single arbitrator to hear the dispute. If the parties are unable to agree on who shall strike the first name, the question shall be decided by the flip of a coin. In submitting names of arbitrators to the parties the board shall endeavor whenever possible to include names of persons from the general geographical area in which the public employer is located. The panel shall assume and have jurisdiction over the items of dispute certified to the board for which the panel was constituted. The panel's orders shall be issued upon a majority vote of members considering a given dispute. The members of the panel shall be paid their actual and necessary traveling and other expenses incurred in the performance of their duties plus a per diem allowance of \$180 for each day or part thereof while engaged in the consideration of a dispute. All fees, expenses and costs of the panel shall be shared and assessed equally to the parties to the dispute. In those cases where a single arbitrator is hearing a dispute, the fees, expenses and costs of the arbitrator shall also be shared and assessed equally by the parties to the dispute.

Sec. 36. Minnesota Statutes 1978, Section 179.74, Subdivision 2, is amended to read:

Subd. 2. The employer of state employees shall be, for purposes of sections 179.61 to (179.77) 179.76, the commissioner of (PERSONNEL) *employee relations* or his representative.

Sec. 37. Minnesota Statutes 1978, Section 179.74, Subdivision 3, is amended to read:

Subd. 3. In all negotiations between the state and exclusive representatives the state shall be represented by the commissioner of (PERSONNEL) *employee relations* or his representative. The attorney general, and each appointing authority shall cooperate with the commissioner of (PERSONNEL) *employee relations* in conducting negotiations and shall make available (SUCH) *any personnel and other resources as are necessary to enable the commissioner to conduct effective negotiations.*

Sec. 38. Minnesota Statutes, 1979 Supplement, Section 179.74, Subdivision 4, is amended to read:

Subd. 4. The commissioner of (PERSONNEL) *employee relations* shall meet and negotiate with the exclusive representative of (APPROPRIATE) *each of the units specified in section 40, subdivision 1, in the manner prescribed by sections 179.61 to (179.77; PROVIDED, HOWEVER, THAT THE DIRECTOR OF MEDIATION SERVICES SHALL DEFINE APPROPRIATE UNITS OF STATE EMPLOYEES AS ALL THE EMPLOYEES UNDER THE SAME APPOINTING AUTHORITY EXCEPT WHERE PROFESSIONAL, GEOGRAPHICAL OR OTHER CONSIDERATIONS AFFECTING EMPLOYMENT RELATIONS CLEARLY REQUIRE APPROPRIATE UNITS OF SOME OTHER COMPOSITION)* 179.76. *The appropriate units provided for in section 40 shall be the only appropriate units for executive branch state employees. The positions and classes of positions in the classified and unclassified services defined as managerial by the commissioner of (PERSONNEL) employee relations in accordance with the provisions of section 43.326 and so designated in the official state compensation schedules, all unclassified positions in the state university system and the community college system defined as managerial by their respective boards, all positions of physician employees compensated pursuant to section 43.126, the positions of all unclassified employees appointed by the governor, lieutenant governor, secretary of state, attorney general, treasurer and auditor, all positions in the bureau of mediation services and the public employment relations board, all hearing (EXAMINERS) examiner positions in the office of hearing examiners, and the positions of all confidential employees (WHO WORK IN THE PERSONNEL OFFICES OF AN APPOINTING AUTHORITY IN THE EXECUTIVE BRANCH AND WHO HAVE ACCESS TO INFORMATION SUBJECT TO USE BY THE APPOINTING AUTHORITY IN MEETING AND NEGOTIATING OR WHO ACTIVELY PARTICIPATE IN THE MEETING AND NEGOTIATING ON BEHALF OF THE STATE,) shall be excluded from any appropriate unit. (REGARDLESS OF UNIT DETERMINATION,)* The governor may upon the unanimous written request of exclusive representatives of units and (APPOINTING AUTHORITIES) *the commissioner direct that negotiations be conducted for one or more (APPOINTING AUTHORITIES) units in a common proceeding or that supplemental negotiations be conducted for portions of a unit or units defined on the basis of appointing authority or geography.*

Sec. 39. Minnesota Statutes, 1979 Supplement, Section 179.-74, Subdivision 5, is amended to read:

Subd. 5. The commissioner of (PERSONNEL) *employee relations* is authorized to and may enter into agreements with *exclusive representatives of the units specified in section 40, subdivision 1.* The provisions of the negotiated agreements and arbitration awards shall be submitted to the legislature to be accepted or rejected *in accordance with this section and section 3.855.* (A STATE EMPLOYEE WHOSE EXCLUSIVE REPRESENTATIVE, AS DEFINED BY SECTION 179.63, SUBDIVISION 6, HAS NOT REACHED A PROPOSED AGREEMENT WITH THE STATE WHICH HAS BEEN SUBMITTED BY THE COMMISSIONER TO THE LEGISLATIVE COMMISSION ON EMPLOYEE RELATIONS ON OR BEFORE APRIL 15 OF AN ODD NUMBERED YEAR, SHALL NOT RECEIVE THE WAGE AND ECONOMIC FRINGE BENEFIT INCREASES PROVIDED PURSUANT TO AN AGREEMENT EXECUTED AND APPROVED UNDER THIS SUBDIVISION. DISAPPROVAL BY THE LEGISLATIVE COMMISSION ON EMPLOYEE RELATIONS PURSUANT TO SECTION 3.855 OR FAILURE OF THE LEGISLATURE TO APPROVE A NEGOTIATED AGREEMENT OR ARBITRATION AWARD WITH RESPECT TO WAGES AND ECONOMIC FRINGE BENEFITS BY THE TIME OF ADJOURNMENT OF THE REGULAR LEGISLATIVE SESSION IN AN ODD NUMBERED YEAR SHALL BE A DEFENSE TO A VIOLATION OF SECTION 179.64.) *In the event that a proposed agreement or arbitration award is rejected or is not approved by the legislature prior to its adjournment in an odd numbered year, the legislative commission on employee relations is authorized to give interim approval to a proposed agreement or arbitration award. The proposed agreement or arbitration award shall be implemented upon its approval by the commission and state employees covered by the proposed agreement or arbitration award shall not have the right to strike while the interim approval is in effect. The commission shall submit the agreement or arbitration award to the legislature for ratification at a special legislative session called to consider it or at its next regular legislative session. Wages and economic fringe benefit increases provided for in the agreement or arbitration award which were paid pursuant to the interim approval by the commission shall not be affected but such wages and benefit increases shall cease to be paid or provided effective upon the rejection of the agreement or arbitration award or upon adjournment by the legislature without acting upon the agreement or arbitration award.*

Sec. 40. Minnesota Statutes 1978, Chapter 179, is amended by adding a section to read:

[179.741] [STATE AND UNIVERSITY OF MINNESOTA EMPLOYEES; APPROPRIATE UNITS.] *Subdivision 1.*

[STATE EMPLOYEES.] Subject to the provisions of section 41, subdivision 5, all appropriate units of state employees certified as of the effective date of this subdivision are abolished. The following shall be the appropriate units of executive branch state employees for the purposes of sections 179.61 to 179.76. All units shall exclude employees excluded by section 38 and supervisory employees shall only be assigned to units 12 and 16. Unclassified employees, unless otherwise excluded, are included within the units which include the classifications to which they are assigned for purposes of compensation. No additional units of executive branch state employees shall be recognized for the purpose of meeting and negotiating.

(1) Law enforcement unit. This unit shall consist of all sworn highway patrol personnel, all uniformed conservation officers, and all criminal apprehension agents.

(2) Craft, maintenance, and labor unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(3) Service unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(4) Health care non-professional unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(5) Health care professional unit. This unit shall consist of all positions which are required to be filled by registered nurses.

(6) Clerical and office unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(7) Technical unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(8) Correctional Guards unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(9) State university instructional unit. This unit shall consist of those positions assigned to this unit in the unit composition

tion schedule adopted by the legislative commission on employee relations on March 24, 1980.

(10) *Community college instructional unit.* This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(11) *State university administrative unit.* This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(12) *Professional engineering supervisory unit.* This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(13) *Health treatment unit.* This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(14) *General professional unit.* This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(15) *Professional state residential instructional unit.* This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

(16) *Supervisory employees unit.* This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980.

Subd. 2. [STATE EMPLOYEE SEVERANCE.] Each of the following groups of employees shall have the right, as specified in this subdivision, to separate from the general professional, health treatment or general supervisory units provided for in subdivision 1: attorneys, physicians, professional employees of the higher education coordinating board who are compensated pursuant to section 43.064, highway patrol-supervisors, and criminal apprehension investigative-supervisors. This right shall be exercised by petition during the period commencing on the effective date of this section and concluding thirty days after that date or, after January 1, 1981, during the sixty day period commencing 270 days prior to the termination of a contract covering the units. If one of these groups of employees exercises the right to separate from the units they shall

have no right to meet and negotiate, but shall retain the right to meet and confer with the commissioner of employee relations and with the appropriate appointing authority on any matter of concern to them. The manner of exercise of the right to separate shall be as follows: An employee organization or group of employees claiming that a majority of any one of these groups of employees on a state-wide basis wish to separate from their units may petition the director for an election during the petitioning period. If the petition is supported by a showing of at least 30 percent support for the petitioner from the employees, the director shall hold an election to ascertain the wishes of the majority with respect to the issue of remaining within or severing from the units provided in subdivision 1. This election shall be conducted within 30 days of the close of the petition period. If a majority of votes cast endorse severance from the unit in favor of separate meet and confer status for any one of these groups of employees, the director shall certify that result. This election shall, where not inconsistent with other provisions of this section, be governed by section 179.67. If a group of employees elects to sever they may rejoin that unit by following the same procedures specified above for severance, but may only do so during the periods provided for severance.

Subd. 3. [UNIVERSITY OF MINNESOTA.] Subject to the provisions of section 41, subdivision 5 all appropriate units of university of Minnesota employees certified as of the effective date of this section are abolished. The following shall be the appropriate units of university of Minnesota employees for the purposes of sections 179.61 to 179.76. All units shall exclude managerial and confidential employees and supervisory employees shall only be assigned to unit 12. No additional units of university of Minnesota employees shall be recognized for the purpose of meeting and negotiating.

(1) Law enforcement unit. This unit shall consist of the positions of all employees with the power of arrest.

(2) Craft and trades unit. This unit shall consist of the positions of all employees whose work requires specialized manual skills and knowledge acquired through formal training or apprenticeship or equivalent on-the-job training or experience.

(3) Service, maintenance and labor unit. This unit shall consist of the positions of all employees whose work is typically that of maintenance, service or labor and which does not require extensive previous training or experience, except as provided in unit 4.

(4) Health care non-professional and service unit. This unit shall consist of the positions of all non-professional employees of the university of Minnesota hospitals, dental school and health service whose work is unique to those settings, excluding labor and maintenance employees as defined in unit 3.

(5) *Nursing professional unit. This unit shall consist of all positions which are required to be filled by registered nurses.*

(6) *Clerical and office unit. This unit shall consist of the positions of all employees whose work is typically clerical or secretarial, including non-technical data recording and retrieval and general office work, except as provided in unit 4.*

(7) *Technical unit. This unit shall consist of the positions of all employees whose work is not typically manual and which requires specialized knowledge or skills acquired through two year academic programs or equivalent experience or on-the-job training, except as provided in unit 4.*

(8) *Twin Cities instructional unit. This unit shall consist of the positions of all instructional employees with the rank of professor, associate professor, assistant professor, including research associate, or instructor, including research fellow, located on the Twin Cities campuses.*

(9) *Outstate instructional unit. This unit shall consist of the positions of all instructional employees with the rank of professor, associate professor, assistant professor, including research associate, or instructor, including research fellow, located at the Duluth campus, provided that the positions of instructional employees of the same ranks at the Morris, Crookston or Waseca campuses shall be included within this unit if a majority of the eligible employees voting at a campus so vote during an election conducted by the director, provided that such an election shall not be held unless and until the Duluth campus has voted in favor of representation. The election shall be held when an employee organization or group of employees petitions the director stating that a majority of the eligible employees at one of these campuses wishes to join the unit and this petition is supported by a showing of at least 30 percent support from eligible employees at that campus and is filed within 60 days of the effective date of this section or, after January 1, 1981, during the period between September 1 and November 1.*

(10) *Graduate assistant unit. This unit shall consist of the positions of all graduate assistants who are enrolled in the graduate school and who hold the rank of research assistant, teaching assistant, teaching associate I or II, project assistant, or administrative fellow I or II.*

(11) *Non-instructional professional unit. This unit shall consist of the positions of all employees meeting the requirements of either clause (a) or (b) of section 179.63, subdivision 10, which are not defined as included within the instructional unit.*

(12) *Supervisory employees unit. This unit shall consist of the positions of all supervisory employees.*

The employer shall petition the director within 90 days of the effective date of this subdivision indicating his position with respect to the allocation of all positions to the units provided in this subdivision. The employer shall serve a copy of the petition on the exclusive representatives of the affected employees. When the employer's position with respect to the positions to be included within a unit established by this subdivision is challenged by an employee organization petitioning under section 179.67, the director shall make a determination as to the allocation of the challenged positions under the language of subdivision 3. His determination shall be made within 60 days of receipt of the petitioning organization's challenge and may be appealed only to the supreme court which shall hear the matter on an expedited basis. Should both units 8 and 9 each elect exclusive bargaining representatives those representatives shall jointly negotiate a contract with the regents.

Subd. 4. [UNIVERSITY OF MINNESOTA EMPLOYEE SEVERANCE.] *Each of the following groups of university of Minnesota employees shall have the right, as specified in this subdivision, to separate from the instructional and supervisory units provided for in subdivision 3: (1) health sciences instructional employees at all campuses with the rank of professor, associate professor, assistant professor, including research associate, or instructor, including research fellow, (2) instructional employees of the law school with the rank of professor, associate professor, assistant professor, including research associate, or instructor, including research fellow, (3) instructional supervisors, and (4) non-instructional professional supervisors. This right shall be exercised by petition during the period commencing on the effective date of this section and concluding 60 days after that date or, after January 1, 1981, during the period between September 1 and November 1. If one of these groups of employees exercises the right to separate from their unit they shall have no right to meet and negotiate, but shall retain the right to meet and confer with the appropriate officials on any matter of concern to them. The manner of exercise of the right to separate shall be as follows: An employee organization or group of employees claiming that a majority of any one of these groups of employees on a state-wide basis wish to separate from their unit may petition the director for an election during the petitioning period. If the petition is supported by a showing of at least 30 percent support for the petitioner from the employees, the director shall hold an election to ascertain the wishes of the majority with respect to the issue of remaining within or severing from their unit provided in subdivision 3. This election shall be conducted within 30 days of the close of the petition period. If a majority of votes cast endorse severance from their unit in favor of meet and confer status for any one of these groups of employees, the director shall certify that result. This election shall, where not inconsistent with other provisions of this section, be governed by section 179.67. If a group of employees elects to sever they may rejoin that unit by following the same procedures specified above for severance, but may only do so during the periods provided for severance.*

Sec. 41. Minnesota Statutes 1978, Chapter 179, is amended by adding a section to read:

[179.742] [TRANSITION TO NEW BARGAINING UNIT STRUCTURE FOR STATE AND UNIVERSITY OF MINNESOTA EMPLOYEES.] *Subdivision 1. [APPLICATION OF SECTION.] Notwithstanding section 179.65, subdivision 2, or any other law, this section shall govern, where contrary to other law, the initial certification and decertification, if any, of exclusive representatives for the appropriate units of state employees and university of Minnesota employees established by section 40. Subsequent to the initial certification and decertification, if any, pursuant to this section, the provisions of this section shall not apply.*

Subd. 2. [EXISTING MAJORITY.] The director shall certify an employee organization as exclusive representative for an appropriate unit established by section 40 upon a petition filed with the director by the organization within 30 days of the effective date of this section for state employees and within 180 days of the effective date of this section for university of Minnesota employees stating that the petitioner is certified pursuant to section 179.67 as the exclusive representative of a majority of the employees included within the unit established by section 40 on the effective date of this section. Two or more employee organizations which represent the employees in a unit established by section 40, may petition jointly pursuant to this subdivision, provided that any organization may withdraw from a joint certification in favor of the remaining organization or organizations on 30 days notice to the remaining organization or organizations, the employer, and the director without effect upon the rights and obligations of the remaining organization or organizations or the employer. The director shall make a determination on a timely petition within 45 days of its receipt.

Subd. 3. [NO EXISTING MAJORITY.] (1) If no exclusive representative is certified under subdivision 2, the director shall certify an employee organization as exclusive representative for an appropriate unit established by section 40 upon a petition filed by the organization within the time period provided in subdivision 2, stating that the petitioner is certified pursuant to section 179.67 as the exclusive representative of fewer than a majority of the employees included within the unit established by section 40, where no other employee organization so certified has filed a petition within the time period provided in subdivision 2 so long as a majority of the employees in the unit established by section 40 are represented by employee organizations pursuant to section 179.67 on the effective date of this section. Two or more employee organizations, each of which represents employees included in the unit established by section 40 may petition jointly pursuant to this clause, provided that any organization may withdraw from a joint certification in favor of the remaining organization or organizations on 30 days notice to the remaining organization or organizations, the

employer, and the director without effect upon the rights and obligations of the remaining organization or organizations or the employer. The director shall make a determination on a timely petition within 45 days of its receipt.

(2) If no exclusive representative is certified under subdivision 2 or subdivision 3, clause (1), and an employee organization petitions the director within 45 days of the effective date of this section for state employees and within 195 days of the effective date of this section for university of Minnesota employees stating that at least 30 percent of the employees included within a unit established by section 40 wish to be represented by the petitioner, where this 30 percent is evidenced by current dues deduction rights, signed statements plainly indicating that the signatories wish to be represented for collective bargaining purposes by the petitioner rather than by any other organization, or a combination thereof, the director shall conduct a secret ballot election to determine the wishes of the majority. The election shall be conducted within 75 days of the effective date of this section for state employees and within 225 days of the effective date of this section for university of Minnesota employees and shall, where not inconsistent with other provisions of this section, be governed by section 179.67.

Subd. 4. [DECERTIFICATION.] Prior to January 1, 1981 the director shall consider a petition for decertification of an exclusive representative certified under this section only when the petition is filed within 60 days of the initial certification and only when the certification was made pursuant to subdivisions 2 or 3(1). The petition shall be considered under the provisions of section 179.67 except where they are inconsistent with this subdivision.

Subd. 5. [CONTRACT AND REPRESENTATION RESPONSIBILITIES.] Notwithstanding the provisions of section 40, the exclusive representatives of units of state employees and university of Minnesota employees certified prior to the effective date of this section shall remain responsible for administration of their contracts and for all other contractual duties and shall enjoy the right to dues and fair share fee deduction and all other contractual privileges and rights until June 30, 1981. Exclusive representatives of state employees and university of Minnesota employees certified after the effective date of this section shall immediately upon certification have the responsibility of bargaining on behalf of employees within the unit. They shall also have the responsibility of administering grievances arising under previous contracts covering employees included within the unit which remain unresolved on June 30, 1981. Where the employer does not object, these responsibilities may be varied by agreement between the outgoing and incoming exclusive representatives. All other rights and duties of representation shall commence on July 1, 1981, except that exclusive representatives certified after the effective date of this section

shall immediately upon certification have the right to all employer information and all forms of access to employees within the bargaining unit which would be permitted to the current contract-holder. This section shall in no way affect any existing collective bargaining contract. Should an exclusive bargaining agent not be certified for the unit provided for in section 40, subdivision 3, clause (2), the employees assigned to that unit shall continue to be compensated pursuant to the appropriate university of Minnesota civil service rules, or by the terms of any master or uniform contract of their particular trade which exists between associations of employers in their local area representing all or substantially all of the employees of that trade.

Nothing in sections 1 to 42 shall prevent an exclusive representative certified after the effective date of sections 1 to 42 from assessing fair share or dues deductions immediately upon certification for employees in a unit established under section 40 if the employees were unrepresented for collective bargaining purposes prior to that certification.

Sec. 42. Minnesota Statutes 1978, Chapter 179, is amended by adding a section to read:

[179.743] [STATE EMPLOYEES.] When no prior determination has been made with respect to the supervisory status of a state employee or his predecessor and no agreement can be reached between the employer and petitioning employee organizations, the commissioner of employee relations may petition the director for a determination. When no agreement can be reached between the employer and petitioning employee organizations on the confidential status of a state employee, the commissioner of employee relations may petition the director for a determination. The commissioner shall serve a copy of the petition on the exclusive representatives of the affected employees. The director shall not exclude any supervisory or confidential employee from an appropriate unit of nonsupervisory or nonconfidential state employees on the basis of a petition filed later than 30 days after the effective date of this section, except as provided in section 34. The director shall make all determinations under this subdivision within 60 days of receipt of a timely petition. The director shall have full discretion in his determination of the application of sections 179.63, subdivisions 8, 9, and 9a, and 179.71, subdivision 3, paragraph 2 in all cases arising under this subdivision. Notwithstanding any other law, his decision shall be final and no appeal whatsoever shall be heard. For the purposes of the certification of a bargaining agent for units provided in subdivision 1 of section 40 employees sought to be excluded by a timely and valid petition as supervisory or confidential shall be counted or shall vote separately in a fashion which shall permit them to be individually excluded or included after a determination as to their status. When a certification is dependent upon challenged employees, the director shall determine the

status of the challenged employees prior to deciding the cases of challenged employees whose status need not be determined for a certification. In the latter situation the certification of a bargaining agent shall proceed irrespective of pending challenges.

Sec. 43. Laws 1979, Chapter 332, Article I, Section 114, is amended to read:

Sec. 114. [REPEALER.] Effective July 1, 1981, Minnesota Statutes 1978, Sections 43.03; 43.06; 43.062; 43.063; (43.064;) 43.065; 43.067; 43.068; 43.069; 43.07; 43.09; (43.111;) 43.12, subdivisions 2 to 27; 43.121; 43.122; 43.126; 43.127; 43.128; (43.13; 43.14;) 43.162; (43.17; 43.18; 43.19; 43.20; 43.21;) 43.22; 43.222; 43.223; 43.224; 43.23; 43.24; (43.245; 43.321;) 43.322; 43.323; 43.324; 43.326; 43.327; 43.33; 43.44; (43.45; 43.46;) 43.48; and 43.49 (; 43.50; AND 43.51) are repealed.

Sec. 44. Laws 1979, Chapter 332, Article I, Section 116, is amended to read:

Sec. 116. [EFFECTIVE DATE.] The effective dates for Article I are as follows: sections 2, 4, 8, 40, 45, 46, 47, 58, 61, 65, 82-91, and 113 are effective upon final enactment. Section 64, is effective June 30, 1980. Sections 3, 5, 6 and 7 are effective July 1, 1981. The remaining provisions of Article I are effective July 1, 1979. The provisions of section 47 shall apply to all disciplinary actions taken on or after the effective date of section 47. *The provisions of section 63 shall expire on July 1, 1981, but shall apply to all arbitration proceedings which are to determine contractual provisions for the 1981-1983 biennium. The provisions of section 64 shall expire on July 1, 1981, but shall apply to all arbitration proceedings which are to determine contractual provisions for the next contract period.* The provisions of sections (63,) 93 to 111 and 113 shall expire on July 1, 1981. The provisions of section 137.02, subdivision 4, shall not apply to sections 93 to 111.

Sec. 45. [REPEALER.] *Minnesota Statutes 1978, Sections 43.003; 43.50, Subdivision 3; 179.69, Subdivisions 4, 5, and 6; and 482.18; and Minnesota Statutes, 1979 Supplement, Sections 15A.081, Subdivision 5; and 179.64, Subdivision 7, are repealed.*

Sec. 46. [APPROPRIATION.] *Subdivision 1. The amount of \$285,000 is appropriated for the period ending June 30, 1981 to the department of employee relations. The approved complement of the department of employee relations is increased by 5 persons.*

Subd. 2. The amount of \$100,500 is appropriated for the period ending June 30, 1981 to the bureau of mediation services for the purpose of implementing sections 19 to 40.

Sec. 47. [INSTRUCTIONS TO REVISOR.] *In the next and all subsequent editions of Minnesota Statutes, the revisor of statutes shall substitute the term "department of employee relations" for "department of personnel" in every place where the latter is used. The revisor of statutes shall substitute the term "commissioner of employee relations" for "commissioner of personnel" in every place where the latter term is used.*

Sec. 48. [EFFECTIVE DATE.] *Section 16 shall be effective on July 1, 1981. Sections 22, 30, 31 and 32 are effective July 1, 1980. The remaining provisions of this act are effective the day following final enactment but shall not alter the terms of any existing collective bargaining agreement before it expires. Any impermissible affiliation of an exclusive representative, under the provisions of section 27, existing on the effective date of section 27 may continue until the termination of any labor agreement in effect on the effective date of this section."*

Further, amend the title as follows:

Page 1, line 18, before "2" insert "1,"

Page 1, line 31, delete "179.64, Subdivision 1,"

Page 1, lines 16 and 17, delete "43.19, Subdivision 1;"

We request adoption of this report and repassage of the bill.

Senate Conferees: NICHOLAS D. COLEMAN, TOM A. NELSON and ROBERT O. ASHBACH.

House Conferees: WAYNE A. SIMONEAU, STEVEN G. NOVAK and STEVE A. SVIGGUM.

Simoneau moved that the report of the Conference Committee on S. F. No. 2085 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 2085, A bill for an act relating to public employees; creating a state department of employee relations; establishing appropriate units for state and university of Minnesota employees; providing for a right to strike; providing for interim contract approval by the legislative commission on employee relations; clarifying civil service laws; providing for health benefits; providing for a study of promotional systems; repealing duty of the revisor of statutes regarding certain collective bargaining agreements; appropriating money; amending Minnesota Statutes 1978, Sections 43.001; 43.01, Subdivision 8; 43.05, by adding a subdivision; 43.111; 43.18, Subdivision 4; 43.19, Subdivision 1; 43.245; 43.321; 43.45; 43.46; 179.63, Subdivisions 7 and 8; 179.64, Subdivisions 2, 3, 4, and 5, and by adding a subdivision; 179.67, Subdivision 4; 179.69, Subdivisions 1 and 3; 179.71, Subdivisions 3 and 5; 179.72, Subdivision 6; 179.74, Subdivisions 2 and 3; and Chapters 43 and 179, by adding sections;

and Minnesota Statutes, 1979 Supplement, Sections 3.855; 43.05, Subdivision 2; 43.067, Subdivision 1; 43.19, Subdivision 1; 43.50, Subdivision 1; 62D.22, Subdivision 7; 179.63, Subdivision 11; 179.65, Subdivision 6; and 179.74, Subdivisions 4 and 5; and Laws 1979, Chapter 332, Article I, Sections 114 and 116; repealing Minnesota Statutes 1978, Sections 43.003; 43.50, Subdivision 3; 179.64, Subdivision 1; 179.69, Subdivisions 4, 5, and 6; and 482.18; and Minnesota Statutes, 1979 Supplement, Sections 15A.081, Subdivision 5; and 179.64, Subdivision 7.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

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

There were 86 yeas and 46 nays as follows:

Those who voted in the affirmative were:

Adams	Eken	Kelly	Nelsen, M.	Sieben, M.
Ainley	Elioff	Kempe	Norman	Simoneau
Anderson, B.	Ellingson	Knickerbocker	Novak	Stoa
Anderson, I.	Evans	Kostohryz	Osthoff	Sviggum
Anderson, R.	Ewald	Kroening	Otis	Swanson
Battaglia	Forsythe	Laidig	Patton	Tomlinson
Begich	Fudro	Lehto	Pehler	Vanasek
Berglin	Greenfield	Levi	Peterson, B.	Voss
Berkelman	Heap	Long	Peterson, D.	Waldorf
Biersdorf	Heinitz	Mann	Prahl	Weaver
Blatz	Hoberg	McCarron	Reding	Welch
Byrne	Hokanson	McEachern	Rees	Wenzel
Carlson, D.	Jacobs	Mehrkens	Reif	Zubay
Carlson, L.	Johnson, C.	Metzen	Rice	Spkr. Norton
Casserly	Johnson, D.	Minne	Rodriguez	
Clark	Jude	Moe	Sarna	
Clawson	Kahn	Munger	Schreiber	
Corbid	Kaley	Murphy	Sieben, H.	

Those who voted in the negative were:

Aasness	Erickson	Kalis	Piepho	Valan
Albrecht	Esau	Kvam	Pleasant	Valento
Anderson, D.	Faricy	Ludeman	Redalen	Welker
Anderson, G.	Fjoslien	Luknic	Rose	Wieser
Brinkman	Friedrich	McDonald	Rothenberg	Wigley
Crandall	Fritz	Nelsen, B.	Searle	Wynia
Dean	Halberg	Niehaus	Searles	
Dempsey	Haukoos	Nysether	Sherwood	
Den Ouden	Jaros	Olsen	Stadum	
Drew	Jennings	Onnen	Thiede	

The bill was repassed, as amended by Conference, and its title agreed to.

The following conference committee reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1813

A bill for an act relating to public finance; authorizing the issuance of Minnesota state railroad assistance bonds; appropriating money; amending Minnesota Statutes 1978, Chapter 222, by adding a section.

April 9, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1813, report that we have agreed upon the items in dispute and recommend as follows:

The Senate recede from its amendments and that H. F. No. 1813 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [RAILROAD ASSISTANCE; APPROPRIATION.] The sum of \$13,500,000 is appropriated from the state building fund to the rail service improvement account in the special revenue fund, to be expended by the commissioner of transportation for the purposes specified in Minnesota Statutes, Sections 222.49 to 222.62.

Sec. 2. [BOND SALE; DEBT SERVICE.] Subdivision 1. To provide the money appropriated in this act from the state building fund the commissioner of finance upon request of the governor shall sell and issue bonds of the state in an amount up to \$13,500,000 in the manner, upon the terms, and with the effect prescribed by Minnesota Statutes, Sections 16A.63 to 16A.67 and by the Constitution, Article XI, Sections 4 to 7."

Delete the title and insert:

"A bill for an act relating to transportation; appropriating money for rail service improvement; authorizing issuance of state bonds."

We request adoption of this report and repassage of the bill.

House Conferees: BRUCE ANDERSON, STEVE A. SVIGGUM and GORDON O. VOSS.

Senate Conferees: TIMOTHY J. PENNY, FRANKLIN J. KNOLL and EMERY BARRETTE.

Anderson, B., moved that the report of the Conference Committee on H. F. No. 1813 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1813, A bill for an act relating to public finance; authorizing the issuance of Minnesota state railroad assistance bonds; appropriating money; amending Minnesota Statutes 1978, Chapter 222, by adding a section.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

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

There were 119 yeas and 7 nays as follows:

Those who voted in the affirmative were:

Aasness	Eken	Jude	Nelsen, M.	Sieben, H.
Adams	Elioff	Kahn	Norman	Sieben, M.
Anderson, B.	Ellingson	Kalis	Novak	Simoneau
Anderson, D.	Erickson	Kelly	Nysether	Stadum
Anderson, G.	Esau	Kempe	Olsen	Stoa
Anderson, I.	Evans	Knickerbocker	Onnen	Stowell
Anderson, R.	Ewald	Kostohryz	Osthoff	Sviggum
Battaglia	Faricy	Kroening	Otis	Swanson
Begich	Fjoslien	Laidig	Patton	Thiede
Berglin	Forsythe	Lehto	Pehler	Tomlinson
Berkelman	Friedrich	Levi	Peterson, B.	Valan
Blatz	Fudro	Long	Peterson, D.	Vanasek
Brinkman	Greenfield	Ludeman	Piepho	Voss
Carlson, D.	Halberg	Luknic	Pleasant	Waldorf
Carlson, L.	Haukoos	Mann	Redalen	Weaver
Casserly	Heap	McCarron	Reding	Welch
Clark	Heinitz	McDonald	Rees	Welker
Clawson	Hoberg	McEachern	Reif	Wenzel
Corbid	Hokanson	Mehrkens	Rice	Wieser
Crandall	Jacobs	Minne	Rodriguez	Wigley
Dean	Jaros	Moe	Rose	Wynia
Dempsey	Jennings	Munger	Rothenberg	Zubay
Den Ouden	Johnson, C.	Murphy	Sarna	Spkr. Norton
Drew	Johnson, D.	Nelsen, B.	Sherwood	

Those who voted in the negative were:

Albrecht	Kaley	Niehaus	Schreiber	Valento
Fritz	Kvam			

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2268

A bill for an act relating to financial institutions; authorizing examinations of certain bank holding companies; providing for the institution of cease and desist proceedings and the issuance of temporary orders; amending Minnesota Statutes 1978, Section 46.24; and Minnesota Statutes, 1979 Supplement, Section 46.04.

April 10, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 2268, report that we have agreed upon the items in dispute and recommend as follows:

The Senate recede from its amendments and that H. F. No. 2268 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes, 1979 Supplement, Section 46.04, is amended to read:

46.04 [COMMISSIONER; POWERS.] *Subdivision 1.* The commissioner of banks, referred to in Minnesota Statutes, Chapters 46 to 59, as the commissioner, is vested with all the powers, authority, and privileges which, prior to the enactment of Laws 1909, Chapter 201, were conferred by law upon the public examiner, and he shall take over all duties in relation to state banks, savings banks, trust companies, savings associations, and other financial institutions within the state which, prior to the enactment of chapter 201, were imposed upon the public examiner. The commissioner of banks shall exercise a constant supervision, either personally or through the examiners herein provided for, over the books and affairs of all state banks, savings banks, trust companies, savings associations, and other financial institutions doing business within this state; and shall, through examiners, examine at least once in every 18 month period the state banks and savings banks as are also subject to annual examinations by the federal deposit insurance corporation or the federal reserve bank. If any state bank or savings bank is not examined by one of these federal agencies annually, the commissioner shall examine the bank or savings bank, so that the bank or savings bank is examined at least once annually by either one of these federal agencies or the commissioner. Trust companies, savings associations, credit unions,

industrial loan and thrift companies and other financial institutions shall be examined once a year. With the exception of industrial loan and thrift companies which do not have deposit liabilities and small loan companies, it shall be the principal purpose of these examinations to inspect and verify the assets and liabilities of each and so far investigate the character and value of the assets of each such institution as to determine with reasonable certainty that the values are correctly carried on its books. Assets and liabilities shall be verified in accordance with methods of procedure which the commissioner may determine to be adequate to carry out the intentions of this section. None of the above provisions (SHALL LIMIT) *limits* the commissioner in making additional examinations as he deems necessary or advisable. He shall investigate the methods of operation and conduct of these institutions and their systems of accounting, to ascertain whether these methods and systems are in accordance with law and sound banking principles. He may make such requirements as to records as he deems necessary to facilitate the carrying out of his duties and to properly protect the public interest. He may examine, or cause to be examined by these examiners, on oath, any officer, director, trustee, owner, agent, clerk, customer, or depositor of any such financial institution touching the affairs and business thereof, and may issue, or cause to be issued by the examiners, subpoenas, and administer, or cause to be administered by the examiners, oaths. In case of any refusal to obey any subpoena issued by him or under his direction, the refusal may at once be reported to the district court of the district in which the bank or other financial institution is located, and this court shall enforce obedience to these subpoenas in the manner provided by law for enforcing obedience to subpoenas of the court. In all matters relating to his official duties, the commissioner of banks has the power possessed by courts of law to issue subpoenas and cause them to be served and enforced, and all officers, directors, trustees, and employees of state banks, savings banks, trust companies, savings associations, and other financial institutions within the state, and all persons having dealings with or knowledge of the affairs or methods of these institutions, shall afford reasonable facilities for these examinations, make (SUCH) returns and reports to the commissioner of banks as he may require; attend and answer, under oath, his lawful inquiries; produce and exhibit (SUCH) *any* books, accounts, documents, and property as he may desire to inspect, and in all things aid him in the performance of his duties.

Subd. 2. With respect to specific transactions between a bank holding company and a state bank affiliate, the commissioner of banks shall have the authority to examine the records of such holding company that directly pertain to such transactions to the same extent such holding company were a state bank or trust company. For purposes of this subdivision, a bank holding company is defined as a company registered as such with the Federal Reserve System pursuant to the Bank Holding Company Act of 1956, as amended.

Sec. 2. Minnesota Statutes 1978, Section 46.24, is amended to read:

46.24 [CEASE AND DESIST PROCEEDINGS; INJUNCTIVE RELIEF.] Subdivision 1. [NOTICE OF CHARGES, ISSUANCE, CONTENTS; HEARING; CEASE AND DESIST ORDER. ISSUANCE, SERVICE, CONTENTS.] If in the opinion of the commissioner any institution or a director, officer, employee, agent or other person participating in the conduct of the affairs of the institution is engaging, or has engaged, or the commissioner has reasonable cause to believe that the institution is about to engage, in an unsafe or unsound practice in conducting the business of such institution or is violating, has violated, or the commissioner has reasonable cause to believe that the institution or a director, officer, employee, agent or other person participating in the conduct of the affairs of the institution is about to violate a law or rule, or a condition imposed in writing by the commissioner in connection with the granting of any application or other request by the institution or any written agreement entered into with the commissioner, the commissioner may issue and serve upon the institution or director, officer, employee, agent or other person, a notice of charges in respect thereof. The notice shall contain a statement of the facts constituting the alleged unsafe or unsound practice or violation, and shall fix a time and place at which a hearing will be held to determine whether an order to cease and desist therefrom should issue against the institution or a director, officer, employee, agent or other person participating in the conduct of the affairs of the institution. The hearing shall be not earlier than 10 days nor later than 30 days after service of the notice unless an earlier or a later date is set by the commissioner at the request of (THE INSTITUTION) any party so served. Unless the (INSTITUTION APPEARS) party or parties so served appear at the hearing by a duly authorized representative, (IT) they (SHALL BE) are deemed to have consented to the issuance of the cease and desist order. In the event of (SUCH) consent, or if upon the record made at any (SUCH) hearing the commissioner finds that any unsafe or unsound practice or violation specified in the notice of charges has been established, the commissioner may issue and serve upon the institution or a director, officer, employee, agent or other person participating in the conduct of the affairs of the institution an order to cease and desist from (ANY SUCH) the practice or violation. By provisions which may be mandatory or otherwise, the order may require the institution (AND) or its directors, (TRUSTEES,) officers, employees (AND), agents and other persons participating in the conduct of the affairs of the institution to cease and desist from the same and to take affirmative action to correct the conditions resulting from (ANY SUCH) the practice or violation.

Subd. 2. [EFFECTIVE DATE.] A cease and desist order (SHALL BECOME) is effective at the expiration of 30 days after the service of the order upon the institution or other per-

son concerned, except in the case of an order issued upon consent which (SHALL BECOME) is effective at the time specified therein, and (SHALL REMAIN) remains effective and enforceable as provided therein, except to the extent it is stayed, modified, terminated or set aside by the action of the commissioner or a reviewing court.

Subd. 3. [TEMPORARY CEASE AND DESIST ORDERS.]

(1) Whenever the commissioner of banks determines that the violation or threatened violation or the unsafe or unsound practice or practices, specified in the notice of charges served upon the institution or a director, officer, employee, agent, or other person participating in the conduct of the affairs of the institution pursuant to subdivision 1, or the continuation thereof, is likely to cause insolvency or substantial dissipation of assets or earnings of the institution, or is likely to seriously weaken the condition of the institution or otherwise seriously prejudice the interests of the institution's depositors prior to the completion of the proceedings conducted pursuant to subdivision 1, the commissioner may issue a temporary order requiring the institution or a director, officer, employee, agent, or other person to cease and desist from the violation or practice and to take affirmative action to prevent insolvency, dissipation, condition, or prejudice pending completion of the proceedings. The order becomes effective upon service upon the institution or a director, officer, employee, agent, or other person participating in the conduct of the affairs of the institution and, unless set aside, limited, or suspended by a court in proceedings authorized by clause (2), remains effective and enforceable pending the completion of the administrative proceedings pursuant to the notice and until the time the commissioner dismisses the charges specified in the notice, or if a cease and desist order is issued against the institution or a director, officer, employee, agent or other person, until the effective date of the order.

(2) Within ten days after the institution concerned or a director, officer, employee, agent, or other person participating in the conduct of the affairs of the institution has been served with a temporary cease and desist order, the institution or a director, officer, employee, agent, or other person may apply to the appropriate district court for an injunction setting aside, limiting, or suspending the enforcement, operation, or effectiveness of the order pending the completion of the administrative proceedings pursuant to the notice of charges served upon the institution or a director, officer, employee, agent, or other person under subdivision 1, and the court has jurisdiction to issue an injunction.

Sec. 3. Minnesota Statutes 1978, Chapter 47, is amended by adding a section to read:

[47.202] [COMMISSIONER'S REPORT ON FEDERAL PREEMPTION.] The commissioner shall, in his next annual

report to the legislature, as required by section 47.20, subdivision 12, include an analysis of the effect of the provisions of P. L. 96-211, Title V, Part A on real estate lending in Minnesota.

Sec. 4. Minnesota Statutes 1978, Chapter 47, is amended by adding a section to read:

[47.203] [FEDERAL PREEMPTION OVERRIDE.] *The provisions of P.L. 96-211, Title V, Part A, Section 501 (a)(1), do not apply with respect to a loan, mortgage, credit sale or advance made in this state after the effective date of this section, nor with respect to a loan, mortgage, credit sale or advance secured by real property located in this state and made after the effective date of this section.*

Sec. 5. [EFFECTIVE DATE.] *Section 4 is effective December 31, 1981."*

Delete the title and insert:

"A bill for an act relating to financial institutions; authorizing examinations of certain bank holding companies; providing for the institution of cease and desist proceedings and the issuance of temporary orders; requiring commissioner to report on federal usury preemption; amending Minnesota Statutes 1978, Section 46.24; Chapter 47, by adding sections; and Minnesota Statutes, 1979 Supplement, Section 46.04."

We request adoption of this report and repassage of the bill.

House Conferees: ROBERT L. ELLINGSON and KATHLEEN A. BLATZ.

Senate Conferees: WILLIAM P. LUTHER, JIM NICHOLS and HARMON T. OGDahl.

Ellingson moved that the report of the Conference Committee on H. F. No. 2268 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2268, A bill for an act relating to financial institutions; authorizing examinations of certain bank holding companies; providing for the institution of cease and desist proceedings and the issuance of temporary orders; amending Minnesota Statutes 1978, Section 46.24; and Minnesota Statutes, 1979 Supplement, Section 46.04.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

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

There were 100 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Aasness	Erickson	Lehto	Onnen	Sieben, M.
Ainley	Evans	Levi	Osthoff	Simoneau
Anderson, D.	Ewald	Long	Otis	Stadum
Anderson, G.	Faricy	Ludeman	Patton	Stoa
Anderson, I.	Fjoslien	Luknie	Pehler	Stowell
Anderson, R.	Greenfield	McCarron	Peterson, B.	Sviggum
Battaglia	Halberg	McDonald	Peterson, D.	Swanson
Berkelman	Heap	McEachern	Pleasant	Thiede
Biersdorf	Heinitz	Mehrkens	Prahl	Tomlinson
Blatz	Hokanson	Metzen	Reding	Valento
Byrne	Jacobs	Moe	Rees	Vanasek
Carlson, D.	Jaros	Munger	Reif	Voss
Carlson, L.	Johnson, C.	Murphy	Rodriguez	Waldorf
Casserly	Jude	Nelsen, B.	Rose	Weaver
Clark	Kahn	Nelsen, M.	Rothenberg	Wenzel
Corbid	Kaley	Niehaus	Sarna	Wieser
Dean	Kempe	Norman	Schreiber	Wigley
Eken	Knickerbocker	Novak	Searles	Wynia
Elioff	Kostohryz	Nysether	Sherwood	Zubay
Ellingson	Laidig	Olsen	Sieben, H.	Spkr. Norton

Those who voted in the negative were:

Adams	Den Ouden	Haukoos	Kalis	Mann
Albrecht	Esau	Hoberg	Kelly	Redalen
Begich	Forsythe	Jennings	Kroening	Valan

The bill was repassed, as amended by Conference, and its title agreed to.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1302

A bill for an act relating to financial institutions; permitting banks and trust companies to take junior liens under certain circumstances; amending Minnesota Statutes 1978, Section 48.19, Subdivision 1.

April 11, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1302, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1302 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 48.19, Subdivision 1, is amended to read:

48.19 [LOANS ON REAL ESTATE RESTRICTED.] Subdivision 1. [RESTRICTIONS; EXCEPTION.] No bank or trust company shall make any loan upon the security of real estate unless it is a first lien thereon, except that a bank or trust company may take a junior lien: (a) upon real estate to secure a loan previously contracted; (OR) (b) upon farm real estate to secure a loan made to a farmer who resides in a county which due to weather conditions is a declared federal disaster area at the time the loan contract is signed; or (c) *upon real estate to secure a loan if the total unpaid aggregate of all outstanding liens against the same real estate does not exceed 80 percent of its appraised value.* Before any such loans are made the value of the real estate shall be determined by an appraisal made by a committee appointed by the board of directors, which appraisal shall be made a matter of record; except that the board may accept an appraisal made by or for an agency of the United States government when such agency is guaranteeing or insuring the loan or any part thereof.

A bank may take additional liens on the same security and these shall be considered to be part of the same mortgage lien thereon providing it has been established that there are no intervening liens.

Loans in which the small business administration cooperates through agreements to participate on an immediate or deferred basis under the federal small business act or loans or obligations secured or guaranteed by the United States or any department, bureau, board, commission, or establishment of the United States, including any corporation wholly owned directly or indirectly by the United States, shall not be subject to the restrictions or limitations of this section imposed upon loans secured by real estate.

Sec. 2. Minnesota Statutes 1978, Section 50.14, Subdivision 5, is amended to read:

Subd. 5. (1) Class four shall be:

(a) Notes or bonds secured by mortgages or trust deeds on unencumbered real estate, whether in fee or in a leasehold of a duration not less than ten years beyond the maturity of the loan, in any state of the United States, worth at least twice the amount loaned thereon;

(b) Notes or bonds secured by mortgages or trust deeds on unencumbered real estate in clause (1) (a) where (SUCH) *the* notes or bonds do not exceed 80 percent of the appraised value of the security for the same, provided that (SUCH) *the* notes or bonds are payable in instalments aggregating not less than five percent of the original principal (PER ANNUM) *a year* in addition to the interest; or, are payable on a regular amortization basis in equal instalments including principal and interest, (SUCH) *these* instalments to be payable monthly in (SUCH) amounts that the debt will be fully paid in not to exceed 30 years if the security is non-agricultural real estate, and (SUCH) *these* instalments to be payable annually or semi-annually in (SUCH) amounts that the debt will be fully paid in not to exceed 25 years if the security is agricultural real estate. A construction loan (SHALL BE) *is* deemed amortized as required by this clause if the first instalment thereon (SHALL BE) *is* payable not later than 18 months after the date of the first advance in the case of residential construction or not later than 36 months after the date of the first advance in the case of nonresidential construction; and

(c) Notes or bonds secured by mortgages or trust deeds on unencumbered real estate in clause (1) (a) which are in an original principal amount of \$100,000 or more and which do not exceed 95 percent of the appraised value of the security for the same which may be payable in (SUCH) *the* manner as the trustees of the bank (SHALL) prescribe, provided that construction loans made by a savings bank pursuant to this clause (1) (c) (SHALL) *do not* exceed in the aggregate five percent of the assets of the savings bank.

(2) Class four investments shall be made only on report of a committee directed to investigate the same and report its value, according to the judgment of its members, and its report shall be preserved among the bank's records.

(3) Notwithstanding anything to the contrary in clause (1) (b), a mutual savings bank organized under the laws of this state may invest in notes or bonds secured by mortgages or trust deed where (SUCH) *the* notes or bonds do not exceed 95 percent of the appraised value of the security for the same. Except as modified herein, the other provisions of clause (1) (b) (SHALL) apply.

(4) For purposes of this subdivision, real estate (SHALL BE) *is* deemed unencumbered if the only existing mortgage or lien against the real estate is a first mortgage lien in favor of the savings bank making a second mortgage loan *or if the total unpaid aggregate of all outstanding liens against the same real estate does not exceed 80 percent of its appraised value.*

Sec. 3. Minnesota Statutes 1978, Chapter 47, is amended by adding a section to read:

[47.202] [COMMISSIONER'S REPORT ON FEDERAL PREEMPTION.] *The commissioner of banks shall, in his next annual report to the legislature, as required by section 47.20, subdivision 12, include an analysis of the effect of the provisions of P. L. 96-211, Title V, Part A on real estate lending in Minnesota.*

Sec. 4. Minnesota Statutes 1978, Chapter 47, is amended by adding a section to read:

[47.203] [FEDERAL PREEMPTION OVERRIDE.] *The provisions of Pub. L. 96-211, Title V, Part A, Section 501(a)(1), do not apply with respect to a loan, mortgage, credit sale or advance made in this state after the effective date of this section, nor with respect to a loan, mortgage, credit sale or advance secured by real property located in this state and made after the effective date of this section.*

Sec. 5. Minnesota Statutes 1978, Section 168.72, is amended to read:

168.72 [TIME PRICE DIFFERENTIALS.] *Subdivision 1. [MOTOR VEHICLES.] (a) The time price differential authorized by sections 168.66 to 168.77 in a retail installment sale shall not exceed the following rates:*

Class 1. Any motor vehicle designated by the manufacturer by a year model of the same or not more than one year prior to the year in which the sale is made—\$8 per \$100 per year.

Class 2. Any motor vehicle designated by the manufacturer by a year model of two or three years prior to the year in which the sale is made—\$11 per \$100 per year.

Class 3. Any motor vehicle not in Class 1 or Class 2—\$13 per \$100 per year plus a flat charge of \$3 for each (SUCH) retail installment sale.

(b) (SUCH) *The time price differential shall be computed on the principal balance as determined under section 168.71(b) and shall be computed at the rate indicated on contracts payable in successive monthly installment payments substantially equal in amount extending for a period of one year. On contracts providing for installment payments extending for a period less than or greater than one year, the time price differential shall be computed proportionately.*

(c) When a retail installment contract provides for unequal or irregular installment payments, the time price differential (SHALL BE) *is at the effective rate provided in subsection (a) hereof, having due regard for the irregular schedule of payment.*

(d) The time price differential (SHALL BE) is inclusive of all charges incident to investigating and making the contract, and for the extension of the credit provided for in the contract and no fee, commission, expense or other charge whatsoever shall be taken, received, reserved or contracted for except as provided in sections 168.66 to 168.77.

Subd. 2. [MOBILE HOMES.] (a) Notwithstanding any other law to the contrary the time price differential authorized by sections 168.66 to 168.77 in a retail installment sale of a mobile home, as defined in section 168.011, subdivision 8, shall not exceed 12 percent per year or at a rate of not more than 4-1/2 percent in excess of the discount rate on 90 day commercial paper in effect at the Federal Reserve bank in the Federal Reserve district encompassing Minnesota, whichever is greater.

(b) This subdivision supersedes the provisions of subdivision 3 for purposes of determining the lawful time price differential in a retail installment sale of a mobile home if the sale is made between the effective date of this subdivision and July 31, 1983.

Subd. 3. A sale of a mobile home made after July 31, 1983, is governed by the provisions of subdivision 1 for purposes of determining the lawful time price differential rate. A retail installment sale of a mobile home that imposes a time price differential rate that is greater than the rate permitted by this subdivision is lawful and enforceable in accordance with its terms until the indebtedness is fully satisfied if the rate was lawful when the sale was made.

Sec. 6. Minnesota Statutes 1978, Section 550.37, is amended by adding a subdivision to read:

Subd. 21. Rights of action for injuries to the person of the debtor or of a relative whether or not resulting in death.

Sec. 7. Minnesota Statutes 1978, Section 550.37, is amended by adding a subdivision to read:

Subd. 22. The debtor's aggregate interest not to exceed in value \$4,000 in any accrued dividend or interest under or loan value of any unmaturred life insurance contract owned by the debtor under which the insured is the debtor or an individual of whom the debtor is a dependent.

Sec. 8. Minnesota Statutes 1978, Section 550.37, is amended by adding a subdivision to read:

Subd. 23. The debtor's right to receive a payment under a stock bonus, pension, profit sharing, annuity, or similar plan or contract on account of illness, disability, death, age, or length of service, to the extent reasonably necessary for the support of the debtor and any dependent of the debtor.

Sec. 9. [REPEALER.] *Minnesota Statutes, 1979 Supplement, Section 48.185, Subdivision 2, is repealed.*

Sec. 10. [REPEALER.] *Section 5, subdivision 2 is repealed effective July 31, 1983.*

Sec. 11. [EFFECTIVE DATES.] *Sections 1, 2, 3, 5, subdivisions 1 and 3, 6, 7, 8 and 9 are effective the day following final enactment. Section 4 is effective December 31, 1981."*

Delete the title and insert:

"A bill for an act relating to commerce; permitting banks, trust companies and mutual savings banks to take junior liens under certain circumstances; requiring availability of bank ownership information; requiring the commissioner of banks to report on federal usury preemption; providing a federal preemption override; establishing certain time price differentials on retail installment sales of mobile homes; exempting certain insurance contracts, employee benefits and rights of action from garnishment or attachment; amending Minnesota Statutes 1978, Sections 48.19, Subdivision 1; 50.14, Subdivision 5; and 168.72; 550.37, by adding subdivisions; and Chapter 47, by adding sections; repealing Minnesota Statutes, 1979 Supplement, Section 48.185, Subdivision 2."

We request adoption of this report and repassage of the bill.

House Conferees: ROBERT L. ELLINGSON, ANN WYNIA and KATHLEEN A. BLATZ.

Senate Conferees: OTTO T. BANG JR., ROGER LAUFENBERGER and DOUGLAS J. JOHNSON.

Ellingson moved that the report of the Conference Committee on H. F. No. 1302 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1302, A bill for an act relating to financial institutions; permitting banks and trust companies to take junior liens under certain circumstances; amending Minnesota Statutes 1978, Section 48.19, Subdivision 1.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Fritz moved that those not voting be excused from voting. The motion did not prevail.

Sieben, H., moved that those not voting be excused from voting. The motion prevailed.

There were 72 yeas and 57 nays as follows:

Those who voted in the affirmative were:

Berglin	Halberg	Lehto	Piepho	Swiggum
Biersdorf	Heap	Long	Prahl	Valan
Blatz	Heinitz	Mann	Redalen	Vanasek
Casserly	Hoberg	McCarron	Rees	Voss
Clark	Hokanson	Metzen	Reif	Weaver
Clawson	Jacobs	Munger	Rice	Welch
Corbid	Johnson, C.	Murphy	Rodriguez	Wenzel
Drew	Johnson, D.	Nelsen, M.	Rothenberg	Wieser
Eken	Jude	Novak	Searles	Wigley
Ellingson	Kahn	Nysether	Sieben, H.	Wynia
Evans	Kaley	Olsen	Sieben, M.	Zubay
Ewald	Kalis	Osthoff	Simoneau	Spkr. Norton
Faricy	Knickerbocker	Otis	Stadum	
Forsythe	Kostohryz	Peterson, B.	Stoa	
Friedrich	Laidig	Peterson, D.	Stowell	

Those who voted in the negative were:

Aasness	Carlson, D.	Greenfield	Minne	Schreiber
Adams	Carlson, L.	Haukoos	Moe	Searle
Ainley	Crandall	Jaros	Nelsen, B.	Sherwood
Albrecht	Dean	Jennings	Niehaus	Swanson
Anderson, D.	Dempsey	Kelly	Norman	Thiede
Anderson, G.	Den Ouden	Kroening	Onnen	Tomlinson
Anderson, R.	Elioff	Levi	Patton	Valento
Battaglia	Erickson	Ludeman	Pehler	Waldorf
Begich	Esau	Luknic	Pleasant	Welker
Berkelman	Fjoslien	McDonald	Reding	
Brinkman	Fritz	McEachern	Rose	
Byrne	Fudro	Mehrkens	Sarna	

The bill was repassed, as amended by Conference, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1453, A bill for an act relating to retirement; changing the provisions governing and the coverage of various state and local public employee retirement plans; authorizing the payment of severance pay to retiring employees; amending Minnesota Statutes 1978, Sections 352.90; 352.91, Subdivisions 1 and 2, and by adding a subdivision; 352B.08, Subdivision 2; 356.24; 473.417, as amended; and Minnesota Statutes, 1979 Supplement,

Sections 43.051, Subdivision 3; and 465.72; and Laws 1953, Chapter 91, Section 1, Subdivision 7, as amended; Laws 1955, Chapter 151, Sections 1, Subdivision 5, as amended; 3, Subdivision 2; 13, as amended; and 16; and repealing Laws 1959, Chapter 131, Section 25, as amended; and Laws 1969, Chapter 641, Section 5.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2040, A bill for an act relating to privacy; providing for the collection and dissemination of government data; classifying data as private, confidential, nonpublic or public; amending Minnesota Statutes 1978, Sections 15.162, Subdivision 3, and by adding subdivisions; 15.165, Subdivision 3; 600.23, Subdivision 3; and Chapter 15, by adding sections; Minnesota Statutes, 1979 Supplement, Sections 15.162, Subdivision 2a; 15.1621, by adding a subdivision; 15.1642, Subdivisions 1, 5, 5a, and by adding a subdivision; 15.166, Subdivision 4; 15.1691, Subdivision 3; 15.1692, Subdivisions 1 and 2; 15.1693, Subdivision 2; and 15.1698, Subdivision 1, and by adding a subdivision; and Laws 1978, Chapter 790, Section 5, Subdivision 2; repealing Minnesota Statutes, 1979 Supplement, Section 15.1692, Subdivision 4; and 15.1698, Subdivision 2.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

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. 567, A bill for an act relating to privacy of communications; permissible monitoring; amending Minnesota Statutes 1978, Section 626A.02, Subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Carlson, L., moved that the House concur in the Senate amendments to H. F. No. 567 and that the bill be repassed as amended by the Senate. The motion prevailed.

Friedrich was excused from 10:05 p.m. to 10:45 p.m.

H. F. No. 567, A bill for an act relating to privacy of communications; permissible monitoring; amending Minnesota Statutes 1978, Section 626A.02, Subdivision 2.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Knickerbocker moved that those not voting be excused from voting. The motion did not prevail.

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

There were 66 yeas and 65 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Esau	Kempe	Otis	Stowell
Battaglia	Faricy	Kostohryz	Patton	Swanson
Begich	Fritz	Kroening	Pehler	Tomlinson
Berglin	Fudro	Lehto	Peterson, D.	Vanasek
Berkelman	Greenfield	Long	Prahl	Voss
Biersdorf	Hokanson	Mann	Reding	Waldorf
Byrne	Jacobs	McCarron	Rees	Welch
Carlson, L.	Jaros	Metzen	Rice	Wenzel
Casserly	Johnson, C.	Minne	Rodriguez	Wynia
Clark	Jude	Moe	Sarna	Spkr. Norton
Clawson	Kahn	Munger	Sieben, H.	
Corbid	Kaley	Murphy	Sieben, M.	
Elioff	Kalis	Novak	Simoneau	
Ellingson	Kelly	Osthoff	Stoa	

Those who voted in the negative were:

Aasness	Dempsey	Hoberg	Niehaus	Searle
Adams	Den Ouden	Jennings	Norman	Searles
Ainley	Drew	Johnson, D.	Nysether	Sherwood
Albrecht	Eken	Knickerbocker	Olsen	Stadum
Anderson, B.	Erickson	Kvam	Onnen	Sviggum
Anderson, D.	Evans	Laidig	Peterson, B.	Thiede
Anderson, G.	Ewald	Levi	Piepho	Valan
Anderson, R.	Fjoslien	Ludeman	Pleasant	Valento
Blatz	Forsythe	Luknic	Redalen	Weaver
Brinkman	Halberg	McDonald	Reif	Welker
Carlson, D.	Haukoos	Mehrkens	Rose	Wieser
Crandall	Heap	Nelsen, B.	Rothenberg	Wigley
Dean	Heinitz	Nelsen, M.	Schreiber	Zubay

The bill, as amended by the Senate, was not repassed.

The following conference committee reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 1931

A bill for an act relating to Ramsey County; simplifying the numbering of the county code; amending Laws 1974, Chapter 435, Articles I to IV, as amended.

April 11, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 1931, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 1931 be further amended as follows:

Page 52, line 2, before the period insert "*and the judicial district administrator's office*"

Page 57, lines 30 to 33, strike everything after "[RETIREMENT.]" and insert "*Every employee of the county of Ramsey, except an elected official, who is 70 years of age, shall retire from his employment by Ramsey County on the first day of the month after the month in which he becomes 70.*"

Page 58, strike lines 1 to 3

Page 80, strike lines 6 to 33

Strike page 81

Page 82, strike lines 1 to 27

Page 82, line 28, delete "45" and insert "44"

Page 83, line 26, delete "46" and insert "45"

Page 84, line 9, delete "47" and insert "46"

Page 84, line 21, delete "48" and insert "47"

Page 84, line 26, delete "49" and insert "48"

Page 86, line 32, delete "50" and insert "49"

Page 87, lines 27 and 28, delete "45 to 50" and insert "44 to 49"

Page 88, line 18, delete "*This act*" and insert "*Section 1*"

Page 88, after line 20, insert:

"Sec. 3. Minnesota Statutes 1978, Section 245.812, Subdivision 2, is amended to read:

Subd. 2. In determining whether a license shall be issued, the commissioner shall specifically consider the population, size, land use plan, availability of community services and the number and size of existing public and private community residential facilities in the town, municipality or county in which an applicant seeks to operate a residence. (EXCEPT AS SPECIFIED IN SECTION 252.28,) Under no circumstances may the commissioner newly license any group residential facility pursuant to Laws 1976, Chapter 243 if such residential facility will be within 1,320 feet of any existing (COMMUNITY) group residential facility unless the appropriate town, municipality or county zoning authority grants the facility a conditional use or special use permit. *With the exception of foster family homes the requirements of this subdivision apply to all licensed residential facilities, and for cities of the first class apply even if a facility is considered a permitted single family residential use of property according to subdivision 3.*

Sec. 4. Minnesota Statutes 1978, Section 252.28, Subdivision 3, is amended to read:

Subd. 3. (1) No new license shall be granted pursuant to this section when the issuance of the license would substantially contribute to an excessive concentration of community residential facilities within any town, municipality or county of the state.

(2) In determining whether a license shall be issued pursuant to this subdivision, the commissioner of public welfare shall specifically consider the population, size, land use plan, availability of community services and the number and size of existing public and private community residential facilities in the town, municipality or county in which a licensee seeks to operate a residence. Under no circumstances may the commissioner newly license any facility pursuant to this section (IF THE FACILITY WILL BE WITHIN 300 FEET OF ANY EXISTING COMMUNITY RESIDENTIAL FACILITY, UNLESS THE APPROPRIATE TOWN, MUNICIPALITY OR COUNTY ZONING

AUTHORITY GRANTS THE FACILITY A CONDITIONAL USE OR SPECIAL USE PERMIT) *except as provided in Minnesota Statutes, Section 245.812.* The commissioner of public welfare shall establish uniform rules and regulations to implement the provisions of this subdivision.

(3) Licenses for community facilities and services shall be issued pursuant to section 245.821.

Sec. 5. *Notwithstanding the provisions of any law, home rule charter, ordinance or resolution to the contrary, no statutory or home rule charter city located in the area defined in Minnesota Statutes, Section 473F.02, Subdivision 2, may require that a person be a resident of the city as a condition of employment by the city except for positions which by their duties require the employee to live on the premises of the person's place of employment. For the purposes of this section, elected municipal officials shall not be considered to be employed by the city. Notwithstanding any contrary law or charter provision, any statutory or home rule charter city located in the area defined in Minnesota Statutes, Section 473F.02, Subdivision 2, may provide that in the selection or promotion of employees employed under a merit or civil service system, a preference not to exceed eight points may be added to the test score of an applicant who resides within the city. No preference shall be provided for any applicant for a position if the primary place of employment for the position at the time the position is to be filled is outside the city limits. For the purposes of this section an employee of a city on January 1, 1979 shall be deemed a resident of the city regardless of his actual place of residence.*

Sec. 6. Laws 1953, Chapter 91, Section 1, Subdivision 7, as amended by Laws 1975, Chapter 408, Section 1, is amended to read:

Subd. 7. [DULUTH, CITY OF; POLICE PENSIONS.] "Spouse" means a person who was the legal husband or wife of a member at the time of the member's death, and includes a person who was the legal husband or wife of any pensioner or deferred service pensioner at the time of the member's death who was married to the member at least (A TOTAL OF THREE YEARS) one year prior to the member's retirement from the department.

Sec. 7. [SAINT PAUL, CITY OF; EMPLOYMENT OF UNIVERSITY OR COLLEGE STUDENTS.] *Notwithstanding any contrary provision of the Saint Paul city charter, a statute, including the veterans preference act, or a civil service rule or regulation, the governing body or any board or commission of the city of Saint Paul having authority to hire employees may employ university, college, or professional school students pursuant to an intern or other training program related to their academic endeavors when the program is sponsored or sub-*

stantially financed by the state or the United States or by a philanthropic foundation or organization. Persons hired under a program shall be in the unclassified service of the city and serve at the pleasure of the body employing them. No full time appointment under this section shall exceed one year. Persons employed under this section shall be excluded from the provisions of Minnesota Statutes, Sections 268.03 to 268.24.

Sec. 8. Subdivision 1. *If the city of St. Paul issues a building permit in violation of law, charter or ordinance, it may, upon discovery of the error, revoke the permit and require removal of the construction. The city may indemnify the person to whom the permit was issued for costs incurred because of the erroneous issuance.*

If construction in the city of St. Paul has been inadvertently entered on land owned by the city or dedicated to a public use and no other legal or equitable remedy is satisfactory to the city, the city may acquire and remove all or part of the structure by eminent domain in accordance with Minnesota Statutes, Chapter 117. A taking of property pursuant to this section is a taking for a public purpose.

Subd. 2. *This section is effective retroactively upon approval by the governing body of the city of St. Paul and compliance with Minnesota Statutes, Section 645.021 and expires July 1, 1981.*

Sec. 9. *Notwithstanding any contrary law or charter provision, commencing with the budget year starting January 1, 1981, and continuing thereafter, the expense of keeping the court house and city hall for the county of Ramsey and city of Saint Paul in normal repair and the necessary expense of heating and maintaining it shall be paid by the county of Ramsey and the city of Saint Paul based upon their respective exclusive usage or occupancy of the building. No later than September 1 of each year the joint court house and city hall committee shall determine the proportionate square foot exclusive usage or occupancy of the building by the county and city respectively and shall submit the determination to the county board and city council together with the recommended annual budget for the next year's expenses.*

Sec. 10. Laws 1955, Chapter 151, Section 1, Subdivision 5, as amended by Laws 1963, Chapter 271, Section 2, is amended to read:

Subd. 5. ("WIDOW") "Surviving spouse" means a (WOMAN) person who was the (WIFE) spouse of a member or a pensioner while he or she was an active member, and who, in case the deceased member was a service pensioner, deferred pensioner, or on duty or non-duty disability pensioner, was married to the member at least one year before his or her retirement from the police department; but does not include a surviving (WIFE)

spouse of a member or a pensioner who deserts him or her or a common law (WIFE) *spouse* of a member or a pensioner.

Sec. 11. Laws 1955, Chapter 151, Section 3, Subdivision 2, is amended to read:

Subd. 2. This association shall create, maintain, and administer a policemen's pension fund for the benefit of its members, their (WIDOWS) *surviving spouses*, and their children.

Sec. 12. Laws 1955, Chapter 151, Section 13, as amended by Laws 1963, Chapter 271, Section 7, and Laws 1971, Chapter 549, Section 2 is amended to read:

Sec. 13. The association shall pay a pension to the (WIDOW) *surviving spouse* or any child under 18 years of age of any pensioned and retired member, or to the (WIDOW) *surviving spouse* or any child under 18 years of age of any member who dies while in the service of the city police department, or to the (WIDOW) *surviving spouse* or any child under 18 years of age of any member who, after being a member of the city police department for not less than 20 years, severs his or her connection with the department, and dies before attaining the age of 50 years. The association shall pay to any such (WIDOW) *surviving spouse* a pension of 20 units per month. The association shall pay to any such child under 18 years of age a pension of five units per month until the child attains the age of 18 years, provided, however, that if such child is married at the time of the death of the member or marries or becomes legally adopted after the death of the member, (SUCH) *the* child shall not be entitled to such benefits. If the (WIDOW) *surviving spouse* and children reside together, the pension payable to the children shall be paid to the (WIDOW) *surviving spouse* and shall be used for the support of (SUCH) *the* children. If a (WIDOW) *surviving spouse* remarries, (HER) *the* pension immediately ceases and the association shall not make any further pension payments (TO HER). For the purposes of this section, all provisions governing a child under 18 shall be extended to include a full time student under the age of 23.

Sec. 13. Laws 1955, Chapter 151, Section 16, is amended to read:

Sec. 16. [SURVIVING SPOUSE AND CHILD OF MEMBER CONVICTED OF FELONY.] If a member convicted of a felony is receiving a pension at the time of (HIS) conviction and his (WIFE) or her *surviving spouse* and any (OF HIS) children under 18 years of age had no part in the commission of (SUCH) *the* felony, in the event of the death of (SUCH) *the* member, (SUCH WIDOW) *the surviving spouse* and children may receive (SUCH) *any* pensions as they would otherwise be entitled to receive from the association.

Sec. 14. Laws 1959, Chapter 690, Section 2, as amended by Laws 1963, Chapter 729, Section 1, and Laws 1971, Chapter 599, Section 1 is amended to read:

Sec. 2. [ST. PAUL, CITY OF; INDEPENDENT SCHOOL DISTRICT NO. 625; EMPLOYEES SEVERANCE PAY.] The provisions, rules and regulations under any such ordinance for such payment of severance pay by said city, authorized under the foregoing provisions of section 1 hereof, shall be applicable to all employees of said city other than its elected city officials. Such severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits, and shall be paid over a period not to exceed five years from termination of employment. The amount of such severance pay allowable or to become payable in respect of any such employment or to any such employee (AFTER DECEMBER 31, 1973,) shall not exceed (\$4,000) *an amount equivalent to one year of pay.*

Sec. 15. Laws 1978, Chapter 693, Section 2, is amended to read:

Sec. 2. [EFFECTIVE DATE.] (THIS ACT) *Laws 1978, Chapter 693* is effective (UPON ITS APPROVAL BY THE BOARD OF COMMISSIONER OF WASHINGTON COUNTY AND COMPLIANCE WITH MINNESOTA STATUTES, SECTION 645.021 AND EXPIRES TWO YEARS AFTER THAT DATE) *until April 1, 1981.*

Sec. 16. Minnesota Statutes 1978, Section 550.37, is amended by adding subdivisions to read:

Subd. 21. *Rights of action for injuries to the person of the debtor or of a relative whether or not resulting in death.*

Subd. 22. *The debtor's aggregate interest not to exceed in value \$4,000 in any accrued dividend or interest under or loan value of any unmaturred life insurance contract owned by the debtor under which the insured is the debtor or an individual of whom the debtor is a dependent.*

Subd. 23. *The debtor's right to receive a payment under a stock bonus, pension, profit sharing, annuity, or similar plan or contract on account of illness, disability, death, age, or length of service to the extent reasonably necessary for the support of the debtor and any dependent of the debtor.*

Sec. 17. *Section 6 of this act is effective upon the day of compliance by the city of Duluth with Minnesota Statutes, Section 645.021, Subdivision 3. Sections 7, 8, 10, 11, 12, 13, and 14 are effective upon the day of compliance by the city of St. Paul with section 645.021, subdivision 3. Section 15 is effective upon the day of compliance by Washington county with section 645.021,*

subdivision 3. Sections 3, 4, 5, 8, 9, and 16 are effective the day after final enactment."

Further, delete the title and insert:

"A bill for an act relating to local and judicial administration; renumbering the Ramsey county code; regulating zoning of certain facilities; permitting certain conditions on city employment in the metropolitan area; setting conditions for Duluth police setting conditions of employment for certain Washington county employees; fixing exemptions from legal process; amending Minnesota Statutes 1978, Sections 245.812, Subdivision 2; 252.28, Subdivision 3; and 550.37, by adding subdivisions; and Laws 1953, Chapter 91, Section 1, Subdivision 7, as amended; Laws 1955, Chapter 151, Section 1, Subdivision 5, as amended; Section 3, Subdivision 2; Section 13, as amended; and 16; Laws 1959, Chapter 690, Section 2, as amended; and Laws 1978, Chapter 693, Section 2."

We request adoption of this report and repassage of the bill.

House Conferees: ANN WYNIA, CONNIE M. LEVI and LEE GREENFIELD.

Senate Conferees: PETER P. STUMPF, JEROME M. HUGHES and NANCY BRATAAS.

Wynia moved that the report of the Conference Committee on H. F. No. 1931 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 1931, A bill for an act relating to Ramsey County; simplifying the numbering of the county code; amending Laws 1974, Chapter 435, Articles I to IV, as amended.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Sieben, H., moved that those not voting be excused from voting. The motion prevailed.

There were 50 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Byrne	Ellingson	Jaros	Levi
Anderson, I.	Casserly	Faricy	Johnson, C.	Long
Anderson, R.	Clark	Forsythe	Kahn	Mann
Berglin	Corbid	Fritz	Kelly	McCarron
Berkelman	Drew	Greenfield	Kostohryz	Minne
Brinkman	Eken	Jacobs	Lehto	Moe

Munger	Otis	Reding	Simoneau	Waldorf
Murphy	Pehler	Rodriguez	Stoa	Wenzel
Novak	Peterson, D.	Schreiber	Tomlinson	Wynia
Osthoff	Prahl	Sieben, H.	Voss	Spkr. Norton

Those who voted in the negative were:

Aasness	Elioff	Kalis	Onnen	Stadum
Adams	Erickson	Kempe	Patton	Stowell
Ainley	Esau	Knickerbocker	Peterson, B.	Svigum
Albrecht	Evans	Kroening	Piepho	Swanson
Anderson, B.	Fjoslien	Laidig	Pleasant	Thiede
Anderson, D.	Fudro	Ludeman	Redalen	Valan
Battaglia	Halberg	Luknic	Rees	Valento
Begich	Haukoos	McDonald	Reif	Weaver
Biersdorf	Heap	McEachern	Rice	Welch
Blatz	Heinitz	Mehrkens	Rose	Welker
Carlson, D.	Hoberg	Metzen	Rothenberg	Wieser
Carlson, L.	Hokanson	Neisen, B.	Sarna	Wigley
Clawson	Jennings	Niehaus	Searle	Zubay
Dean	Johnson, D.	Norman	Sharles	
Dempsey	Jude	Nysether	Sherwood	
Den Ouden	Kaley	Olsen	Sieben, M.	

The bill, as amended by Conference, was not repassed.

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2476

A bill for an act relating to the organization and operation of state government; clarifying, providing for deficiencies in, and supplementing appropriations for the expenses of state government with certain conditions; appropriating money; amending Minnesota Statutes 1978, Sections 3A.03, Subdivision 2; 3A.04, Subdivisions 3 and 4; 15.0597, Subdivisions 3, 4, 5, 6 and 7; 15.50, Subdivision 1; 16.854, Subdivision 1; 16A.131, by adding a subdivision; 16A.67, Subdivision 1; 16A.721; 43.005, by adding a subdivision; 43.05, Subdivision 2; 43.062, Subdivisions 1, 2 and 3; 43.065; 43.067, Subdivision 2; 43.068; 43.323, Subdivisions 1 and 2; 43.35; 62D, by adding a subdivision; 82.34; 90.195 94.10, Subdivision 1; 94.16; 121.90; 121.902, Subdivision 1; 121.906, Subdivision 2; 121.908; 121.912, Subdivision 2; 121.914, Subdivision 1; 136.81, Subdivision 1; 145.913, Subdivision 3; 214.06, Subdivision 1; 216.16; 216A.01; 216A.03, Subdivision 3, and by adding a subdivision; 216A.04, Subdivisions 1 and 3, and by adding a subdivision; 216A.05, Subdivisions 4 and 5; 216A.07; 216B.17, Subdivision 1; 216B.19; 216B.54; 216B.62, Subdivisions 2 and 3; 216B.64; 237.02; 237.12; 237.295, Subdivisions 1 and 2; 246.014; 352.01, Subdivision 2B; 352.04, Subdivision 5; 352.73, Subdivision 3; 352B.25; 352C.04, Subdivision 3; 352C.09, Subdivision 2; 353.83; 354.55, Subdivision 5; 355.46, Subdivision 3; 355.50; 403.11, Subdivision 3; 473.408, Subdivision 3; 490.123, Subdivision 1; and Chapters 16, by adding sections; 16A, by adding sections; 97, by adding a section; 121, by adding sections; 216A, by adding a section; 246, by adding a section; 253A, by adding a section; 256, by adding a section; 259, by adding a section; Minnesota Statutes, 1979 Supplement, Sections 3.3005, Subdivision 4; 15A.083, Subdivision 4;

16A.126; 174.28, Subdivision 2; 43.09, Subdivision 2a; 43.24; 82.81, Subdivision 1; 121.917, Subdivision 4; 354A.12, Subdivision 2; 422A.101, Subdivision 3; and Laws 1979, Chapter 300, Section 4, Subdivisions 1 and 5; 301, Section 3 by adding a subdivision; **repealing Minnesota Statutes 1978, Sections 3A.11, Subdivision 3; 43.03; 43.06; 121.92, Subdivision 1; 216B.62, Subdivision 1; 352.73, Subdivision 4; 354.43, Subdivision 2; 490.025, Subdivision 8; Minnesota Statutes, 1979 Supplement, Sections 16.93; 16.965; 121.92, Subdivision 2; and Laws 1979, Chapter 217, Section 11.**

April 11, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 2476, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2476, be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [STATE GOVERNMENT; APPROPRIATIONS.] The sums set forth in the columns designated "APPROPRIATIONS" are appropriated from the general fund, or any other fund designated, to the agencies and for the purposes specified in the following sections of this act, to be available for the fiscal years indicated for each purpose. The figures "1980" and "1981", wherever used in this act, mean that the appropriation or appropriations listed thereunder are available for the year ending June 30, 1980, or June 30, 1981, respectively.

SUMMARY BY FUND

	1980	1981	TOTAL
General	\$22,100,700	\$19,923,600	\$42,024,300
Game and Fish	704,500	959,300	1,663,800
TOTAL	\$22,805,200	\$20,882,900	\$43,688,100

APPROPRIATIONS
Available for the Year
Ending June 30

1980 1981

**Sec. 2. CONTINGENT
ACCOUNTS**

(a) Fuel and Utilities \$ 704,500 \$5,000,000

This appropriation is added to the appropriation in Laws 1979, Chapter 333, Section 8, Subdivision 6. \$704,500 the first year is from the game and fish fund.

(b) Grain Inspection 1,000,000

This appropriation is added to the appropriation in Laws 1979, Chapter 333, Section 8, Subdivision 7.

Sec. 3. LEGISLATURE

(a) Legislative Reference Library ... 40,900 60,900

This appropriation is added to the appropriation in Laws 1979, Chapter 333, Section 2, Subdivision 4, for the Legislative Reference Library.

(b) Revisor of Statutes 75,000

This appropriation is available only to match money from the National Historical Publications and Records Commission for the unpublished laws project.

Sec. 4. GOVERNOR

Washington Office 32,000

This appropriation is added to the appropriation for executive operations in Laws 1979, Chapter 333, Section 9.

Sec. 5. SECRETARY OF STATE ... 25,000

Approved Complement — add 1

This appropriation is for the open appointments program.

	1980	1981
	\$	\$

This appropriation is available until June 30, 1981. Funds which were to expire March 30, 1980 are available until June 30, 1980.

Sec. 6. STATE PLANNING AGENCY

The appropriation for population estimates made in Laws 1979, Chapter 303, Article II, Section 37, is available until June 30, 1981.

Sec. 7. ADMINISTRATION

Approved Complement

General — Add 1

(a) Small Business Set Aside	25,000
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This appropriation is contingent on the passage in 1980 of a law expanding the small business and minority set aside.

(b) Surplus Property Revolving Fund

Any unexpended balance of the \$61,500 appropriated in Laws 1979, Chapter 333, Section 18, for the reduction of obligations shall remain available for expenditure as provided in that section through June 30, 1981. If the surplus property revolving fund is abolished prior to June 30, 1981, any portion of the \$61,500 that is outstanding shall be immediately returned to the general fund.

(c) Micrographics Acceleration	100,000
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This sum is appropriated to the commissioner of administration for purposes of establishing a micrographics acceleration account. The commissioner may expend money from this account to promote and initiate new applications of micrographics, to microfilm permanent records stored in the state records center, to microfilm state agency records having perma-

1980

1981

\$

\$

ment value but which have been damaged due to disasters, to microfilm state agency records having permanent value when the agencies cease to exist, and to microfilm state agency records having permanent value when the agencies must move to new quarters or reorganize their space due to new programs and for whom no micro-filming moneys have been appropriated.

A work program shall be presented to the chairman of the house appropriations committee and the chairman of the senate finance committee for review and comment prior to the expenditure of money appropriated by this paragraph.

This appropriation is available until June 30, 1981.

(d) The requirement made in Laws 1978, Chapter 791, Section 2, Clause (q) that all of lot Q shall be made available to the visiting public is deleted.

(e) The appropriation made in Laws 1978, Chapter 791, Section 2, Clause (r) is also available to meter other spaces in the capitol complex and to convert the parking time limits of existing meters in the capitol complex.

(f) County Litigation Expense

150,000

The commissioner of administration shall reimburse any county for up to 50 percent of the legal expenses incurred by it in litigation concerning state and county jurisdiction over Indians, Indian hunting and fishing rights, and other issues relating to Indians.

Sec. 8. CAPITOL AREA
ARCHITECTURAL AND PLANNING
BOARD

28,000

This appropriation is added to the appropriation in Laws 1979, Chapter 333, Section 19. This appropriation is available until June 30, 1981.

	1980	1981
	\$	\$
Sec. 9. FINANCE		
Approved Complement—Add 3		
(a) Payroll and Personnel Information System	221,300	250,400
(b) Advance Inflation Adjustment ..		959,200

Sec. 10. PERSONNEL

Approved Complement

General—Add 2

(a) Affirmative Action for Veterans	6,000
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This appropriation is added to the appropriation for Human Resource Improvement in Laws 1979, Chapter 333, Section 21.

(b) Internship and Summer Youth Work Experience Programs	40,000
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The commissioner of personnel shall evaluate the accomplishments of these programs and present recommendations for their future operation to the legislature by January 1, 1981. Unless extended by the legislature, these programs expire June 30, 1981.

Sec. 11. REVENUE

(a) Railroad Gross Earnings	150,000	
(b) Implement Tax Changes of 1979	92,600	92,600

Sec. 12. AGRICULTURE

Agricultural Research and Promotion ..	125,000
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This appropriation is added to the appropriation in Laws 1979, Chapter 333, Section 24 for Development and Protection of Agricultural Resources.

	1980	1981
	\$	\$

Sec. 13. NATURAL RESOURCES

Approved Complement

General—Add 9

Game and Fish—Add 9

(a) Ditch Assessments 85,000

This appropriation is added to the appropriation for Administrative Management Services in Laws 1979, Chapter 333, Section 26, to be available until June 30, 1981.

(b) Big Marine Lake Pilot Study 73,500

The commissioner of natural resources shall conduct a pilot study project, which could be applied in similar geohydrologic circumstances statewide, to determine the effectiveness of utilizing Little Carnelian Lake as an outlet through infiltration and seepage for surplus waters of Big Marine and Big Carnelian Lakes, Washington County.

(c) All money that has in the past been appropriated to the commissioner of natural resources for forest management purposes from the iron range resources and rehabilitation account will in the future be appropriated from the general fund, if the iron range resources and rehabilitation board funds the iron range information system and the heavy metals release study in the department of natural resources in the amount of \$100,000 for the remainder of this biennium.

(d) Boundary Waters Canoe Area

Forestry Intensification 3,000,000

The money appropriated by Laws 1979, Chapter 333, Section 26, for implementation of the federal Boundary Waters Canoe Area legislation during fiscal year 1981 is increased by this appropriation from the general fund in order to provide a total of \$3,750,000 to qualify for \$3,000,-

	1980	1981
	\$	\$

000 in federal reimbursements on the basis of 80 percent federal, 20 percent state. If by January 1, 1981 the federal program has not been appropriated, the unexpended balance of this appropriation of \$3,750,000 will cancel. Said \$3,750,000 is available for expenditure for the period October 1, 1980 to September 30, 1981, provided that no more than \$250,000 may be expended prior to the appropriation of federal funds. All such federal reimbursements are deposited to the general fund. The existing 26 complement positions approved by the legislative advisory commission on July 31, 1979 are continued in the federal complement.

The money appropriated by Laws 1979, Chapter 333, Section 26 for implementation of the federal Boundary Waters Canoe Area legislation during fiscal year 1980 shall not lapse on June 30, 1980, but shall continue through September 30, 1980.

(e) St. Croix Wild River State Park ..	131,200
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(f) Tettegouche State Park	24,000
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(g) Inflation Expenses at State Parks	150,000
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(h) The appropriations in (e), (f) and (g) are added to the appropriation for Park and Recreation Management in Laws 1979, Chapter 333, Section 26.

(i) Conservation Officers	445,700
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To assist the department in reducing the number of violations and providing a quicker response to public complaints.

\$267,400 of this appropriation is from the game and fish fund and the entire appropriation is added to the appropriation for Enforcement of Natural Resources Laws and Rules in Laws 1979, Chapter 333, Section 26.

(j) Geological Test Drilling	194,000
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	1980	1981
	\$	\$
(k) Soil and Water Conservation Board		25,000

This appropriation is added to the appropriation for the Soil and Water Conservation Board made in Laws 1979, Chapter 333, Section 26.

(l) The amount of the appropriation made in Laws 1979, Chapter 333, Section 26, for the fiscal year 1981 from the general fund is changed from \$33,741,000 to \$33,049,100 and the amount from the game and fish fund is changed from \$16,103,100 to \$16,795,000 to provide 100 percent of regional game and fish administration, 29 percent of field services support, and 60 percent of regional enforcement financing from the game and fish fund. These percentages shall be used in preparing future budget requests.

Sec. 14. MINNESOTA ZOOLOGICAL GARDEN

The appropriation made in Laws 1979, Chapter 333, Section 27, shall stand.

During consideration of the zoological garden's transportation system legislation, the legislature was consistently and unequivocally assured that the only post enactment responsibility of the legislature would be to appropriate the receipts of the transportation system for the purpose of effecting the installment payments of the system. Accordingly, authorization for the acquisition by installment purchase agreement of the transportation system at the Minnesota zoological garden pursuant to Minnesota Statutes, Section 85A.02, Subdivision 16 was made on the understanding that the system would produce revenues sufficient to meet all operating costs and installment payments. This authorization did not constitute a direct or indirect obligation of the state for the acquisition of the system beyond net revenues generated by the system.

	1980	1981
	\$	\$

This section is intended to make clear to all potential investors in state and local bonds and to financial institutions that the state is not and never has been responsible otherwise for the financing of the zoo ride. The legislature's action regarding appropriations for installment purchase payments for the zoo ride is intended to have no effect on the security of bonds for which the state's full faith credit, and taxing power are pledged, or bonds of the Minnesota housing finance agency secured in the manner provided by Minnesota Statutes, Section 462A.22, Subdivision 8. This section is further intended to forestall any attempt by any person to cause damage to the credit rating of the state in order to force the state to assume an obligation for which it is neither legally nor morally responsible.

Sec. 15. POLLUTION CONTROL

Appropriations made in Laws 1979, Chapter 333, Section 29, for functions relating to the Reserve Mining project and for preparation of environmental impact statements are available for either year of the biennium.

Sec. 16. NATURAL RESOURCES ACCELERATION

(a) In Laws 1979, Chapter 333, Section 31, Subdivision 4, Clause (b), the appropriation condition "through March, 1980" is changed to "through June 30, 1981".

(b) In Laws 1979, Chapter 333, Section 31, Subdivision 3, Clause (1), the approved complement is changed to 6, the reference to paragraphs (g) and (h) is changed to paragraphs (j) and (k) and \$313,000 is changed to \$338,000.

(c) \$75,000 of the unexpended balance of money appropriated by Laws 1975, Chapter 204, Section 55, and reappropriated by Laws 1977, Chapter 455, Sec-

	1980	1981
\$	\$	

tion 28, for construction and repair of dams and channel excavation to manage water levels on Heron Lake in Jackson County is reappropriated and shall remain available until expended for a water management study of Heron Lake in Jackson County, to be conducted by the Middle Des Moines Watershed District and the DNR. Of this money, \$32,500 may be expended for salaries, supplies, and expenses for one additional unclassified position in the department of natural resources.

The money reappropriated above may not be expended until local money in the amount of \$50,000 is made available for the water management study.

The remainder of the appropriation is cancelled.

Sec. 17. BOARD OF ELECTRICITY	200,000	300,000
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This appropriation is added to the appropriation in Laws 1979, Chapter 333, Section 33, Subdivision 7.

Sec. 18. ECONOMIC DEVELOPMENT

Approved Complement

General — Add 1

Federal — Subtract 1

(a) Small Business Assistance Center	25,200
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This appropriation is added to the appropriation for Small Business Development in Laws 1979, Chapter 333, Section 38.

(b) Duluth Port Authority	210,500
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This appropriation is added to the appropriation for the same purpose in Laws 1979, Chapter 333, Section 38.

	1980	1981
	\$	\$
(c) Development Resources		40,000

This appropriation is added to the appropriation for Economic Development Assistance in Laws 1979, Chapter 333, Section 38, and is available only to match federal money on the basis of \$1 state for \$3 federal.

Sec. 19. VETERANS AFFAIRS

Approved Complement — Add 8.5

(a) Veterans Home — Minneapolis ..	21,000	126,000
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This appropriation is added to the appropriation for the same purpose in Laws 1979, Chapter 333, Section 40.

(b) In Laws 1979, Chapter 333, Section 40, the appropriation language relative to nondedicated receipts for the veterans home is changed from "\$3,546,000" to "\$3,369,500".

(c) Educational Benefits for Soldiers and their children		15,000
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Sec. 20. PUBLIC SAFETY

(a) State Patrol Overtime During Independent Truckers Protest	343,300	
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(b) \$135,000 of the appropriation by Laws 1979, Chapter 333, Section 41, for the investigation of cross jurisdictional criminal activity for fiscal 1980 shall not cancel and is available for fiscal 1981.

Sec. 21. CRIME CONTROL PLANNING BOARD

\$486,000 is appropriated to the crime control planning board from the crime control planning board contingency account for Fiscal Year 1981 program levels specified in this section.

	1980	1981
	\$	\$
(a) Planning, Research and Evaluation		284,900
(b) Administration		201,100

The executive director of the crime control planning board, with the approval of the commissioner of finance, may transfer unencumbered balances not specified for a particular purpose between the program levels of administration and criminal justice planning, research, and evaluation. The transfer shall occur only after obtaining advice from the chairmen of the house appropriations committee and the senate finance committee. The advice is advisory only. Failure by the chairmen to provide advice within 15 days is to be considered positive assent.

The complement as specified in Laws 1979, Chapter 333, Section 42, for the crime control planning board stands. For accounting purposes, the crime control planning board may treat these positions as all state funded.

(c) Law Enforcement Assistance	90,000
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This appropriation is for grants for youth intervention programs.

The appropriations in (a), (b), and (c) are added to the appropriations for the same purposes in Laws 1979, Chapter 333, Section 42.

(d) Automated Fingerprint Identification System — Evaluation	30,000
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The board shall evaluate the need for expanding the Minnesota automated fingerprint identification system throughout the state and the adequacy of technology currently available to operate the expanded system. The board shall report to the legislature by January 1, 1981, the results of the evaluation, including a recommendation on

	1980	1981
	\$	\$

expanding the system based upon projected costs and benefits.

(e) Automated Fingerprint Identification System — Upgrading		169,000
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This appropriation is for a grant to the St. Paul police department to upgrade the Minnesota automated fingerprint identification system.

Sec. 22. COUNCIL ON BLACK MINNESOTANS		40,000
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Sec. 23. HOUSING FINANCE AGENCY

(a) Indian Housing	3,000,000
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This appropriation is for transfer to the housing development fund created in Minnesota Statutes, Section 462A.20.

\$2,000,000 is for the American Indian revolving fund created in Minnesota Statutes, Section 462A.21, Subdivision 4c, for distribution in the amount of \$1,830,000 to the Minnesota Chippewa Tribe and \$170,000 to the Sioux Communities.

\$1,000,00 is for the urban American Indian revolving fund created in Minnesota Statutes, Section 462A.21, Subdivision 4d.

(b) Temporary Shelter Residential Housing	100,000
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This appropriation is for transfer to the housing development fund, created in section 462A.20, for the purposes of section 462A.05, as amended by this act, and for the payment of necessary and incidental costs and expenses.

Sec. 24. EDUCATION

(a) Vocational Student Organization Center		191,200
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	1980	1981
	\$	\$
(b) Vocational Curriculum Services ..		455,000

This appropriation is for a consolidation of the two programs formerly known as the Minnesota Instructional Materials Center and the Curriculum Articulation Center.

(c) Vocational Agricultural Coordinators	220,700
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(d) The amounts in (a), (b), and (c) shall be spent pursuant to agreements between the state board of education and the recipients. The agreements are not subject to the contract approval procedures of the commissioner of administration.

Until June 30, 1981, the recipient may charge fees to users of these services designed to cover the cost to the recipient of duplication and distribution, plus ten percent.

Sec. 25. HIGHER EDUCATION COORDINATION BOARD

(a) Scholarship and Grant-in-Aid Data Processing System	230,600
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This appropriation is available until June 30, 1981.

\$160,600 of this appropriation is available after a feasibility study of the system is completed and may be expended only with the approval of the governor after consultation with the legislative advisory commission.

(b) Study of Area Vocational-Technical Institutes	28,000
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In view of future enrollment trends, the higher education coordinating board, in cooperation with the state board for vocational education, shall conduct a study of

	1980	1981
	\$	\$

the area vocational-technical institutes and make recommendations in regard to:

(1) The mission of the area vocational-technical institutes and their relationship to other systems and institutions;

(2) The instructional programs and community services to be offered by the area vocational-technical institutes;

(3) The governance and structure of the area vocational-technical institutes;

(4) The financing policies and procedures of the area vocational-technical institutes;

(5) Other appropriate issues as necessary.

The board shall submit its report and recommendations to the legislature by February 1, 1981.

Sec. 26. STATE UNIVERSITY BOARD	175,000
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This appropriation is for a grant to Northern Minnesota Public Television, Incorporated, for the purchase of studio and production equipment and is available until June 30, 1981.

Sec. 27. TRANSPORTATION

(a) Transportation Finance Study Commission	60,000
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(b) Transit Assistance Grants	14,658,000	2,273,100
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\$11,500,000 the first year is for performance funding payments to the metropolitan transit commission for its regular route bus service program.

\$1,850,000 the first year is for a social fare reimbursement grant to the metro-

	1980	1981
	\$	\$

politan transit commission, of which no more than \$25,000 may be used by the commission for administrative expenses.

\$245,300 the first year and \$264,500 the second year is for subsidies to private operators within the metropolitan area.

\$1,062,700 the first year and \$2,008,600 the second year is for public transit subsidy grants outside the Twin Cities metropolitan area.

These appropriations are added to the appropriations for Transit Assistance Grants in Laws 1979, Extra Session Chapter 1, Section 4.

(c) Amtrack Rail Subsidy—Duluth-Twin Cities	475,000
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The appropriations in (a), (b), and (c) above are available until June 30, 1981.

Sec. 28. CORRECTIONS

(a) Minnesota Corrections Board	298,200
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Approved Complement — Add 9.5

(b) Crime Victim Services	39,000
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(c) Notwithstanding the provisions of Minnesota Statutes, Chapter 401, effective January 1, 1981 no county or group of counties participating in the Community Corrections Act shall be charged any per diem cost of confinement for adults sentenced to the commissioner of corrections for crimes committed on or after January 1, 1981.

Sec. 29. PUBLIC WELFARE

(a) Computer Costs	100,000	200,000
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If the appropriation for either year is insufficient, the appropriation for the other year is available, upon the advance approval of the commissioner of finance.

	1980	1981
	\$	\$

The commissioner of public welfare shall continue to operate the state hospital billing and accounts receivable system.

(b) Costs to Move Income Maintenance Bureau	238,000
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This appropriation is available until June 30, 1981.

(c) American Indian Chemical Dependency Program	500,000
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This appropriation is available until June 30, 1981.

(d) Hearing Impaired Program	50,000
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This appropriation is for a grant to Ramsey county for the St. Paul Ramsey mental health center for a statewide program including evaluation, consultation, training, care, and treatment for hearing impaired persons and their families, and training and consultation to staff members and others to increase skills and knowledge. This is a final and non-recurring appropriation.

(e) State Hospital Complement	4,200,000
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This appropriation provides funds to increase the approved state complement of the several state hospitals serving mentally retarded residents by 250 positions. All new positions herein granted shall be to serve the mentally retarded residents and shall be direct patient care positions, including, but not limited to, the classifications of human services technician, recreation aide, social work case aide and dental assistant. No new supervisor positions shall be added as a result of this appropriation. As the number of mentally retarded residents declines, the 1 to 8 staff to resident ratio shall be maintained. "Staff" as used here means the direct care state complement, on duty in the residential units. The authority granted in Laws 1979, Chapter 336, Section 2, Subdivision

	1980	1981
	\$	\$

5 for 120 human services technician positions above the approved complement is changed to 50 positions effective July 1, 1980.

(f) Notwithstanding the provisions of section 256.01, subdivision 2, clause (13), the commissioner of public welfare has the authority to operate the work equity program through December 1981.

(g) Family Subsidy Program	100,000
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This appropriation provides for participation by up to 35 additional families in the mentally retarded family subsidy program.

This appropriation is available until June 30, 1981.

(h) State Adoption Exchange	15,000
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This appropriation provides money to administer a photographic state adoption exchange.

This appropriation is available until June 30, 1981.

(i) Notwithstanding the provisions of Minnesota Statutes, Chapter 256E, a county board may delegate to a county welfare board established pursuant to Chapter 393, authority to provide, or approve contracts for the purchase of, the kinds of community social services that were provided or contracted for by county welfare boards prior to the enactment of Laws 1979, Chapter 324. Designation of the method for providing citizen participation in the planning process, final approval of the community social services plan and the distribution of community social services money shall be the responsibility of the county board.

(j) Services to Brain-Injured Persons	24,000
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	1980	1981
\$		\$

The commissioner of public welfare shall contract with an approved vendor to pay the costs of services provided to brain-injured persons. The commissioner shall contract with a neurosurgeon who is independent of the approved vendor to evaluate, initially and on or about March 1, 1981, each person for whom services are provided under this appropriation to ascertain the person's current stage of neurological development and prognosis for improvement. The neurosurgeon shall send a written report of each evaluation to the commissioner. For the purposes of this appropriation, "approved vendor" means the Institutes for the Achievement of Human Potential. The commissioner shall report to the legislature by April 1, 1981 on the implementation of this provision.

Sec. 30. HEALTH

(a) The appropriation in Laws 1978, Chapter 793, Section 28, Subdivision 4, relating to contaminated wells in St. Louis Park, is available until June 30, 1981.

(b) Grants under Laws 1979, Chapter 336, Section 7, for converting hospitals to nursing homes shall also be made to a publicly owned or nonproprietary organization or person if the facility was used as a licensed hospital at any time during the last three years and if it meets all other requirements for a grant.

\$40,000 of the appropriation in Laws 1979, Chapter 336, Section 7 for conversion of hospitals is transferred to the commissioner of public welfare to provide a grant for the establishment of a branch mental health clinic.

(c) Special Grants for Home Based Services for Elderly and Adult Physically Impaired Persons

500,000

This appropriation shall be spent in accordance with this act. None of this ap-

	1980	1981
	\$	\$

propriation may be used by the commissioner of health for administration of these special grants.

(d) THC Therapeutic Research Act . . . 100,000

Not more than \$10,000 of this appropriation may be used by the commissioner for administrative expenses. This appropriation is available until June 30, 1981.

Sec. 31. ECONOMIC SECURITY.

Notwithstanding the provisions of Laws 1979, Chapter 336, Section 3, the sum therein appropriated to the department for matching federal funds for the establishment of comprehensive services for independent living, is hereby made available to the department for the fiscal year beginning July 1, 1980, provided there is assurance of a minimum of 25 percent federal participation in the program. Any unexpended balance remaining in the first year for comprehensive services for independent living shall not cancel, but shall be available for the second year of the biennium. The division of vocational rehabilitation shall submit to the governor and the legislature by January 1, 1981 a report regarding comprehensive services for independent living in Minnesota.

Sec. 32. MINNESOTA HISTORICAL SOCIETY

Analysis of State Records	40,500
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This appropriation is added to the appropriation in Laws 1979, Chapter 337, Section 4, Subdivision 1, Paragraph (a).

Sec. 33. BOARD OF THE ARTS 500,000

This appropriation is for a grant to West Central Minnesota Educational Television Company to build or purchase office, studio and transmission facilities and to purchase production, transmission

	1980	1981
	\$	\$

and tower equipment. This appropriation is available only to match a federal grant from the National Telecommunications and Information Administration sufficient to cover 75 percent of total project costs, and the state share is limited to 15 percent of total project costs, but local and private money may cover 10 percent or a greater share of project costs.

This appropriation is available until December 1, 1981.

Sec. 34. [RETIREMENT CONTRIBUTIONS.]

Subdivision 1. EXECUTIVE DIRECTOR OF THE MINNESOTA STATE RETIREMENT SYSTEM

(a) Legislators' and their Surviving Spouses and Dependents, per Sections 3A.03, Subdivision 2; 3A.04, Subdivisions 3 and 4; and 3A.11	1,100,000
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(b) Supplemental Benefits for Former State Employees per Section 352.73	65,000
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(c) Constitutional Officers, Commissioners, and their Spouses and Dependent Children Benefits, per Section 352C.04, Subdivision 3; and 352C.09, Subdivision 2	85,700
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(d) Judges' Retirement State Contributions, per Section 490.123, Subdivision 1	2,110,000
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Subd. 2. BOARD OF TRUSTEES OF THE TEACHERS RETIREMENT FUND

(a) State University and Community College Supplemental Retirement, per Section 136.81, Subdivision 1; and Teachers Supplemental Benefits, per Section 354.55, Subdivision 5	1,352,500
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(b) Employer Contributions State-wide, per Section 354.43	78,297,000
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	1980	1981
\$		\$

Subd. 3. COMMISSIONER OF FINANCE

(a) Employer Contributions Duluth Teachers Retirement Fund Association, per Section 354A.12, Subdivision 2	1,337,000
(b) Employer Contributions Minneapolis Teachers Retirement Fund Association, per Section 354A.12, Subdivision 2	8,878,925
(c) Employer Contributions St. Paul Teachers Retirement Fund Association, per Section 354A.12, Subdivision 2	6,600,000
(d) Municipal Employees Retirement Fund per Minnesota Statutes, Section 422A.101, Subdivision 3	4,500,000

Subd. 4. COMMISSIONER OF PERSONNEL

Social Security Contributions for Educational Employees of Political Subdivisions, per Section 355.46	65,101,000
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Subd. 5. PUBLIC EMPLOYEES RETIREMENT ASSOCIATION

Supplemental Benefits per Section 353.83	61,400
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Sec. 35. Minnesota Statutes, 1979 Supplement, Section 3.3005, Subdivision 4, is amended to read:

Subd. 4. If federal money becomes available to the state for expenditure while the legislature is not in session, and the availability of money from that source or for that purpose or in that fiscal year could not reasonably have been anticipated and included in the governor's budget request, and an urgency requires that all or a portion of the money be allotted before the legislature reconvenes, *all or a portion of the* (AMOUNT OF) money (SUBJECT TO THE URGENCY) may be allotted to a state agency after it has submitted to the legislative advisory commission a request in the manner of a budget request and has received the commission's recommendation on it. Failure or refusal of the commission to make a recommendation within 30 days is deemed a negative recommendation.

Sec. 36. [FEDERAL MONEY REQUESTS, 1980 SESSION.]

Requests to spend federal money or to add federal complement submitted to the 1980 session of the legislature that were previously submitted to the legislative advisory commission are approved. Those not previously submitted to the legislative advisory commission are referred to the legislative advisory commission for review at its next meeting.

Sec. 37. Minnesota Statutes 1978, Section 3A.03, Subdivision 2, is amended to read:

Subd. 2. [REFUNDMENT.] (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a member of the legislature and has less than eight years service as a member of the legislature and is not receiving, has not received, or is not entitled to receive any allowance or benefit under sections 3A.01 to 3A.10 is entitled to receive upon application to the director a refundment of all contributions credited to his account without interest thereon. **(THE MONEYS REQUIRED FOR SUCH REFUNDMENTS ARE APPROPRIATED ANNUALLY TO THE DIRECTOR FROM THE GENERAL FUND IN THE STATE TREASURY.)**

(2) The refundment of contributions as provided in clause (1) above terminates all rights of a former member of the legislature or his survivors under sections 3A.01 to 3A.10. Should the former member of the legislature again be a member of the legislature after having taken a refundment as provided above, he shall be considered a new member. However, such new member may reinstate the rights and credit for service forfeited, provided the new member repays all refundments taken plus interest thereon at six percent per annum compounded annually.

(3) No person shall be required to apply for or accept a refundment.

Sec. 38. Minnesota Statutes 1978, Section 3A.04, Subdivision 3, is amended to read:

Subd. 3. [PAYMENT.] The surviving spouse's and dependent children's survivor benefits payable under this section **(ARE APPROPRIATED ANNUALLY TO THE DIRECTOR FROM THE GENERAL FUND IN THE STATE TREASURY, AND)** shall be paid by **(HIM)** the director monthly in the same manner as retirement allowances are authorized to be paid by sections 3A.01 to 3A.10.

Sec. 39. Minnesota Statutes 1978, Section 3A.04, Subdivision 4, is amended to read:

Subd. 4. [REFUNDS TO ESTATE.] Upon the death of a member of the legislature without a surviving spouse and without any dependents, a refundment of contributions of such de-

ceased member of the legislature shall be paid to the estate of the member upon application of the representative thereof. (SUCH MONEYS AS MAY BE NECESSARY TO CARRY OUT THE TERMS OF THIS PROVISION ARE APPROPRIATED ANNUALLY TO THE DIRECTOR FROM THE GENERAL FUND IN THE STATE TREASURY.)

This subdivision is applicable to an application for refundment covering contributions of a deceased member, regardless of when his death occurred.

Sec. 40. Minnesota Statutes 1978, Section 10A.01, Subdivision 10c, is amended to read:

Subd. 10c. "Noncampaign disbursement" means a purchase or payment of money or anything of value made, or an advance of credit incurred, by a political committee, political fund, or principal campaign committee for any purpose other than to influence the nomination or election of a candidate.

Noncampaign disbursement includes:

- (a) Payment for accounting and legal services;
- (b) Return of a contribution to the source;
- (c) Repayment of a loan made to the political committee, political fund, or principal campaign committee by that committee or fund;
- (d) Return of moneys from the state elections campaign fund;
- (e) Payment for food and beverages consumed at a fund-raising event;
- (f) Services for a constituent by a member of the legislature or a constitutional officer in the executive branch, performed from the beginning of the term of office to *60 days after* adjournment sine die of the legislature in the election year for the office held; and
- (g) A donation in kind given to the political committee, political fund, or principal campaign committee for purposes listed in clauses (e) and (f). The board shall determine whether an activity involves a noncampaign disbursement within the meaning of this subdivision.

Sec. 41. Minnesota Statutes 1978, Section 11.15, Subdivision 4, is amended to read:

Subd. 4. (ALL INTEREST AND PROFIT ACCRUING FROM ANY INVESTMENT OF THE STATE BOND FUND

SHALL BE CREDITED TO AND BE A PART OF THE STATE BOND FUND, AND ALL LOSS FROM THE SALE THEREOF AND ALL NECESSARY EXPENSES OF INVESTMENT AND REINVESTMENT SHALL BE CHARGED TO THAT FUND.) *Notwithstanding any other law to the contrary and unless otherwise required by covenants made for the security of bonds outstanding on the date of enactment and payable from the state bond fund, all interest and profit accruing after January 1, 1980, from any investment of the state bond fund is appropriated and shall be credited to and be a part of the general fund. All necessary expenses of investment and reinvestment of the state bond fund shall be charged to the state bond fund.*

Sec. 42. Minnesota Statutes 1978, Section 15.0597, Subdivision 3, is amended to read:

Subd. 3. [PUBLICATION OF AGENCY DATA.] The secretary of state shall provide for (PERIODIC) *annual* updating of the required data and shall annually arrange for the publication in the state register of the compiled data from all agencies on or about November 15 of each year. (BEGINNING IN 1979, THE COMPILATION MAY BE PUBLISHED TOGETHER WITH THE AGENCY DESCRIPTIONS REQUIRED BY SECTION 15.0412, SUBDIVISION 2.) Copies of the compilation shall be delivered to the governor and the legislature. Copies of the compilation shall be made available by the secretary to any interested person at cost, and copies shall be available for viewing by interested persons (AND FOR SALE). The chairman of an agency who does not submit data required by this section (OR SECTION 15.0412, SUBDIVISION 2,) or who does not notify the secretary of a vacancy in his agency, shall not be eligible for a per diem or expenses in connection with agency service until December 1 of the following year.

Sec. 43. Minnesota Statutes 1978, Section 15.0597, Subdivision 4, is amended to read:

Subd. 4. [NOTICE OF VACANCIES.] The chairman of an *existing* agency, (IN RESPECT TO VACANCIES IN EXISTING AGENCIES, OR THE APPOINTING AUTHORITY, IN RESPECT TO NEWLY CREATED AGENCY POSITIONS,) shall notify the secretary of a vacancy (WITHIN 15 DAYS AFTER THE OCCURRENCE OF THE VACANCY. EVERY 15 DAYS THE SECRETARY SHALL PREPARE A LIST OF ALL VACANCIES IN STATE AGENCIES, TOGETHER WITH A LIST OF THE VACANCIES SCHEDULED TO OCCUR WITHIN THE NEXT 45 DAYS AS A RESULT OF THE EXPIRATION OF MEMBERSHIP TERMS OR THE CREATION OF NEW AGENCY POSITIONS. THIS LISTING SHALL BE PUBLISHED IN THE NEXT AVAILABLE ISSUE OF THE STATE REGISTER, AND) *scheduled to occur in the agency as a result of the expiration of membership terms at least 45 days before the vacancy occurs. The chairman of an*

existing agency shall give written notification to the secretary of each vacancy occurring as a result of newly created agency positions and of every other vacancy occurring for any reason other than the expiration of membership terms as soon as possible upon learning of the vacancy and in any case within 15 days after the occurrence of the vacancy. The appointing authority for newly created agencies shall give written notification to the secretary of all vacancies in the new agency within 15 days after the creation of the agency. Every 21 days, the secretary shall publish in the state register a list of all vacancies of which the secretary has been so notified. Only one notice of a vacancy shall be so published, unless the appointing authority rejects all applicants and requests the secretary to republish the notice of vacancy. One copy of the listing shall be made available at the office of the secretary to any interested person. The secretary shall distribute by mail copies of the listings to requesting persons. The listing for all vacancies scheduled to occur in the month of January shall be published in the state register together with the compilation of agency data required to be published pursuant to subdivision 3.

Sec. 44. Minnesota Statutes 1978, Section 15.0597, Subdivision 5, is amended to read:

Subd. 5. [NOMINATIONS FOR VACANCIES.] Any person may nominate himself to be appointed to an agency vacancy by completing an application on a form prepared and distributed by the secretary. Any person or group of persons may, on (A SIMILAR) *the prescribed* application form, nominate another person to be appointed to a vacancy so long as the person so nominated consents in writing on the application form to the nomination. The application form shall specify the nominee's name, mailing address, telephone number, preferred agency position sought, a statement that the nominee satisfies any legally prescribed qualifications, and any other information the nominating person feels would be helpful to the appointing authority. The application form shall permit the nominating person at his discretion to indicate the nominee's sex, political party preference or lack thereof, race and national origin. If a person submits an application at (THE BEHEST OF OR UPON) the suggestion of an appointing authority, the person shall so indicate on the application form. (THE SECRETARY SHALL, UPON 15) *Twenty-one* days after publication of a vacancy in the state register (OR UPON 15 DAYS PRIOR TO A SCHEDULED VACANCY, WHICHEVER DATE OCCURS FIRST,) *pursuant to subdivision 4, the secretary shall* submit copies of all applications received for a position to the appointing authority charged with filling the vacancy. If no applications have been received by the secretary for the vacant position by the date he is required to submit copies to the appointing authority, he shall so inform the appointing authority. Applications received by the secretary shall be deemed to have expired one year after receipt of the application (OR UPON APPOINT-

MENT AND, IF REQUIRED, ADVICE AND CONSENT BY THE SENATE TO A VACANCY, WHICHEVER OCCURS FIRST). An application for a particular agency position shall be deemed to be an application for all vacancies in that agency occurring prior to the expiration of the application *and shall be public information.*

Sec. 45. Minnesota Statutes 1978, Section 15.0597, Subdivision 6, is amended to read:

Subd. 6. [APPOINTMENTS.] In making an appointment to a vacant agency position, the appointing authority shall consider applications for positions in that agency supplied by the secretary. No appointing authority may appoint someone to a vacant agency position until (1) ten days after receipt of the applications for positions in that agency from the secretary or (2) receipt of notice from the secretary that no applications have been received for vacant positions in that agency. *At least five days before the date of appointment,* the appointing authority shall issue a public announcement and inform the secretary *in writing* of the name of the person the appointing authority intends to appoint to fill the agency vacancy (AT LEAST FIVE DAYS BEFORE THE DATE OF APPOINTMENT) *and the expiration date of that person's term.* If the appointing authority intends to appoint a person other than one for whom an application was submitted pursuant to this section, the appointing authority shall complete an application form on behalf of the appointee and submit it to the secretary *indicating on the application that it is submitted by the appointing authority.* If the appointment requires the advice and consent of the senate, the secretary shall, prior to consideration by the senate of the appointment, supply the president of the senate with a copy of the application, together with a copy of any documents which the appointee is required by virtue of his appointment to submit to the ethical practices board. With respect to the ethical practices board, the secretary shall also submit a copy of the application and documents to the speaker of the house of representatives prior to consideration of the appointment by the house of representatives.

Sec. 46. Minnesota Statutes 1978, Section 15.0597, Subdivision 7, is amended to read:

Subd. 7. [REPORT.] Together with the compilation required in subdivision 3, the secretary shall annually deliver to the governor and the legislature a report containing the following information:

(a) *The number of vacancies occurring in the preceding year;*

(b) *The number of vacancies occurring as a result of scheduled ends of terms, unscheduled vacancies and the creation of new positions;*

(c) Breakdowns by county, legislative district and, if known, the sex, political party preference or lack thereof, race and national origin, for members whose agency membership terminated during the year and appointees to the vacant positions; and

(d) The number of vacancies filled from applications submitted by (1) the appointing authorities for the positions filled, (2) nominating persons and self-nominees who submitted applications at (THE BEHEST OF OR UPON) the suggestion of appointing authorities, and (3) all others.

Sec. 47. Minnesota Statutes 1978, Section 15.50, Subdivision 1, is amended to read:

15.50 [CAPITOL AREA ARCHITECTURAL AND PLANNING BOARD.] Subdivision 1. (a) The legislature finds that the purposes of the board are to (1) preserve *and enhance* the dignity, beauty and architectural integrity of the capitol, the buildings immediately adjacent to it (AND), the capitol grounds, *and the capitol area*; (2) protect, enhance, and increase the open spaces within the capitol area when deemed necessary and desirable for the improvement of the public enjoyment thereof; (3) develop proper approaches to the capitol area for pedestrian movement, the highway system, and mass transit system so that the area achieves its maximum importance and accessibility; and (4) establish a flexible framework for growth of the capitol buildings which will be in keeping with the spirit of the original design.

(b) (A) *The capitol area architectural and planning board, herein referred to as the board, (CONSISTING) consists of (SEVEN) ten members (IS HEREBY CREATED). The lieutenant governor shall be a member of the board. Three members shall be appointed by the governor by and with the advice and consent of the senate; three members, one of whom shall be a resident of the district planning council area containing the capitol area, shall be appointed by the mayor of the city of Saint Paul, with the advice and consent of the city council. The speaker of the house shall appoint a member of the house of representatives and the president of the senate shall appoint one senator to be members of the board. Each person appointed to the board shall qualify by taking the oath of office. (EFFECTIVE FOLLOWING THE END OF TERMS OF MEMBERS EXPIRING JUNE 30, 1975, THE NUMBER OF MEMBERS TO BE APPOINTED BY THE GOVERNOR SHALL INCREASE TO FOUR AND THE NUMBER OF MEMBERS TO BE APPOINTED BY THE MAYOR OF THE CITY OF SAINT PAUL SHALL DECREASE TO TWO.)*

(c) The lieutenant governor is the chairman of the board. The attorney general is the legal advisor to the board. The board may elect a vice-chairman who may preside at meetings in the

absence of the lieutenant governor and such other officers as it may deem necessary to carry out its duties.

(d) The board shall select an executive secretary to serve the board. It may employ such other officers and employees as it may deem necessary all of whom shall be in the classified service of the state civil service. The board may contract for professional and other similar service on such terms as it may deem desirable.

Sec. 48. Minnesota Statutes 1978, Section 15.50, Subdivision 2, is amended to read:

Subd. 2. (a) The board shall prepare, prescribe, and from time to time amend a comprehensive use plan for the capitol area, herein called the area which shall initially consist of that portion of the city of Saint Paul comprehended within the following boundaries: Beginning at the point of intersection of the centerline of the Arch-Pennsylvania freeway and the centerline of Marion Street, thence southerly along the centerline of Marion Street to the north line of the right-of-way of Interstate Highway 94, thence easterly along the said north line to the centerline of Cedar Avenue, thence southeasterly along the centerline of Cedar Avenue to the centerline of Tenth Street, thence northeasterly along the centerline of Tenth Street to the centerline of Minnesota Street, thence northwesterly along the centerline of Minnesota Street to the centerline of Eleventh Street, thence northeasterly along the centerline of Eleventh Street to the centerline of Jackson Street, thence northwesterly along the centerline of Jackson Street to the centerline of the Arch-Pennsylvania freeway extended, thence westerly along the centerline of the Arch-Pennsylvania freeway extended and Marion Street to the point of origin. Pursuant to the comprehensive plan, or any portion thereof, the board may regulate, by means of zoning regulations adopted pursuant to the administrative (PROCEDURES) *procedure act*, the kind, character, height, and location, of buildings and other structures constructed or used, the size of yards and open spaces, the percentage of lots that may be occupied, and the uses of land, buildings and other structures, within the area. *To protect and enhance the dignity, beauty and architectural integrity of the capitol area, the board is further empowered to include in its zoning rules design review procedures and standards with respect to any proposed construction activities in the capitol area significantly affecting the dignity, beauty and architectural integrity of the area. No person shall undertake these construction activities as defined in the board's rules in the capitol area unless he has first submitted construction plans to the board, obtained a zoning permit from the board and received a written certification from the board specifying that he has complied with all design review procedures and standards.* (THE) Violation of (SUCH) the zoning regulations (SHALL BE) *is a misdemeanor. The board may, at its option, proceed to abate any (SUCH) violation by injunction. The board and the city of St. Paul shall cooperate in assuring that the area*

adjacent to the capitol area is developed in a manner that is in keeping with the purpose of the board and the provisions of the comprehensive plan.

(b) The commissioner of administration shall act as a consultant to the board with regard to the physical structural needs of the state. He shall make studies and report the results to the board when they request him to do so for their planning purpose.

(c) No public building, street, parking lot, or monument, or other construction shall be built or altered on any public lands within the area unless the plans for the same conforms to the comprehensive use plan as specified in clause (d) and to the requirement for competitive plans as specified in clause (e). No alteration substantially changing the external appearance of any existing public building approved in the comprehensive plan or the exterior or interior design of any proposed new public building the plans for which were secured by competition under clause (e), may be made without the prior consent of the board. The commissioner of administration shall consult with the board regarding internal changes having the effect of substantially altering the architecture of the interior of any proposed building.

(d) The comprehensive plan shall show the existing land uses and recommend future uses including: areas for public taking and use; zoning for private land and criteria for development of public land, including building areas and open spaces; vehicular and pedestrian circulation; utilities systems; vehicular storage; elements of landscape architecture. No substantial alteration or improvement shall be made to public lands or buildings in the area save with the written approval of the board.

(e) The board shall secure by competitions, plans for any new public building. Plans for any comprehensive plan, landscaping scheme, street plan, or property acquisition, which may be proposed, or for any proposed alteration of any existing public building, landscaping scheme or street plan may be secured by a similar competition. Such competition shall be conducted under rules prescribed by the board and may be of any type which meets the competition standards of the American Institute of Architects. Designs selected shall become the property of the state of Minnesota and the board may award one or more premiums in each such competition and may pay such costs and fees as may be required for the conduct thereof. At the option of the board, plans for projects estimated to cost less than (\$500,000) \$1,000,000 may be approved without competition provided such plans have been considered by the (ARCHITECTURAL) advisory committee described in clause (f). Plans for projects estimated to cost less than (\$200,000) \$400,000 and for construction of streets need not be considered by the (ARCHITECTURAL) advisory committee if in conformity with the comprehensive plan.

(f) The board shall not adopt any plan under clause (e) (HEREOF) unless it (SHALL) first (RECEIVE) *receives* the comments and criticism of (A) *an advisory* committee of three (ARCHITECTS) *persons, each of whom is either an architect or a planner*, who have been selected and appointed as follows: one by the board of the arts, one by the board, and one by Minnesota Society of the American Institute of Architects. Members of (SUCH) *the* committee shall not be contestants under clause (e) (HEREOF). (SUCH) *The* comments and criticism shall be a matter of public information. (SUCH) *The* committee shall advise the board on all architectural and planning matters. For that purpose:

(1) (SUCH) *The* committee shall be kept currently informed concerning, and have access to, all data, including all plans, studies, reports and proposals, relating to the area as the same are developed or in the process of preparation whether by the commissioner of administration, the state planning director, the metropolitan council, the city of Saint Paul, or by any architect, planner, agency or organization, public or private, retained by the board or not retained and engaged in any work or planning relating to the area. A copy of any such data prepared by any public employee or agency shall be filed with the board promptly upon completion;

(2) The board may employ such stenographic or technical help as may be reasonable to assist (SUCH) *the* committee to perform its duties;

(3) When so directed by the board (; SUCH), *the* committee may serve as, and any member or members thereof may serve on, the jury or as professional advisor for any architectural competition. The board shall select the architectural advisor and jurors for any competition with the advice of the committee *and*

(4) *The city of St. Paul shall advise the board.*

(g) The comprehensive plan for the area shall be developed and maintained in close cooperation with the state planning agency and the planning department and the council for the city of Saint Paul and the board of the arts, and no such plan or amendment thereof shall be effective without 90 days' notice to the planning department of the city of Saint Paul and the board of the arts.

(h) The board and the commissioner of administration jointly, shall prepare, prescribe, and from time to time revise standards and policies governing the repair, alteration, furnishing, appearance and cleanliness of the public and ceremonial areas of the state capitol building. Pursuant to this power, the board shall consult with the director of the Minnesota state historical society and receive his advice regarding the historic fidelity of plans for the capitol building. The standards and policies de-

veloped as herein provided shall be binding upon the commissioner of administration. The provisions of sections 15.0411 to 15.0426 shall not apply to this clause.

(i) The board in consultation with the commissioner of administration shall prepare and submit to the legislature and the governor no later than October 1 of each even-numbered year a report on the status of implementation of the comprehensive plan together with a program for capital improvements and site development, and the commissioner of administration shall provide the necessary cost estimates for (SUCH A) *the* program.

(j) The state shall, by the attorney general upon the recommendation of the board and within appropriations available for that purpose, acquire by gift, purchase or eminent domain proceedings any real property situated in the area described in this section and it shall also have the power to acquire an interest less than a fee simple interest in the property, if it finds that it is needed for future expansion or beautification of the area.

(k) The board is the successor of the state veterans' service building commission, and as such may adopt regulations and may reenact the regulations adopted by its predecessor under Laws 1945, Chapter 315, and acts amendatory thereof.

(l) The board shall meet at the call of the chairman and at such other times as it may prescribe.

(m) The commissioner of administration (IS AUTHORIZED TO AND) shall assign quarters in the state veterans service building to (1) the department of veterans affairs of which such part as the commissioner of administration and commissioner of veterans affairs may mutually determine shall be on the first floor above the ground and (2) the American Legion, Veterans of Foreign Wars, Disabled American Veterans, Military Order of the Purple Heart, United Spanish War Veterans, Veterans of World War I and their auxiliaries, incorporated, or when incorporated, under the laws of the state, and (3) as space becomes available to such other state departments and agencies as he may deem desirable.

Sec. 49. Minnesota Statutes, 1979 Supplement, Section 15A.-083, Subdivision 4, is amended to read:

Subd. 4. [RANGES FOR OTHER JUDICIAL POSITIONS.] Salaries or salary ranges are provided for the following positions in the judicial branch of government. The appointing authority of any position for which a salary range has been provided shall fix the individual salary within the prescribed range, considering the qualifications and overall performance of the employee. Appointments to fill vacancies shall not be made above the midpoint of the salary range prescribed for the position unless the (PERSONNEL BOARD) *state court administrator* has

been consulted in advance and (ITS) *his* approval obtained. Any salary increase that would adjust an employee's rate of pay beyond the midpoint of the range prescribed for the position must be approved in advance by the (PERSONNEL BOARD) *state court administrator*.

Salary or Range		
	Effective July 1, 1979	Effective July 1, 1980
Public defender	\$37,500	\$40,000
District administrator	27,000-37,500	28,500-40,000
County Attorneys council executive director	22,000-32,000	23,500-34,000
Board on judicial standards executive director	36,000	38,000
State court administrator	44,500	47,000

Sec. 50. Minnesota Statutes 1978, Section 16.02, Subdivision 10, is amended to read:

Subd. 10. To rent land and other premises when necessary for state purposes. (NO SUCH LAND OR PREMISES SHALL BE RENTED FOR A TERM EXCEEDING TWO YEARS AT A TIME; EXCEPT THAT, WITH THE APPROVAL OF THE LEGISLATIVE ADVISORY COMMISSION,) The commissioner may lease land or premises for a term not exceeding five years, subject to cancellation upon 30 days written notice by the state for any reason except rental of other land or premises for the same use; provided further that the rental of non-state owned land and buildings, or substantial portions thereof, by the commissioner within the capitol area as defined in section 15.50 shall not take place unless the commissioner first consults with the capitol area architectural and planning board. Lands needed by the department of transportation for storage of vehicles or road materials may be rented for a term not exceeding five years (WITHOUT THE APPROVAL OF THE LEGISLATIVE ADVISORY COMMISSION), such leases for terms over two years being subject to cancellation upon 30 days written notice by the state for any reason except rental of other land or premises for the same use.

Sec. 51. Minnesota Statutes 1978, Chapter 16, is amended by adding a section to read:

[16.095] [CONTRACTS-VENDORS RECORDS SUBJECT TO EXAMINATION.] A contract made by or under the supervision of the commissioner of administration, any state department or agency, or any county or unit of local government shall include an audit clause that provides that the books, records, documents, and accounting procedures and practices of the contractor relevant to the contract are subject to examination by the contracting department or agency, and either the legislative auditor or the state auditor as appropriate.

Sec. 52. Minnesota Statutes 1978, Chapter 16, is amended by adding a section to read:

[16.955] [COMPUTER ACTIVITIES; EVALUATION; APPROVAL; SYSTEM DEVELOPMENT METHODOLOGY.]
Subdivision 1. [DEFINITIONS.] For the purposes of this section the following terms have the meaning given them.

(a) "Computer activity" means the development or acquisition of a data processing device or system.

(b) "Data processing device or system" means any equipment or computer programs, including but not limited to computer hardware, firmware, software, and communication protocol, used in connection with the processing of information via electronic data processing means, and includes data communication devices used in connection with computer facilities for the transmission of data.

(c) "State agency" means any state officer, employee, board, commission, authority, department or other agency of the executive branch of state government, but not including the University of Minnesota.

Subd. 2. [EVALUATION PROCEDURE.] By January 1, 1981, the commissioner of administration shall establish and, as necessary, update and modify procedures to evaluate computer activities proposed by state agencies. The procedures shall evaluate the necessity, design and plan for development, ability to meet user requirements, feasibility, and flexibility, of the proposed data processing device or system, its relationship to other state data processing devices or systems, and its costs and benefits when considered by itself and when compared with alternative solutions.

Subd. 3. [EVALUATION AND APPROVAL REQUIREMENTS.] A state agency shall not undertake a computer activity until the activity has been evaluated according to the procedures developed pursuant to subdivision 2 and the commissioners of administration and finance have given written approval of the proposed activity. If a proposed computer activity is not approved, the commissioner of finance shall cancel the

unencumbered balance of any appropriation allotted from the activity. The commissioners of administration and finance may delegate their respective approval powers regarding computer activities to the head of another agency including the agency seeking approval where delegation is deemed appropriate.

Subd. 4. [REPORT TO LEGISLATURE.] If a proposed computer activity is approved, the commissioners of administration and finance shall submit to the legislature a concise narrative explanation of the computer activity and a request for any additional appropriation necessary to complete the activity.

Subd. 5. [SYSTEM DEVELOPMENT METHODOLOGY.] By January 1, 1981, the commissioner of administration shall establish and, as necessary, update and modify a methodology for the development of approved data processing systems by state agencies. The development methodology shall be used to define the design, programming, and implementation of approved data processing systems. The development methodology shall also enable and require a data processing system to be defined in terms of its computer programs, input requirements, output formats, administrative procedures, and processing frequencies.

Subd. 6. [SYSTEM DEVELOPMENT METHODOLOGY REQUIREMENTS.] A state agency shall not develop, improve or modify of a data processing system using any methodology other than that established by the commissioner of administration.

Sec. 53. Minnesota Statutes 1978, Section 16.854, Subdivision 1, is amended to read:

16.854 [STATE BUILDING INSPECTOR.] Subdivision 1. [APPOINTMENT.] (AS SOON AFTER JULY 1, 1971, AS IS POSSIBLE) The commissioner shall appoint a state building inspector who under the direction and supervision of the commissioner shall administer the code. (THE STATE BUILDING INSPECTOR SHALL SERVE AT THE PLEASURE OF THE COMMISSIONER WITHIN THE DEPARTMENT OF ADMINISTRATION AND SHALL BE IN THE UNCLASSIFIED SERVICE OF THE STATE.)

Sec. 54. Minnesota Statutes 1978, Chapter 16A, is amended by adding a section to read:

[16A.065] [ADVANCE PAYMENTS AND DEPOSITS.] Notwithstanding any other law to the contrary, the commissioner of finance may allow advance deposits or payments by any department for the procurement of software or software maintenance services for state-owned or leased electronic data processing equipment.

Sec. 55. Minnesota Statutes, 1979 Supplement, Section 16A.-126, is amended to read:

16A.126 [COMMISSIONER TO APPROVE BILLING RATES FOR REVOLVING FUNDS.] The commissioner of finance shall approve the rates at which services are billed state departments or agencies by any revolving fund. In order to reduce revolving fund reserves maintained for unforeseen needs and thereby reduce the rates which using agencies must pay, the commissioner may transfer moneys not otherwise appropriated in the general fund to a revolving fund if, in the commissioner's judgment, a bona fide, immediate expenditure is necessary and if there are insufficient moneys in the revolving fund to meet the expenditure. *Any money so transferred for the purchase of equipment shall be repaid to the general fund in installments over its useful life on a schedule established by the commissioner of finance. Other moneys so transferred shall be repaid to the general fund on a schedule established by the commissioner of finance but within a period not to exceed five years.*

Sec. 56. Minnesota Statutes 1978, Section 16A.131, is amended to read:

16A.131 [SALARY DEDUCTIONS, AUTHORIZATION.] *Subdivision 1.* Every officer and employee of the state may purchase and pay for bonds, stamps, and other securities issued by the federal government by directing in writing to the appropriate officer of the department where he is employed that deductions of the amount specified by him be made from his salary. The head of each department of the state is hereby required to cause such deduction to be made from the salary of each said persons on every payroll abstract and to approve one voucher payable to the state treasurer for the aggregate amount so deducted from the salaries covered by said payroll abstract, provided that deductions from salaries of officers or employees paid direct by any institution or agency of the state shall be made by the officer or employee authorized by law to pay such salaries, and remitted by him to the director by check payable to the state treasurer with a statement showing the amount of each of such deductions and the names of the officers and employees on whose account the same have been made. The money so deposited with the state treasurer shall be paid out on authorization of the governor by state warrant payable to the proper federal authority or to the officer or employee from whose salary the money was deducted, as the case may require.

Subd. 2. The commissioner of finance, with the written consent of a state employee, may deduct from the salary of the employee a sum agreed to by the employee for the purchase of mass transit ridership cards. The commissioner of finance shall deposit all money resulting from these payroll deductions in the special account authorized by section 16.72, subdivision 7.

Sec. 57. Minnesota Statutes 1978, Chapter 16A, is amended by adding a section to read:

[16A.19] [RETIREMENT APPROPRIATIONS; DEFICIENCIES.] *In the event that a direct appropriation for retirement contributions, benefits, or administrative expenses, or for social security contributions pursuant to section 355.46, is insufficient to meet the state's obligation under the program for which it is made for the fiscal year for which it is made, the agency to whom the appropriation was made shall certify to the committee on finance of the senate, the committee on appropriations of the house of representatives, and the commissioner of finance the amount necessary to meet the deficiency. Upon this certification, the commissioner of finance shall transfer the necessary amounts to the appropriate accounts. The amount necessary to make the transfer is appropriated from the general fund in the state treasury to the agency to whom the transfer is made.*

Sec. 58. Minnesota Statutes 1978, Section 16A.67, Subdivision 1, is amended to read:

16A.67 [CERTIFICATES OF INDEBTEDNESS.] Subdivision 1. For the purpose of supplying deficiencies in the general fund certificates of indebtedness of the state may be issued in accordance with the provisions of Article II, Section 6, of the Constitution and the further provisions of this section. No such deficiency is deemed to exist by reason of the fact that expenditures pursuant to appropriation and allotment for a particular purpose may at any time exceed the cash receipts from any source of special revenue appropriated to the fund for such purpose, notwithstanding that a "fund" may have been created by law for such purpose and may have been established by the commissioner of finance as a bookkeeping account in the general books of account of the state for the purpose of reflecting the revenues deposited and expenditures appropriated for such purpose in accordance with the provisions of section 16A.53. A deficiency shall be deemed to exist only when the total amount of outstanding warrants drawn on (SUCH) *the general fund*, pursuant to appropriation and allotment for all purposes and accounts of the fund, exceeds the cash balance in the fund. In this event a deficiency shall be deemed to exist in the general fund, notwithstanding that there may then be a balance of cash or investments on hand in one or more special or dedicated funds created by the Constitution or required to be created and maintained as separate funds by federal law or by rules or regulations promulgated by federal authority pursuant thereto; and this section does not authorize a transfer of money from any of *those* special or dedicated (FUND) *funds* to the general fund, except by the issuance and sale of certificates of indebtedness as herein provided.

Sec. 59. Minnesota Statutes 1978, Section 16A.721, is amended to read:

16A.721 [FEES FROM SEMINARS AND WORKSHOPS.] The commissioner of finance may adopt rules for charging fees for seminars and workshops conducted by state agencies. The commissioner may establish an account for deposit of seminar and workshop fee receipts generated, which are appropriated for payment of expenses relating to the workshops and seminars. The commissioner shall not allow the unobligated balance of this account to exceed \$10,000. (THIS PROVISION APPLIES TO FISCAL YEAR 1979.)

Sec. 60. [PERSONNEL BOARD ABOLISHED; TRANSITION.] *The personnel board is abolished. Its duties and functions are transferred as provided for in this act. All employees of the board shall be reassigned to the department of personnel without loss of seniority, salary, benefits or other rights.*

Sec. 61. Minnesota Statutes 1978, Section 43.05, Subdivision 2, is amended to read:

Subd. 2. [SPECIFIED DUTIES.] The commissioner shall:

((1) ATTEND ALL MEETINGS OF THE BOARD;)

((2)) (1) Promulgate personnel rules for the purpose of carrying out the provisions of this chapter; these rules shall provide, among other things, for current records of efficiency, and standards of performance, for all employees subject to the provisions of this chapter; the manner of completing appointments and promotions; rejection of eligible candidates; examinations; retention of examination records under the provisions of section 138.163; creation of eligible lists, with successful candidates ranked according to their ratings in the examinations; leaves of absence with and without pay; transfers, reinstatements, layoffs, vacations, and hours of work; public notice of examinations; procedure for changes in rates of pay; compulsory retirement at fixed ages; and other conditions of employment. If a rule is made concerning sick leave for illness in the immediate family of an employee, the term "immediate family" shall be limited to the spouse, minor or dependent children, or parent where the parent has no other person to provide the necessary nursing care, living in the household of the employee;

((3)) (2) Operate an information system from which data can be retrieved concerning employees in agencies under his jurisdiction showing their employment histories including the date of appointment, demotion, reinstatement, increases or decreases in pay, the compensation and title of the position, changes in title, transfers, and separations from the service; and the commissioner shall have access to all public and private per-

sonnel data kept by an appointing authority, the examination of which will aid in the discharge of his duties;

((4)) (3) Prepare, in accordance with the provisions of this chapter and the rules adopted hereunder, examinations, eligible lists, and ratings of candidates for appointment;

((5)) (4) Make certifications for appointment within the classified service, in accordance with the provisions of this chapter;

((6)) (5) Make investigations concerning all matters touching the enforcement and effect of the provisions of this chapter and the personnel rules prescribed hereunder;

((7)) (6) Discharge such duties as are imposed upon him by this chapter;

((8)) (7) Establish, publish and continually review logical career paths in the classified civil service;

((9)) (8) Consider all requests for other than state appropriated funds from any state department or agency for personnel purposes all of which shall be submitted to him for comment before any such request is made of a federal, local, or private agency; and

((10)) (9) Prepare rules regulating the temporary designation of positions in the unclassified civil service;

((11)) (10) Review, establish or change titles for the positions in the unclassified civil service in the executive branch of state government except those established by law or by the constitution, to make titles descriptive of positions and consistent throughout the state service; and

((12)) (11) In conformance with the rule making provisions of chapter 15, promulgate a code of ethics establishing standards of conduct to be observed by state employees in the performance of their official duties.

Sec. 62. Minnesota Statutes 1978, Section 43.062, Subdivision 1, is amended to read:

43.062 [SALARY SETTING AUTHORITY.] Subdivision 1. [SALARY LISTING.] The (PERSONNEL BOARD) governor shall, on or before (NOVEMBER 15) *January 15* of each (EVEN) *odd* numbered year, submit to the (COMMISSIONER OF PERSONNEL) *legislature* a listing of salaries for the positions listed in sections 15A.081 and 15A.083 (AND FOR MEMBERS OF THE LEGISLATURE). The (BOARD) *governor*

may also recommend adding or deleting of positions from this list.

Sec. 63. Minnesota Statutes 1978, Section 43.062, Subdivision 2, is amended to read:

Subd. 2. [COMMITTEE TO CONSIDER ADVICE.] Before submitting the salary listing prescribed in subdivision 1 (TO THE COMMISSIONER OF PERSONNEL), the (PERSONNEL BOARD) *governor* shall consult with (THE GOVERNOR,) the commissioner of administration, the commissioner of finance, and the commissioner of personnel concerning the salary listing and shall give due consideration to the advice of these officers. Before submitting (TO THE COMMISSIONER OF PERSONNEL) a salary listing prescribed in subdivision 1 for an employee in the office of a constitutional officer, the (PERSONNEL BOARD) *governor* shall consult with the constitutional officer concerning the salary listing and shall give due consideration to the advice of the officer.

Sec. 64. Minnesota Statutes, 1979 Supplement, Section 43.062, Subdivision 3, is amended to read:

Subd. 3. [BASE SALARIES.] Except for positions for which salary ranges have been established, the salary listing shall contain a specific salary for each position defined in subdivision 1.

The (BOARD) *governor* shall determine only a fixed salary for the positions of the constitutional officers, executive secretary of the board of investment, the judge of the workers' compensation court of appeals and the commissioner of public service.

Sec. 65. Minnesota Statutes 1978, Section 43.065, is amended to read:

43.065 [SALARY REVIEW.] Subdivision 1. [SALARIES TO BE EQUITABLE.] When determining or recommending salaries for any position, the (PERSONNEL BOARD AND THE) *governor and the commissioner of personnel* shall assure that:

(1) Salaries in the classified and unclassified service bear equitable relationship to one another;

(2) Salaries among the various positions listed in section 15A.081, bear equitable relationships to one another; and

(3) Salaries for state positions bear equitable relationships to salaries for similar positions outside state service.

Salaries bear equitable relationships to one another within the meaning of this section if salaries for positions which require comparable knowledge, abilities, duties, responsibilities and accountabilities are comparable and if salaries for positions which require differing knowledge, abilities, duties, responsibilities and accountabilities are directly proportional to the knowledge, abilities, duties, and responsibilities required.

Subd. 2. [METHOD OF REVIEW.] In recommending the salary listing described in section 15A.081, the (BOARD) *governor* shall consider only those criteria established by subdivision 1 and shall not take into account personal performance of individual incumbents. The (BOARD) *governor* shall establish an objective system for quantifying knowledge, abilities, duties, responsibilities and accountabilities and in determining salary listings rate each position according to this system.

Subd. 3. [INFORMATION, CONSULTANTS.] Each department shall furnish the (BOARD) *commissioner* with any information which the (BOARD) *commissioner* may request to aid in the performance of its duties. Subject to appropriations, the (BOARD) *commissioner* may engage expert consultants.

Sec. 66. Minnesota Statutes 1978, Section 43.067, Subdivision 2, is amended to read:

Subd. 2. [DISCRETIONARY EXEMPTIONS.] The (PERSONNEL BOARD) *commissioner* may grant exemptions from the provisions of subdivision 1 in the case of individual persons. A salary increase authorized by other law by reason of seniority or cost of living adjustments shall not be sufficient reason to grant an exemption. The (BOARD) *commissioner* may grant an exemption upon application of the appointing authority, but only if the (BOARD) *commissioner* determines that the position requires special expertise necessitating a higher salary in order to attract or retain qualified persons. In no event may a salary exempted pursuant to this subdivision exceed 120 percent of the base salary of the position in respect to which the exemption was requested.

Sec. 67. Minnesota Statutes 1978, Section 43.068, is amended to read:

43.068 [GOVERNOR MAY FIX CERTAIN SALARIES.] The initial salary of a department head and any deputy of a department head occupying a position in the unclassified service hereafter established whose salary is not specifically prescribed by law shall be fixed by the governor, after consultation with the (PERSONNEL BOARD) *commissioner*, whose recommendation shall be advisory only, in an amount comparable to the salary of a department head or a deputy of a department head having similar duties and responsibilities.

Sec. 68. Minnesota Statutes, 1979 Supplement, Section 43.09, Subdivision 2a, is amended to read:

Subd. 2a. [ADDITIONAL UNCLASSIFIED POSITIONS.] Notwithstanding any other law to the contrary, the (PERSONNEL BOARD) *commissioner*, upon the request of the governor, is hereby authorized to establish permanent unclassified positions, or to unclassify previously classified positions, provided that:

(1) Positions so established involve only deputy or assistant heads of departments or agencies, or director level positions which are not specifically established by law, and who are appointed by and report directly to a head of a department or agency who is required by law to be appointed by the governor, or by a gubernatorially appointed board; as well as one position for a personal secretary of any head of a department or agency listed in clause (4).

(2) Classified incumbents of such positions, if any, are not removed from that position for a period of one year except under applicable provisions of rules and laws governing classified state employees. An incumbent of a position that is declassified pursuant to this subdivision, if he so requests within 120 days after being removed from that position, shall be appointed to a classified position comparable to the position that was declassified, or if such a position is unavailable, to a position comparable to that which he held immediately prior to being appointed to the position that was declassified. If a position is declassified and the incumbent at the time the position was declassified had no classified status immediately prior to the appointment to the position that was declassified, he shall, if he so requests within 120 days after being removed from that position, be appointed to a comparable or lower classified position within two salary ranges of the position that was declassified.

(3) If an employee in the classified civil service accepts a newly created unclassified position, he shall retain an inactive classified civil service status and, upon his request, shall be reappointed to a classified position comparable to that which he held immediately prior to being appointed to the unclassified position.

(4) Positions so established are limited in number to six in the departments of administration, corrections, economic security, finance, transportation, natural resources, public safety, public welfare, and revenue; to five in the departments of commerce, education, health, labor and industry, personnel and the housing finance agency; to four in the departments of agriculture, and economic development; to three in the department of public service, the planning agency, and the pollution control agency; and to two in the departments of human rights, the crime control planning board and veterans affairs. Departments or agencies not enumerated in this clause shall not be authorized to establish

additional unclassified positions under the provisions of this subdivision.

(5) Funds are available.

Sec. 69. Minnesota Statutes, 1979 Supplement, Section 43.15, Subdivision 1, is amended to read:

43.15 [AFFIRMATIVE ACTION; DISCRIMINATION FORBIDDEN.] Subdivision 1. **[STATEWIDE AFFIRMATIVE ACTION PROGRAM.]** In order to assure that positions in the state civil service are equally accessible to all qualified persons, and in order to eliminate the underutilization of qualified members of protected groups, the commissioner of personnel shall adopt and periodically revise as necessary a statewide affirmative action program covering all agencies in the executive branch. The commissioner shall designate a state director of equal employment opportunity to serve in the unclassified service and to whom may be delegated the preparation, revision and implementation of the program. The statewide program and any revisions thereto shall be adopted as rules and individual agency affirmative action plans adopted pursuant to the statewide program shall be in accordance with adopted rules. As used in this section, "protected group" means a group consisting of females, handicapped persons, and until 1989 veterans who served in the military service of this country during the period (JULY 1) *from August 5, 1964, to (DECEMBER 31, 1976) May 7, 1975,* and separated under honorable conditions from any branch of the armed forces of the United States: (a) after having served on active duty for 181 consecutive days or (b) by reason of disability incurred while serving on active duty, and who are permanent residents of the state of Minnesota, or members of the following minorities: Black, Hispanic, Asian or Pacific Islander, American Indian or Alaskan native.

Sec. 70. Minnesota Statutes, 1979 Supplement, Section 43.24, is amended to read:

43.24 [REMOVAL.] Subdivision 1. **[WRITTEN STATEMENT.]** No permanent employee in the classified service, under the provisions of this chapter or the rules made pursuant thereto, shall be removed, discharged, suspended without pay for more than 30 days, or reduced in pay or position, except for just cause. In case of any disciplinary action, as enumerated in this section, the employee shall, before the action is taken, be furnished with a statement, in writing, setting forth the reasons for the disciplinary action, be permitted five days time to reply thereto, in writing, or upon his request, to appear personally and reply to the head of the department. A copy of the statement and the employee's reply, if any, shall be filed with the commissioner prior to the effective date thereof. Any permanent employee in the classified service who is removed, discharged, suspended without pay for more than 30 days, or reduced in pay or position,

shall be notified no later than the effective date of the action of his right to appeal the action to the (BOARD) *chief hearing examiner of the state office of administrative hearings who shall assign a hearing examiner to hear the matter.*

Subd. 1a. [JUST CAUSE.] For the purposes of this section, "just cause" includes, but is not limited to, consistent failure to perform assigned duties, substandard performance, insubordination, and serious violation of written policies and procedures, provided the policies and procedures are applied in a uniform, non-discriminatory manner. "Just cause" excludes the religious beliefs, political beliefs, race, sex, disability status and age of the employee, subject however to mandatory retirement ages specified by law and excludes discharge for mere whim or caprice.

Subd. 2. [APPEAL TO BOARD; PUBLIC HEARINGS, FINDINGS, HEARING CONFERENCE.] Any permanent employee who is removed, discharged, suspended without pay for more than 30 days, or reduced in pay or position and who has not elected to proceed pursuant to a grievance procedure, if (SUCH) *the procedure is available, pursuant to sections 179.61 to 179.77, may appeal to the (BOARD) chief hearing examiner of the state office of administrative hearings who shall assign a hearing examiner to hear the matter within 30 days after the effective date of (SUCH) the removal, discharge, suspension or reduction in pay or position. In no event may an employee avail himself of both the procedure under this section and the grievance procedure under sections 179.61 to 179.77. Upon (SUCH) appeal, both the appealing employee and the appointing authority or their representatives shall meet with the hearing officer, at a place and on (SUCH) a date as set by him for the purpose of determining the facts at issue. Prior to the hearing conference, both parties may stipulate on mutually agreed matters relevant to the dismissal or other disciplinary action referred to in this subdivision. If the hearing officer is successful in reaching a mutually agreed settlement between both parties, such agreement shall be certified to the (BOARD) chief hearing examiner, with copies furnished to both parties, and (SUCH) the agreement, if approved by the (BOARD) chief hearing examiner, shall become binding on both parties. The hearing conference shall be conducted in such manner and follow such procedures as prescribed by the (BOARD) contested case provisions of chapter 15. The issues and facts on which agreement has not been reached will be decided during the hearing at which hearing technical rules of evidence shall not apply. If the (BOARD) hearing examiner finds that the action complained of was not taken by the appointing authority for just cause, the employee shall be reinstated to his position, or an equal position in another department or division, without loss of pay. If the (BOARD) hearing examiner finds that there exist sufficient grounds for institution of dismissal but extenuating circumstances are brought out in testimony and evidence, (IT) he may in (ITS) his discretion reinstate the employee, with full, partial, or no*

pay, or it may modify the appointing authority's action by substituting a lesser disciplinary action. The hearing officer shall recommend to the (BOARD) *chief hearing examiner* an appropriate disposition of the case. If no exceptions are made, the hearing officer's recommended disposition shall, at the option of the (BOARD) *chief hearing examiner*, become final. If exceptions are taken, the (BOARD) *chief hearing examiner*, upon a review of the record, may accept the officer's recommendations with or without additional oral or written evidence from the parties, may remand the case to the officer for further hearing, adopt the hearing officer's report with any changes warranted by the record, or issue its own report of findings and orders. In those cases in which the (BOARD) *chief hearing examiner* finds just cause for dismissal, the findings and recommendations of the (BOARD) *chief hearing examiner* shall be submitted to and considered by the appointing authority, who may, not later than 30 days after receipt of (SUCH) *the findings and recommendations*, reinstate the employee with or without pay for the period of suspension, or otherwise modify his original decision of suspension, demotion, or discharge. When any permanent employee is dismissed and not reinstated after appeal, the (BOARD) *chief hearing examiner* may direct that his name be placed on an appropriate reemployment list, for employment in any similar position other than the one from which he has been removed, which direction shall be enforced by the commissioner. *If the chief hearing examiner supports the agency decision, or if the agency refuses to accept the chief hearing examiner's recommendations, the employee may appeal as though from a contested case decision pursuant to chapter 15.*

Subd. 3. [REQUEST FOR WRITTEN STATEMENT.] When any such permanent employee shall be suspended without pay, he shall, within 30 days time after being notified of such disciplinary action, be furnished with a statement in writing specifically setting forth the reasons for the disciplinary action, and a copy of such statement shall then also be filed with the commissioner.

Sec. 71. Minnesota Statutes 1978, Section 43.323, Subdivision 1, is amended to read:

43.323 [PERSONNEL RULE; PROCEDURE.] Subdivision 1. When so authorized by law, the commissioner of personnel shall issue (,) *personnel rules or revisions* in conformance with the requirements of chapter 15 (,) PERSONNEL RULES, OR CHANGES THEREOF, AND SHALL SUBMIT SUCH PROPOSED RULES, OR CHANGES TO EXISTING RULES, TO THE PERSONNEL BOARD, FOR ITS OPINION WHICH SHALL BE ADVISORY ONLY).

(WITHIN THREE WEEKS AFTER RECEIPT OF SUCH PROPOSED RULES OR CHANGES TO EXISTING RULES, THE PERSONNEL BOARD SHALL FILE ITS OPINION ON

THE PROPOSED RULE OR RULE CHANGE WITH THE COMMISSIONER.)

(AFTER RECEIPT OF THE BOARD'S ADVISORY OPINION ON THE PROPOSED RULE OR CHANGE OF RULE, THE COMMISSIONER SHALL WITHIN SEVEN DAYS PROMULGATE OR WITHDRAW THE PROPOSED RULE OR PROPOSED CHANGE OF RULE.) A provision of an agreement entered into by the commissioner pursuant to section 179.74, subdivision 5 shall supersede the provisions of any rule or portion thereof which is inconsistent therewith.

Sec. 72. Minnesota Statutes 1978, Section 43.324, Subdivision 2, is amended to read:

Subd. 2. The recommendation of the commissioner as required by subdivision 1 shall include the recommendations (OF THE PERSONNEL BOARD) concerning salaries in the unclassified service or any modifications thereof which he has made. (BUT NO MODIFICATION OF THE PERSONNEL BOARD'S RECOMMENDATIONS SHALL BE MADE BY THE COMMISSIONER WITHOUT A WRITTEN EXPLANATION THEREFOR, AND IN NO EVENT MAY THE COMMISSIONER MAKE ANY CHANGES IN THE RECOMMENDATIONS OF THE PERSONNEL BOARD CONCERNING POSITIONS IN THE LEGISLATIVE AND JUDICIAL BRANCHES.)

Sec. 73. Minnesota Statutes 1978, Section 43.35, is amended to read:

43.35 [VIOLATIONS; PENALTIES.] Any (PERSONNEL) board member, the commissioner, or examiner or any other person,

(1) who wilfully or corruptly, by himself or in cooperation with one or more persons, defeats, deceives, or obstructs any person with respect to his rights of examination or application according to this chapter, or to any rules or regulations prescribed pursuant thereto, or

(2) who wilfully or corruptly falsely marks, grades, estimates, or reports upon the examination or proper standing of any person examined, registered, certified, employed, or promoted pursuant to the provisions of these sections, or aids in so doing, or who wilfully destroys any examination questions, answers, or records thereon of any applicant for civil service within a period of one year after any examination has been completed, or

(3) who wilfully or corruptly makes or files any false representations concerning the persons examined, registered, certified, appointed, employed, or promoted, or

(4) who wilfully or corruptly furnishes any person with any special or secret information for the purpose of either improving or injuring the prospects or chances of any person so examined, registered, or certified, being appointed, employed, or promoted, or

(5) who personates any other person, or permits or aids in any manner any other person to personate him in connection with any examination or registration, or application or request to be examined or registered, or

(6) who wilfully or corruptly shall appoint to a position in the classified service, or dismisses, suspends, reduces in rank or pay any officer or employee from any position in the classified service otherwise than in compliance with, and in conformity to, the provisions of this chapter and the rules and regulations of the commissioner of personnel adopted pursuant thereto, or

(7) who wilfully or corruptly refuses or neglects otherwise to comply with, or conform to, the provisions of this chapter and the rules and regulations made pursuant thereto, or violates any of these provisions, shall be deemed guilty of a misdemeanor and punished accordingly.

Any conviction under this section shall render the public officer or position held by the person so convicted vacant, and such person shall be ineligible to hold public office for a period of five years from the date of the conviction.

Sec. 74. Minnesota Statutes 1978, Section 62D.12, is amended by adding a subdivision to read:

Subd. 12. No health maintenance contract issued or renewed on or after July 1, 1980 shall contain any provision denying or reducing benefits because services are rendered to an insured or dependent who is eligible for or receiving medical assistance pursuant to chapter 256B or services pursuant to sections 252.27; 260.251, subdivision 1a; 261.27; or 393.07, subdivisions 1 or 2.

Sec. 75. Minnesota Statutes, 1979 Supplement, Section 82.21, Subdivision 1, is amended to read:

82.21 [FEES.] Subdivision 1. [AMOUNTS.] The following fees shall be paid to the commissioner:

(a) A fee of \$50 for each initial individual broker's license, and a fee of \$25 for each annual renewal thereof;

(b) A fee of \$25 for each initial salesperson's license, and a fee of \$10 for each annual renewal thereof;

(c) A fee of \$50 for each initial corporate or partnership license, and a fee of \$25 for each annual renewal thereof;

(d) A fee not to exceed (\$20) \$40 per year for payment to the education, research and recovery fund in accordance with section 82.34;

(e) A fee of \$10 for each transfer.

Sec. 76. Minnesota Statutes 1978, Section 82.34, is amended to read:

82.34 [REAL ESTATE EDUCATION, RESEARCH AND RECOVERY FUND.] Subdivision 1. There is established a "real estate education, research and recovery fund" to be administered by the commissioner of securities. The state treasurer shall be the custodian of the fund and shall operate under the direction of the commissioner.

Subd. 2. There is hereby created in the state treasury a real estate education, research and recovery fund which shall be administered by the commissioner in the manner and for the purposes prescribed in this section.

Subd. 3. Each real estate broker and real estate salesperson entitled under this chapter to renew his license, when renewing for the first time after July 1, 1973, shall pay in addition to the appropriate renewal fee a further fee of \$20 which shall be credited to the real estate education, research and recovery fund. Any person who receives a new real estate broker's or real estate salesperson's license after July 1, 1973 shall pay said fee of \$20 in addition to all other fees payable, provided that in no case shall any real estate broker or real estate salesperson be required under this subdivision to pay said fee of \$20 more than once. *The one time fee shall increase to \$40 for any person who receives a new real estate broker's or real estate salesperson's license after July 1, 1980. In addition each real estate broker or real estate salesperson when renewing his license after July 1, 1980, shall each time pay a fee of \$5 to be credited to the real estate education, research and recovery fund.*

Subd. 4. If at the end of any fiscal year prior to calendar year 1981 following the establishment of the real estate education, research and recovery fund, the amount remaining in the fund is less than \$200,000, every licensed real estate broker and real estate salesperson, when renewing his license, shall pay in addition to the annual renewal fee, a sum not to exceed \$20 said sum having been determined by the commissioner to be sufficient to restore the balance in the fund to at least \$200,000.

Commencing with calendar year 1981, not to exceed \$400,000 of the fund shall be available for recovery purposes to satisfy all claims authorized for payment each calendar year. This shall

be designated as the recovery portion of the fund. Commencing in calendar year 1981, if the amount remaining in the fund after payment of all amounts authorized during the preceding calendar year for payment to claimants is less than \$400,000 plus the amount appropriated pursuant to subdivision 6, every licensed real estate broker and real estate salesperson, when renewing his license, shall pay, in addition to the annual renewal fee and the \$5 fee set forth in subdivision 3, a sum not to exceed \$35, said sum having been reasonably determined by the commissioner to be necessary to restore the balance in the fund.

Subd. 5. Any funds (IN EXCESS OF \$200,000) shall, upon request of the commissioner, be invested by the state board of investment in the class of securities specified in section 11.16 and acts amendatory thereto. All interest and profits from such investments shall be credited to the real estate education, research and recovery fund. The state treasurer shall be the custodian of securities purchased under the provisions of this section.

Subd. 6. The commissioner (, IN HIS DISCRETION MAY USE ANY FUNDS IN EXCESS OF \$200,000) *may expend monies as appropriated for the following purposes:*

(a) To promote the advancement of education and research in the field of real estate for the benefit of those licensed under this chapter;

(b) To underwrite educational seminars and other forms of educational projects for the benefit of real estate licensees;

(c) To establish a real estate chair or courses at Minnesota state institutions of higher learning for the purpose of making such courses available to licensees and the general public;

(d) To contract for a particular educational or research project in the field of real estate to further the purposes of this chapter (.);

(e) To pay the costs of the real estate advisory council established under section 82.30; and

(f) To pay any reasonable costs and disbursements, excluding attorney's fees, incurred in defending actions against the real estate education, research and recovery fund including the cost of mailing or publication of notice pursuant to subdivision 12 and subdivision 14.

Subd. 7. When any aggrieved person obtains a final judgment in any court of competent jurisdiction against any person licensed under this chapter, on grounds of fraudulent, deceptive or dishonest practices, or conversion of trust funds arising directly out of any transaction when the judgment debtor was

licensed and performed acts for which a license is required under this chapter, and which cause of action occurred on or after July 1, 1973, the aggrieved person may, upon the judgment becoming final, and upon termination of all proceedings, including reviews and appeals, file a verified application in the court in which the judgment was entered for an order directing payment out of the (REAL ESTATE EDUCATION, RESEARCH AND) recovery *portion of the fund of the amount of actual and direct out of pocket loss in such transaction, but excluding interest on the loss and on any judgment obtained as a result of such loss*, up to the sum of \$20,000 of the amount unpaid upon the judgment, provided that nothing in this chapter shall be construed to obligate the fund for more than \$20,000 per transaction, *subject to the limitations set forth in subdivisions 12 and 14*, regardless of the number of persons aggrieved or parcels of real estate involved in such transaction. A copy of the verified application shall be served upon the commissioner and upon the judgment debtor, and a certificate or affidavit of such service filed with the court.

Subd. 8. The court shall conduct a hearing upon such application 30 days after service of the application upon the commissioner. Upon petition of the commissioner, the court shall continue the hearing up to 60 days further; and upon a showing of good cause may continue the hearing for such further period as the court deems appropriate. At the hearing the aggrieved person shall be required to show that:

(a) He is not a spouse of debtor, or the personal representative of such spouse;

(b) He has complied with all the requirements of this section;

(c) He has obtained a judgment as set out in subdivision 7, stating the amount thereof and the amount owing thereon at the date of the application;

(d) He has made all reasonable searches and inquiries to ascertain whether the judgment debtor is possessed of real or personal property or other assets, liable to be sold or applied in satisfaction of the judgment;

(e) By such search he has discovered no personal or real property or other assets liable to be sold or applied, or that he has discovered certain of them, describing them, owned by the judgment debtor and liable to be so applied, and that he has taken all necessary action and proceedings for the realization thereof, and that the amount thereby realized was insufficient to satisfy the judgment, stating the amount so realized and the balance remaining due on the judgment after application of the amount realized;

(f) He has diligently pursued his remedies against all the judgment debtors and all other persons liable to him in the transaction for which he seeks recovery from the real estate education, research and recovery fund;

(g) He is making said application no more than one year after the judgment becomes final, or no more than one year after the termination of any review or appeal of the judgment.

Subd. 9. Whenever the court proceeds upon an application as set forth in subdivision 7, it shall order payment out of the (REAL ESTATE EDUCATION, RESEARCH AND) recovery *portion of the fund* only upon a determination that the aggrieved party has a valid cause of action within the purview of subdivision 7 and has complied with the provisions of subdivision 8. The judgment shall be only prima facie evidence of such cause of action and for the purposes of this section shall not be conclusive. The commissioner may defend any such action on behalf of the fund and shall have recourse to all appropriate means of defense and review including examination of witnesses. The commissioner may move the court at any time to dismiss the application when it appears there are no triable issues and the petition is without merit. The motion may be supported by affidavit of any person or persons having knowledge of the facts, and may be made on the basis that the petition, and the judgment referred to therein, does not form the basis for a meritorious recovery claim within the purview of subdivision 7; provided, however, the commissioner shall give written notice at least ten days before such motion. The commissioner may, subject to court approval, compromise a claim based upon the application of an aggrieved party. He shall not be bound by any prior compromise or stipulation of the judgment debtor.

Subd. 10. The commissioner may defend any such action on behalf of the fund and shall have recourse to all appropriate means of defense and review, including examination of witnesses. The judgment debtor may defend any such action on his own behalf and shall have recourse to all appropriate means of defense and review, including examination of witnesses. Whenever an applicant's judgment is by default, stipulation, or consent, or whenever the action against the licensee was defended by a trustee in bankruptcy, the applicant shall have the burden of proving his cause of action for fraudulent, deceptive or dishonest practices, or conversion of trust funds. Otherwise, the judgment shall create a rebuttable presumption of the fraudulent, deceptive or dishonest practices, or conversion of trust funds. This presumption is a presumption affecting the burden of producing evidence.

Subd. 11. If the court finds after the hearing that said claim should be levied against the *recovery* portion of the fund (ALLOCATED FOR THE PURPOSE OF CARRYING OUT THE PROVISIONS OF THIS SECTION), the court shall enter

an order directed to the commissioner requiring payment from the (REAL ESTATE EDUCATION, RESEARCH AND) recovery portion of the fund of whatever sum it shall find to be payable upon the claim pursuant to the provisions of and in accordance with the limitations contained in this section.

Subd. 12. (a) Notwithstanding any other provision of this section, the liability of (THAT) *the recovery* portion of the (REAL ESTATE EDUCATION, RESEARCH AND RECOVERY) fund (ALLOCATED FOR THE PURPOSES OF THIS SECTION) *to all persons for all losses* shall not exceed (\$20,000) \$25,000 for any one licensee;

(b) If the (\$20,000) \$25,000 liability of the (REAL ESTATE EDUCATION, RESEARCH AND) recovery portion of the fund is insufficient to pay in full the valid claims of all aggrieved persons by whom claims have been filed against any one licensee, such (\$20,000) \$25,000 shall be distributed among them in the ratio that their respective claims bear to the aggregate of such valid claims or in such other manner as the court deems equitable. Distribution of such moneys shall be among the persons entitled to share therein, without regard to the order of priority in which their respective judgments may have been obtained or their claims have been filed. Upon petition of the commissioner, the court may require all claimants and prospective claimants against one licensee to be joined in one action, to the end that the respective rights of all such claimants to the (REAL ESTATE EDUCATION, RESEARCH AND) recovery portion of the fund may be equitably adjudicated and settled.

Subd. 13. Should the commissioner pay from the (REAL ESTATE EDUCATION, RESEARCH AND) recovery portion of the fund any amount in settlement of a claim or toward satisfaction of a judgment against a licensed broker or salesperson, the license of the broker or salesperson shall be automatically suspended upon the effective date of an order by the court as set forth herein authorizing payment from the (REAL ESTATE EDUCATION, RESEARCH AND) recovery portion of the fund. No such broker or salesperson shall be granted reinstatement until he has repaid in full, plus interest at the rate of (FOUR) 12 percent a year, *twice* the amount paid from the (REAL ESTATE EDUCATION, RESEARCH AND) recovery portion of the fund on his account, and has obtained a surety bond issued by an insurer authorized to transact business in this state in the amount of \$40,000. The bond shall be filed with the commissioner, with the state of Minnesota as obligee, conditioned for the prompt payment to any aggrieved person entitled thereto, of any amounts received by the real estate broker or salesperson or to protect any aggrieved person from loss resulting from fraudulent, deceptive or dishonest practices or conversion of trust funds arising out of any transaction when the real estate broker or salesperson was licensed and performed acts for which a license is required under this chapter. The bond shall remain

operative for as long as that real estate broker or salesperson is licensed. No payment shall be made from the recovery portion of the fund based upon claims against any broker or salesperson who is granted reinstatement pursuant to this subdivision. A discharge in bankruptcy shall not relieve a person from the penalties and disabilities provided in this section.

Subd. 14. (IF, AT ANY TIME, THE MONEY DEPOSITED IN THE REAL ESTATE EDUCATION, RESEARCH AND RECOVERY FUND AND ALLOCATED FOR PURPOSES OTHER THAN REAL ESTATE EDUCATION AND RESEARCH IS INSUFFICIENT TO SATISFY ANY DULY AUTHORIZED CLAIM OR PORTION THEREOF, THE COMMISSIONER SHALL, WHEN SUFFICIENT MONEY HAS BEEN DEPOSITED IN THE REAL ESTATE EDUCATION, RESEARCH AND RECOVERY FUND, SATISFY SUCH UNPAID CLAIMS OR PORTIONS THEREOF, IN THE ORDER THAT SUCH CLAIMS OR PORTIONS THEREOF WERE ORIGINALLY FILED, PLUS ACCUMULATED INTEREST AT THE RATE OF FOUR PERCENT A YEAR.) *The commissioner shall satisfy all claims against licensees for which an order pursuant to subdivision 11 directing payment from the recovery portion of the fund has become final during the calendar year. Each claim shall be satisfied by the commissioner in not less than 30 and not more than 90 days following the end of the calendar year in which the order directing payment of the claim becomes final, commencing with calendar year 1981. If, at the end of any calendar year, the commissioner determines that the courts have issued orders that have become final during the year directing payment out of the recovery portion of the fund in a total amount in excess of \$400,000, the commissioner shall allocate the \$400,000 available for recovery purposes among all claimants in the ratio that the amount ordered paid to each claimant bears to the aggregate of all amounts ordered paid. The commissioner shall mail notice of the allocation to all claimants not less than 45 days following the end of the calendar year. Any claimant who objects to the plan of allocation shall file a petition in the district court of Ramsey or Hennepin County within 20 days of the mailing of notice setting forth the grounds for objection. Upon motion of the commissioner the court shall summarily dismiss the petition and order distribution in accordance with the proposed plan of allocation unless it finds substantial reason to believe that the distribution would be in violation of the provisions of this section. If a petition is filed, no distribution shall be made except in accordance with a final order of the court. In the event no petition is filed within 20 days of the mailing of notice, the commissioner shall make a distribution in accordance with the plan of allocation. Any distribution made by the commissioner in accordance with this subdivision shall be deemed to satisfy and extinguish the claims of any claimant receiving a distribution against the recovery portion of the fund.*

Subd. 15. Any sums received by the commissioner pursuant to any provisions of this section shall be deposited in the state

treasury, and credited to the real estate education, research and recovery fund, and said sums shall be allocated exclusively for the purposes provided in this section. All moneys in the fund are appropriated annually to the commissioner for the purposes of this section.

Subd. 16. It shall be unlawful for any person or the agent of any person to knowingly file with the commissioner any notice, statement, or other document required under the provisions of this section which is false or untrue or contains any material misstatement of fact. Such conduct shall constitute a gross misdemeanor.

Subd. 17. When, upon the order of the court, the commissioner has paid from the (REAL ESTATE EDUCATION, RESEARCH AND) recovery *portion of the fund* any sum to the judgment creditor, the commissioner shall be subrogated to all of the rights of the judgment creditor to the extent of the amount so paid and the judgment creditor shall assign all his right, title and interest in the judgment to the extent of the amount so paid to the commissioner and any amount and interest so recovered by the commissioner on the judgment shall be deposited to the fund.

Subd. 18. Nothing contained in this section shall limit the authority of the commissioner to take disciplinary action against any licensee under other provisions of this chapter; nor shall the repayment in full of all obligations to the (REAL ESTATE EDUCATION, RESEARCH AND) recovery *portion of the fund* by any licensee nullify or modify the effect of any other disciplinary proceeding brought pursuant to the provisions of this chapter.

Subd. 19. The commissioner shall include in the annual report of the commerce commission pursuant to section 45.033, a report on the activities of the real estate education, research and recovery fund; noting the amount of money received by the fund, the amount of money expended and the purposes therefor.

Subd. 20. *Claims for which orders for payment have become final prior to January 1, 1981 shall be paid in accordance with Minnesota Statutes 1978, Section 82.34, but shall be subject to the limitations set forth in subdivisions 7 and 12. If at any time the amount deposited in the recovery portion of the fund is insufficient to satisfy any duly authorized claim or portion thereof for which an order directing payment has become final prior to January 1, 1981, the commissioner shall treat the unpaid claims or portions thereof as if entered pursuant to orders which become final in the calendar year 1981. Those claims shall be paid in accordance with the procedure set forth in subdivision 14 and shall be subject to the limitations set forth in subdivisions 4 and 14.*

Sec. 77. [APPROPRIATION.] *Subdivision 1. The sum of \$158,900 is appropriated from the real estate education, re-*

search, and recovery fund to the commissioner of securities for the purpose of section 82.34, subdivision 6, as amended by this act. This appropriation is available until June 30, 1981.

The approved complement for the department of commerce—securities division is increased by three positions upon termination of the university of Minnesota contract for real estate education activities.

Subd. 2. If the position of St. Cloud State University chair of real estate has not been filled by August 1, 1980, all further contractual obligations of the state are void and \$25,000 of this appropriation shall cancel and revert to the real estate education research and recovery fund. In this event, an additional \$25,000 within this appropriation is earmarked for repayment of any bona fide contractual expenses incurred by St. Cloud State University during the life of the contract.

Sec. 78. Minnesota Statutes 1978, Section 90.195, is amended to read:

90.195 [SPECIAL USE PERMIT.] The commissioner (, FOR A \$5 FEE,) may issue a permit to salvage or cut not to exceed 25 cords of fuelwood per year for personal use from either or both of the following sources: (1) Dead, down, and diseased trees; (2) other trees that are of negative value under good forest management practices. (SUCH) The permits may be issued for a period not to exceed one year. The commissioner shall charge a fee, not less than \$5, in an amount up to the stumpage current market value of fuelwood of similar species, grade, and volume that is being sold in the area where the salvage or cutting is authorized under the permit.

Sec. 79. Minnesota Statutes 1978, Section 94.10, Subdivision 1, is amended to read:

94.10 [SURVEYS, APPRAISALS AND SALE.] Subdivision 1. Before offering any surplus state owned lands for sale, the commissioner of administration may survey such lands, and if the value thereof is estimated to be (\$5,000) \$20,000 or less, may have such lands appraised. He shall have the lands appraised if the estimated value is in excess of (\$5,000) \$20,000. The appraisal shall be made by not less than three appraisers, at least two of whom shall be residents of the county in which the lands are situated. Each appraiser shall before entering upon the duties of his office take and subscribe an oath that he will faithfully and impartially discharge his duties as appraiser according to the best of his ability and that he is not interested directly or indirectly in any of the lands to be appraised or the timber or improvements thereon or in the purchase thereof and has entered into no agreement or combination to purchase the same or any part thereof, which oath shall

be attached to the report of such appraisal. Before offering such surplus state owned lands for public sale, such lands shall first be offered to the city, county, town, school district, or other public body corporate or politic in which the lands are situated for public purposes and they may be sold for such public purposes for not less than the appraised value thereof. To determine whether a public body desires to purchase the surplus land, the commissioner of administration shall publish notice describing the land on the same day of at least two successive weeks in a newspaper of general circulation in the county in which the land is located; however, the commissioner shall give a written notice to the governing body of each political subdivision whose jurisdictional boundaries include or are adjacent to the surplus land. If a public body desires to purchase the surplus land it shall submit a written offer to the commissioner not later than two weeks after the last published notice setting forth in detail its reasons for desiring to acquire and its intended use of the land. In the event that more than one public body tenders an offer, the commissioner shall determine which party shall receive the property, and he shall submit written findings regarding his decision. If lands are offered for sale for such public purposes, and if a public body notifies the commissioner of administration of its desire to acquire such lands, the public body may have not to exceed two years from the date of the accepted offer to commence payment for the lands in the manner provided by law.

Sec. 80. Minnesota Statutes 1978, Section 94.16, is amended to read:

94.16 [FUNDS, HOW DISPOSED OF.] All moneys received from the sale of such lands or lots shall be credited to the general fund of the state, *except that a portion of the proceeds from the sale equal in amount to the survey, appraisal, legal, advertising, and other expenses incurred by the commissioner of administration or other state official in rendering the property saleable shall be remitted to the account from which the expenses were paid, and are appropriated and immediately available for expenditure in the same manner as other money in the account.*

Sec. 81. Minnesota Statutes 1978, Section 97.431, Subdivision 4, is amended to read:

Subd. 4. [COMMISSIONER'S POWERS AND DUTIES.] Notwithstanding the provisions of any other law to the contrary, the commissioner of natural resources, on behalf of the state of Minnesota, shall take all actions, by order or otherwise, which are necessary to carry out the duties and obligations of the state of Minnesota arising from the agreement entered into by the parties to the settlement agreement. These actions include but are not limited to the following:

(a) The implementation of the exemption of members of the band and other members of the Minnesota Chippewa tribe from state laws relating to hunting, fishing, trapping, the taking of minnows and other bait, and the gathering of wild rice while within the reservation, together with exemption from related possession and transportation laws, to the extent necessary to effectuate the terms of the settlement agreement;

(b) The establishment of a system of special licenses and related license fees for persons who are not members of the Minnesota Chippewa tribe for the privilege of hunting, fishing, trapping, or taking minnows and other bait, within the reservation. All money collected by the commissioner for special licenses shall be deposited in the state treasury and credited to the Leech Lake Band and *White Earth Band* special license account, which is hereby created. All money in the state treasury credited to the Leech Lake Band and *White Earth Band* special license account, less any deductions for administrative costs authorized by the terms of the settlement agreement, is appropriated to the commissioner who shall remit the money to the committee pursuant to the terms of the settlement agreement;

(c) To the extent necessary to effectuate the terms of the settlement agreement, the promulgation of regulations for the harvesting of wild rice within the reservation by non-Indians;

(d) To the extent necessary to effectuate the terms of the settlement agreement, the establishment of policies and procedures for the enforcement by conservation officers of the conservation code adopted by the band; and

(e) The arbitration of disputes arising under the terms of the settlement agreement.

Sec. 82. Minnesota Statutes 1978, Section 97.432, is amended to read:

97.432 [AMENDMENT TO LEECH LAKE SETTLEMENT AGREEMENT.] The commissioner may enter into an agreement with the reservation business committee of the Leech Lake Indian Reservation to amend the settlement agreement adopted in section 97.431 by providing that in lieu of collecting any additional fee in connection with the state waterfowl stamp for the privilege of hunting waterfowl on the Leech Lake Indian Reservation *an amount equal to five percent of the proceeds from the sale of said stamp shall be credited to the Leech Lake Band and White Earth Band special license account established by section 97.431 and shall be remitted to the Leech Lake reservation business committee in the manner and subject to the terms and conditions provided in section 97.431.*

Sec. 83. Minnesota Statutes 1978, Chapter 97, is amended by adding a section to read:

[97.433] [AGREEMENTS WITH THE LEECH LAKE AND WHITE EARTH BANDS OF CHIPPEWA INDIANS RELATING TO HUNTING AND FISHING LICENSES AND FEES.] *Subdivision 1. [AGREEMENT WITH THE WHITE EARTH BAND OF CHIPPEWA INDIANS.] The commissioner may enter into an agreement with authorized representatives of the White Earth Band of Chippewa Indians on substantially the same terms as the agreement adopted by section 97.431 and amended pursuant to section 97.432; except that in lieu of the system described in section 97.431, subdivision 4, clause (b), of special licenses and related license fees for persons who are not members of the Minnesota Chippewa tribe, for the privilege of hunting, fishing, trapping, or taking minnows and other bait within the reservation, the agreement shall provide that an amount equal to two and one-half percent of the proceeds from the sale of all licenses sold in the state of Minnesota for hunting, fishing, trapping, or taking of minnows or other bait shall be credited to the special license account established by section 97.431, and shall be remitted to the White Earth Band in the manner and subject to the terms and conditions that may be mutually agreed upon. An agreement negotiated pursuant to this subdivision shall be for a term of at least four years following the date of its execution.*

Subd. 2. [AMENDMENT TO THE LEECH LAKE SETTLEMENT AGREEMENT.] The commissioner may enter into an agreement with authorized representatives of the Leech Lake Band of Chippewa Indians to amend the settlement agreement adopted by section 97.431 and previously amended pursuant to section 97.432 by providing that in lieu of the system of special licenses and license fees for persons who are not members of the Minnesota Chippewa tribe for the privilege of hunting, fishing, trapping, or taking minnows and other bait within the reservation, an amount equal to five percent of the proceeds from the sale of all licenses sold in the state of Minnesota for hunting, fishing, trapping, or taking minnows and other bait shall be credited to the special license account established by section 97.431 and shall be remitted to the Leech Lake Band in the manner and subject to the terms and conditions that may be mutually agreed upon.

Subd. 3. [SOURCE OF PAYMENTS.] Money to make payments to the Leech Lake Band and White Earth Band special license account pursuant to sections 80 and 81 is annually appropriated for that purpose in a ratio of 60 percent from the game and fish fund and 40 percent from the general fund.

Sec. 84. Minnesota Statutes 1978, Section 106.471, is amended by adding a subdivision to read:

Subd. 9. Where the cost of the repair of a ditch system exceeds the benefits determined in the original proceedings for the establishment of the ditch, the requirements of section 106.501

for improvements of ditch systems shall apply when the following conditions are present:

(a) The repair will result in the drainage of 100 or more acres of public waters in Anoka County;

(b) The public waters have existed for 15 or more years;

(c) The ditch system has not been substantially repaired for more than 25 years; and

(d) The physical repair has not commenced prior to the effective date of this subdivision.

Sec. 85. Minnesota Statutes 1978, Chapter 112, is amended by adding a section to read:

[112.431] [DRAINAGE IMPROVEMENTS.] Subdivision 1. [FINDINGS.] The legislature finds that because of urban growth and development in the metropolitan area problems arise for the improvement and repair of drainage systems which were originally established for the benefit of land used for agricultural purposes and that the procedure for the improvement and repair of drainage systems now in the metropolitan area should be simplified to more adequately and economically improve and repair drainage systems.

Subd. 2. [DEFINITIONS.] (a) For the purpose of this section the terms defined in this subdivision have the meanings ascribed to them.

(b) "Drainage system" means a ditch as defined by Minnesota Statutes, Section 106.011, Subdivision 17.

(c) "Watershed district" means any watershed district established pursuant to the provisions of Minnesota Statutes, Chapter 112, wholly or partially in a metropolitan county.

(d) "Metropolitan county" means any one of the following counties: Anoka, Carver, Dakota, Hennepin, Ramsey, Scott or Washington.

(e) "Metropolitan area" means the combined area of the metropolitan counties.

Subd. 3. [DRAINAGE IMPROVEMENTS.] With the concurrence of the governing bodies of the home rule charter or statutory cities and the town board of the towns where the drainage system is located, the board of managers of a watershed district in which there exists a drainage system shall have the power to improve and repair any drainage system transferred

to the watershed district pursuant to Minnesota Statutes, Section 112.65, by conforming to Minnesota Statutes, Sections 429.031; 429.041, Subdivisions 1 and 2; 429.051; 429.061 and 429.071.

Subd. 4. [ALTERNATIVE POWER.] With the concurrence of the governing bodies of the home rule charter or statutory cities and the town boards of the towns where the drainage system is located, the managers in their discretion may improve and repair a drainage system under the power granted to them elsewhere in Minnesota Statutes, Chapter 112.

Subd. 5. [APPEAL.] Any person aggrieved by an order for improvement or repair by the managers or by an assessment may appeal as provided in Minnesota Statutes, Sections 112.801 and 112.82.

Sec. 86. [NINE MILE CREEK, RILEY-PURGATORY CREEK AND RED LAKE WATERSHED DISTRICTS; TAX LEVY; ANNUAL ADMINISTRATIVE FUND LEVY.] Notwithstanding any other law to the contrary, the Nine Mile Creek Watershed District in Hennepin County, the Riley-Purgatory Creek Watershed District in Hennepin and Carver counties and the Red Lake Watershed District in Polk, Beltrami, Marshall, Clearwater, Pennington, Red Lake, Koochiching, Mahanomen and Roseau counties are each authorized, in addition to all powers each now possesses, to establish an administrative fund. This fund shall be maintained by an annual ad valorem tax levy on each dollar of assessed valuation of all taxable property within the respective districts sufficient to raise an amount each year of up to, but not to exceed, an amount of \$125,000 in each district. This levy is in lieu of, not in addition to, the administrative levy contained in Minnesota Statutes 1978, Section 112.61, Subdivision 3. The funds shall be used for general administrative expenses and for the construction and maintenance of projects of benefit to the district. The managers may make an annual levy for this fund as provided in Minnesota Statutes, Section 112.611.

Sec. 87. Minnesota Statutes 1978, Section 116C.63, Subdivision 4, is amended to read:

Subd. 4. When private real property defined as class 3, 3b, 3c, 3cc, 3d, or 3f pursuant to section 273.13 is proposed to be acquired for the construction of a site or route by eminent domain proceedings, the (PROPERTY) fee owner, or when applicable, the fee owner with the written consent of the contract for deed vendee, or the contract for deed vendee with the written consent of the fee owner, shall have the option to require the utility to condemn a fee interest in any amount of contiguous, commercially viable land which he wholly owns or has contracted to own in undivided fee and elects in writing to transfer to the utility within 60 days after his receipt of the notice of the objects of the petition filed pursuant to section 117.055. Commercial viability shall be determined without regard to the

presence of the utility route or site. The owner or, when applicable, the contract vendee shall have only one such option and may not expand or otherwise modify his election without the consent of the utility. The required acquisition of land (CONTIGUOUS TO, BUT OUTSIDE THE DESIGNATED RIGHT OF WAY OF A ROUTE OR THE BOUNDARY OF A SITE,) pursuant to this subdivision shall be considered an acquisition for a public purpose and for use in the utility's business, for purposes of chapter 117 and section 500.24, respectively; provided that a utility shall divest itself completely of all such lands used for farming or capable of being used for farming (WITHIN FIVE YEARS AFTER THE DATE OF ACQUISITION, OR SUCH LAND SHALL BE SOLD AT A PUBLIC SALE IN THE MANNER PRESCRIBED BY LAW FOR THE FORECLOSURE OF A MORTGAGE BY ACTION) not later than the time it can receive the market value paid at the time of acquisition of lands less any diminution in value by reason of the presence of the utility route or site. Upon the owner's election made under this subdivision, the easement interest over and adjacent to the lands designated by the owner to be acquired in fee, sought in the condemnation petition for a high voltage transmission line right-of-way shall automatically be converted into a fee taking.

Sec. 88. Minnesota Statutes 1978, Section 116D.04, is amended by adding a subdivision to read:

Subd. 10. No attempt need be made to tabulate, analyze or otherwise evaluate the potential impact of elections made pursuant to section 116C.63, subdivision 4, in environmental impact statements done for large electric power facilities. It is sufficient for purposes of this chapter that such statements note the existence of section 116C.63, subdivision 4.

Sec. 89. Minnesota Statutes 1978, Section 136.81, Subdivision 1, is amended to read:

136.81 [SALARY DEDUCTIONS, MATCHING FUNDS.]
Subdivision 1. Beginning July 1, 1967, there shall be deducted from the salary of each person described in section 136.80, subdivision 1, a sum equal to five percent of the portion of such person's annual salary paid between \$6,000 and \$15,000. Such deduction is to be made in the same manner as other retirement deductions are made from the salary of such a person only after the first \$6,000 has been paid in a fiscal year. The moneys so deducted, together with an equal sum contributed by the state, shall be deposited to the credit of the supplemental retirement account of the teachers retirement fund, which account is hereby established as an account separate and distinct from other funds, accounts, or assets of the teachers retirement fund. The moneys required from time to time to match the person's salary deductions as provided in this subdivision (ARE APPROPRIATED) shall be contributed to the board of trustees of the

teachers retirement fund (FROM THE GENERAL FUND) *by the state.*

Any deductions taken from the salary of a person for the supplemental retirement fund in error shall upon discovery and verification be refunded to the employee. The retirement board shall establish an account which will reflect any gains or losses due to the purchasing and redemption of shares made in error. The balance of such account shall be disposed of annually to the account established for the purpose of prorating among employees share accounts the cancellations of the previous 12 months.

If any payroll deductions are not made from an employee's salary as provided in this section, such deductions shall be remitted to the supplemental retirement account of the teachers retirement association within one year from the end of the fiscal year in which the deductions were due, and at the time of the receipt of such amount an equal amount shall be (APPROPRIATED) *contributed* to the board of trustees of the teachers retirement fund (FROM THE GENERAL FUND) *by the state.*

Sec. 90. Minnesota Statutes 1978, Chapter 138, is amended by adding a section to read:

[138.93] [GRANT-IN-AID ASSISTANCE; NON-STATE OWNED HISTORICAL INTERPRETIVE CENTERS.] *Subdivision 1. [STATE ASSISTANCE.] The state may pay part of the cost of construction of non-state owned historical interpretive center projects. The state's share may not exceed 50 percent of the cost of any project. In regions 3, 4, 9, 10, and 11, expenditures from appropriations by the 1977, 1978, and 1979 legislature shall be considered part of the state share of the project cost for the purposes of this section. No more than ten percent of the state's share of future appropriations pursuant to this section may be used for professional services. Development regions are the regions designated pursuant to section 462.385. There shall not be more than one state assisted project in each region.*

Subd. 2. [SELECTION PROCESS.] Each regional planning commission, except in regions 3, 4, 9, 10 and 11, may request designation of a non-state owned historical interpretive center. Applications shall be received by the commission for 180 days thereafter. Applications shall be in the form prescribed by the Minnesota historical society and include a master plan in accordance with the Minnesota outdoor recreation act of 1975. The regional planning commission may establish an advisory committee of 20 members from the region to make recommendations.

Subd. 3. [DESIGNATION.] After receipt of the regional planning commission's recommendation and review of the master plan in accordance with subdivision 5, the Minnesota historical society shall designate the center and notify the owner applicant and the regional planning commission of the designation; however, in region 4, the Red River Valley Center at Moorhead is designated; in region 10, the Mississippi Interpretive Center at Winona is designated; in region 9, the Agricultural Interpretive Center at Waseca is designated; in region 3, the Lake Superior Museum of Transportation and Industry is designated; in region 11, the historic Washington County Courthouse at Stillwater is designated.

Subd. 4. [MASTER PLANS.] The owner shall prepare and submit to the regional planning commission a master plan for the development and management of the center, in a format and detail appropriate for the project. The regional planning commission shall choose a project and report its choice to the Minnesota historical society. The Minnesota historical society shall make the master plan available for review and comment by the public and other state agencies for at least 30 days. Copies of the master plan shall be submitted to the state planning agency for review and comment.

Subd. 5. [MASTER PLAN REVIEW AND APPROVAL.] The Minnesota historical society shall review the master plan to determine whether it:

(a) Provides for development of the center in a manner consistent with the purposes of this section;

(b) Recognizes historical values and resources that relate to the area involved;

(c) Provides an historical program based on sound historical research; and,

(d) Meets the requirement of section 138.92. Within 60 days after receipt of a master plan, the Minnesota historical society shall notify the owner that the plan has been reviewed, and forward its recommendations for any changes it might suggest. The owner shall review the recommendations and notify the Minnesota historical society of the disposition made of them. The plan may be approved by the society only after all conditions of this section have been met. The society shall forward all approved master plans to the appropriate regional planning commission and the owner. If the society rejects a project chosen by a regional planning commission the commission may again request applications in accordance with subdivision 2 in the subsequent fiscal year.

Subd. 6. [APPROPRIATION REQUESTS.] The Minnesota historical society may seek appropriations for grant-in-aid

assistance pursuant to this section and sections 16A.10 and 16A.11.

Sec. 91. [SPECIAL GRANTS FOR HOME BASED SERVICES FOR ELDERLY AND ADULT PHYSICALLY IMPAIRED PERSONS.] *Subdivision 1. The commissioner of health may make special grants to local boards of health and to the county board of any county that has not organized a local board of health to provide pre-institutional or post-institutional community based health programs designed to assist elderly and adult physically impaired persons in maintaining an optimal level of functioning and in remaining capable of residing in a family setting or home community. The commissioners of health and public welfare shall collaborate to maximize state and federal money for nursing home pre-admission screening programs. Applicants shall submit for approval an application and budget for the use of the funds in the form specified by the commissioner of health.*

As used in this section, "elderly" means persons aged 60 or over.

Subd. 2. The range of services and programs established by these special grants shall be designed to:

(a) Support families and individuals to avoid premature or inappropriate admission to an institutional care setting;

(b) Provide respite for families and responsible caretakers from continuous care and supervision of elderly and adult physically impaired persons, and to assist caretakers in providing appropriate services;

(c) Maintain or restore elderly and adult physically impaired persons to optimal functional potential and to retard physical and emotional deterioration;

(d) Provide for support and follow up services to persons residing in their own or a family member's home; and

(e) Facilitate appropriate release of elderly and adult physically impaired persons from acute and long term care facilities to family care or to other community based programs.

Subd. 3. Local boards of health and county boards shall not use special grants to replace or substitute for services or programs otherwise funded from other local, state, or federal sources, but shall use special grants only to expand health and health-related supportive social service programs existing on the effective date of this section, or to add programs.

Subd. 4. The commissioner of health shall report and make recommendations to the legislature by January 15, 1981 concerning the implementation of these special grants and the advisability of the integration of the special grant program into the community services subsidy program.

Subd. 5. This section expires July 1, 1981.

Sec. 92. Minnesota Statutes 1978, Section 145.913, Subdivision 3, is amended to read:

Subd. 3. [ADVISORY COMMITTEE.] In each case where a board of health has been assigned the responsibilities of sections 145.911 to 145.922 a single local community health services advisory committee shall be established by the participating county boards or city councils to advise, consult with, or make recommendations to the board of health on matters relating to the development, maintenance, funding, and evaluation of community health services. The committee shall consist of not less than nine members and no more than 21 members. The membership of the advisory committee shall be as follows: at least one-third providers of health services, including at least three licensed health professionals; and at least one-third consumers selected to represent consumers organizations or constituencies within the community, provided, however, that the advisory committee to a county board of health for a county with 300,000 or more persons shall be as follows: at least 51 percent local government officials and the remainder divided equally between providers of health services and consumers. Continuity of membership of each advisory committee shall be assured by having an approximately equal number of terms expire each year. First appointments may be for less than two years, thereafter all terms shall be two years and no member shall serve more than three consecutive terms. Notwithstanding any law to the contrary, members may receive a per diem and be reimbursed for travel and other necessary expenses while engaged in their official duties, as determined by the appointing authority. The committee shall elect officers including a chairman and vice-chairman with terms of one year. The committee shall meet at least (SIX) three times a year and at the call of the chairman or a majority of the members.

Sec. 93. Minnesota Statutes 1978, Chapter 152, is amended by adding a section to read:

[152.21] [THC THERAPEUTIC RESEARCH ACT.] Subdivision 1. [FINDINGS AND PURPOSE.] *The legislature finds that scientific literature indicates promise for delta-9-tetrahydro-cannabinol (THC), the active component of marijuana, in alleviating certain side effects of cancer chemotherapy under strictly controlled medical circumstances.*

The legislature also finds that further research and strictly controlled experimentation regarding the therapeutic use of

THC is necessary and desirable. The intent of this section is to establish an extensive research program to investigate and report on the therapeutic effects of THC under strictly controlled circumstances in compliance with all federal laws and regulations promulgated by the federal food and drug administration, the national institute on drug abuse and the drug enforcement administration. The intent of the legislature is to allow this research program the greatest possible access to qualified cancer patients residing in Minnesota who meet protocol requirements. The establishment of this research program is not intended in any manner whatsoever to condone or promote the illicit recreational use of marijuana.

Subd. 2. [DEFINITIONS.] For purposes of this section, the following terms shall have the meanings given.

(a) "Commissioner" means the commissioner of health.

(b) "Marijuana" means marijuana as defined in Minnesota Statutes, Section 152.01, Subdivision 9, and delta-9-tetrahydrocannabinol (THC), tetrahydrocannabinols or a chemical derivative of tetrahydrocannabinols, and all species of the genus *Cannabis*.

(c) "Principal investigator" means the individual responsible for the medical and scientific aspects of the research, development of protocol, and contacting and qualifying the clinical investigators in the state.

(d) "Clinical investigators" means those individuals who conduct the clinical trials.

(e) "Sponsor" means that individual or organization who, acting on behalf of the state, has the total responsibility for the state program.

Subd. 3. [RESEARCH GRANT.] The commissioner of health shall grant funds to the principal investigator selected by the commissioner pursuant to subdivision 4 for the purpose of conducting a research program under a protocol approved by the FDA regarding the therapeutic use of oral THC and other dosage forms, if available, according to the guidelines and requirements of the federal food and drug administration, the drug enforcement administration and the national institute on drug abuse. The commissioner shall ensure that the research principal investigator complies with the requirements of subdivision 5. The commissioner may designate the principal investigator as the sponsor.

The commissioner shall report to the legislature on January 1 of each odd-numbered year on the number of oncologists and patients involved in the program and the results available at that date regarding the effects of therapeutic use of THC on patients

involved in the program. The commissioner shall also report on the current status of THC under the federal Food, Drug and Cosmetic Act and the federal Controlled Substances Act.

Subd. 4. [PRINCIPAL INVESTIGATOR.] Within three months of the effective date of this section, the commissioner shall, in consultation with a representative chosen by the state board of pharmacy and a representative chosen by the state board of medical examiners, select a person or research organization to be the principal investigator of the research program.

Subd. 5. [DUTIES.] The principal investigator shall:

(1) Apply to the Food and Drug Administration for a notice of "Claimed Investigational Exemption for a New Drug (IND)" pursuant to the Federal Food, Drug and Cosmetic Act, 21 U.S.C., Section 301, et seq., and shall comply with all applicable laws and regulations of the federal food and drug administration, the drug enforcement administration, and the national institute on drug abuse in establishing the program;

(2) Notify every oncologist in the state of the program, explain the purposes and requirements of the program to them, provide on request each of them with a copy of the approved protocol which shall include summaries of current papers in medical journals reporting on research concerning the safety, efficacy and appropriate use of THC in alleviating the nausea and emetic effects of cancer chemotherapy, and provide on request each of them with a bibliography of other articles published in medical journals;

(3) Allow each oncologist (clinical investigator) in the state who meets or agrees to meet all applicable federal requirements for investigational new drug research and who so requests to be included in the research program as a clinical investigator to conduct the clinical trials;

(4) Provide explanatory information and assistance to each clinical investigator in understanding the nature of therapeutic use of THC within program requirements, including the Informed Consent Document contained in the protocol, informing and counseling patients involved in the program regarding the appropriate use and the effects of therapeutic use of THC;

(5) Apply to contract with the national institute on drug abuse for receipt of dosage forms of THC, fully characterized as to contents and delivery to the human system, pursuant to regulations promulgated by the national institute on drug abuse, and the federal food and drug administration. The principal investigator shall ensure delivery of the THC dosages to clinical investigators as needed for participation in the program;

(6) Conduct the research program in compliance with federal laws and regulations promulgated by the federal food and drug administration, the drug enforcement administration, the national institute on drug abuse, and the purposes and provisions of this section;

(7) Submit periodic reports as determined by the commissioner on the numbers of oncologists and patients involved in the program and the results of the program;

(8) Submit reports on intermediate or final research results, as appropriate, to the major scientific journals in the United States; and

(9) Otherwise comply with the provisions of this section.

Subd. 6. [EXEMPTION FROM CRIMINAL SANCTIONS.]
For the purposes of this section, the following are not violations listed in sections 152.09 or 152.15:

(1) Use or possession of THC, or both, by a patient in the research program;

(2) Possession, prescribing use of, administering, or dispensing THC, or any combination of these actions; by the principal investigator or by any clinical investigator;

(3) Possession or distribution of THC, or both, by a pharmacy registered to handle Schedule I substances which stores THC on behalf of the principal investigator or a clinical investigator.

THC obtained and distributed pursuant to this section is not subject to forfeiture under Minnesota Statutes, Section 152.19.

For the purposes of this section, THC is removed from Schedule I contained in Minnesota Statutes, Section 152.02, Subdivision 2, and inserted in Schedule II contained in Minnesota Statutes, Section 152.02, Subdivision 3.

Subd. 7. [CITATION.] This section may be cited as the "THC Therapeutic Research Act."

Sec. 94. Minnesota Statutes 1978, Section 155.14, is amended to read:

155.14 [PRACTITIONERS FROM OTHER STATES.]
Subdivision 1. The board may dispense with and waive the examination for license upon the application of any person who is able to furnish documentary evidence and proof of having lawfully practiced in another state, territory, District of Columbia or foreign country for a period of at least two years prior

to the time of such application for license in Minnesota, upon the payment of the fee as set by the board for license as provided in this chapter.

Subd. 2. The board may waive the requirement related to practical experience in this state as specified in section 155.09, subdivision 4, for manager-operators. No waiver shall be allowed, however, unless the following conditions are met:

(a) The applicant has a current valid cosmetology related license from a state, territory, the District of Columbia, or a foreign country that has licensing requirements substantially similar to this state's requirements; and,

(b) The applicant is able to furnish documentary evidence of having lawfully performed as a manager-operator or its equivalent in a state, territory, the District of Columbia, or foreign country for a period of at least two years, one year of which was within the two years immediately preceding the date of application.

Nothing in this subdivision prohibits the board from requiring an examination for license of a manager-operator even if the board waives the requirement of practical experience in this state.

Sec. 95. Minnesota Statutes 1978, Section 168.66, Subdivision 4, is amended to read:

Subd. 4. "Retail installment contract" means any agreement, entered into in this state, evidencing a retail installment sale of a motor vehicle, other than for the purpose of re-sale, *when purchased primarily for personal, family or household use, pursuant to which title to, or a lien upon the motor vehicle is retained by the retail seller as security for the retail buyer's obligation. This term includes a mortgage, conditional sale contract, or any contract for the bailment or leasing of a motor vehicle by which the bailee or lessee contracts to pay as compensation for its use a sum substantially equivalent to the time sale price of the motor vehicle and by which it is agreed that the bailee or lessee is bound to become, or has the option of becoming, the owner of such motor vehicle. "Retail installment contract" does not include any agreement, entered into in this state, evidencing an installment sale of a motor vehicle purchased primarily for use in business. For purposes of this subdivision, "business" means a commercial or industrial enterprise which is carried on for the purpose of active or passive investment or profit.*

Sec. 96. Minnesota Statutes 1978, Section 174.03, is amended by adding a subdivision to read:

Subd. 5a. [BIENNIAL REQUEST.] The metropolitan transit commission shall submit all biennial legislative funding requests to the commissioner of transportation for informal review. The commissioner shall determine whether the funding request is consistent with the statewide transportation plan and whether further review of the request by the metropolitan transit commission is necessary. The metropolitan transit commission shall be informed of the commissioner's comments and recommendations in writing, and shall have the opportunity to amend the request. The funding request, as amended, shall then be presented by the commissioner to the legislature along with the commissioner's final comments and recommendations.

Sec. 97. Minnesota Statutes, 1979 Supplement, Section 174.-28, Subdivision 2, is amended to read:

Subd. 2. [BASIS AND FORM OF CONTRACT.] Pursuant to the public transit subsidy program the commissioner shall enter one or more contracts with the commission to pay amounts sufficient to provide the commission with a subsidy per passenger of 46.04 cents in the last half of calendar year 1979, 46.74 cents in calendar year 1980, and 48.34 cents in the first half of calendar year 1981 and thereafter. The commissioner of transportation shall investigate to determine if the metropolitan transit commission has experienced extraordinary increases in fuel, labor, or other operational costs which necessitate an adjustment in the subsidy per passenger. If the commissioner determines that an additional subsidy is required, the subsidy per passenger may be adjusted to pay the increased costs.

Sec. 98. Minnesota Statutes, 1979 Supplement, Section 180.-03, Subdivision 2, is amended to read:

Subd. 2. Every person, firm, or corporation that is or has been engaged in the business of mining or removing iron ore, taconite, semitaconite or other minerals except sand, crushed rock and gravel by the open pit method in any county which has appointed an inspector of mines pursuant to section 180.01 shall erect two inch by four inch mesh fencing along the outside perimeter of the excavation, open pit, or shaft of any mine in which mining operations have ceased for a period of six consecutive months or longer. The top and bottom wire shall not be less than 9 gauge and the filler wire shall not be less than 11 gauge. The fencing shall be not less than five feet in height with two strands of barbed wire six inches apart affixed to the top of the fence. The fence posts shall be no more than ten feet apart. In the case of open pit mines in which mining operations cease after November 1, 1979, and before March 1, 1980, the fencing shall be erected as soon as possible after March 1, 1980. Where mining operations cease on or after March 1, 1980, the fencing shall be erected forthwith. In the case of open pit mines in which mining operations had ceased for a period of six consecutive months or longer before November 1, 1979, and not resumed, the fencing shall

be erected within (TWO) *three* years after November 1, 1979. Any fencing required by an inspector of mines pursuant to subdivision 3 or other applicable law shall meet the standards of this section as a minimum. This subdivision does not apply to any excavation, open pit, or shaft, or any portion thereof, exempted from its application by the commissioner of natural resources pursuant to laws relating to mineland reclamation or exempted from its application by the county mine inspector pursuant to subdivision 4.

Sec. 99. Minnesota Statutes 1978, Section 197.75, Subdivision 1, is amended to read:

197.75 [EXPENDITURES, LIMITATION.] Subdivision 1. The commissioner of veterans affairs shall spend a biennial appropriation for tuition of soldiers, and for tuition, fees, board, room, books and supplies of the children of soldiers who have died as a result of their service in the military or naval forces of the United States as determined by the United States Veterans Administration or other instrumentality of the United States, in the University of Minnesota, a state university, a community college, or any other university of higher learning within the state accredited by the North Central Association of Colleges and Secondary Schools, a law college approved by the supreme court, a nursing school approved by the state nurses examining board, or in a trade school in the state which may be approved by the state department of education, or in a theological seminary, for any course which such soldier or child may elect. Not more than (\$250) \$350 shall be expended for the benefit of any individual soldier, and not more than (\$250) \$350 in any calendar year shall be expended for the benefit of any child under this section, and that need therefor shall be established and determined by the commissioner of veterans affairs. No child of any soldier shall make application for the benefits provided herein unless such child shall have resided in Minnesota for at least two years immediately prior to the date of said application. Children of soldiers eligible for benefits hereunder shall be admitted to state institutions of university grade free of tuition. Payments of tuition as provided for herein shall be made by the commissioner of veterans affairs directly to the institution in which the course of instruction is given upon such conditions as shall be imposed by the commissioner of veterans affairs.

Sec. 100. Minnesota Statutes 1978, Section 214.06, Subdivision 1, is amended to read:

214.06 [FEES; LICENSE RENEWALS.] Subdivision 1. Notwithstanding any law to the contrary, the commissioner of health as authorized by section 214.13, all health related licensing boards and all non-health related licensing boards may by rule, with the approval of the commissioner of finance, adjust any fee which the board is empowered to assess a sufficient amount so that the total fees collected by each board will as

closely as possible equal anticipated expenditures during the fiscal biennium. Examination fees, if any, shall be set by rule so that the total amount of annual examination fee income approximately meets the anticipated cost of administering the examinations during the fiscal biennium. *Fee adjustments authorized under this subdivision may be made without a public hearing when the total fees will not exceed the amount of the direct appropriation.* All fees received shall be deposited with the state treasurer and credited to the general fund.

Sec. 101. [NAME CHANGE; TRANSFER OF FUNCTIONS.] *The name of the public service commission is changed to the public utilities commission. Subject to the provisions of this act and other applicable laws, the public utilities commission and the department of public service shall continue to exercise all the powers and duties vested in, or imposed upon them, as existing and constituted immediately prior to the effective date of this act.*

Sec. 102. Minnesota Statutes 1978, Section 216.16, is amended to read:

216.16 [HEARINGS BEFORE PUBLIC UTILITIES COMMISSION.] If the matter be not adjusted to the satisfaction of the (DEPARTMENT) *commission*, it shall set a time and place of hearing, and give at least ten days notice thereof to each party. The parties may appear either in person or by attorney. The (DEPARTMENT) *commission* shall hear evidence and otherwise investigate the matter, make findings of fact upon all matters involved, and such order or recommendation in the premises as may be just. A copy of such findings and order or recommendation shall forthwith be served upon each party. No proceedings shall be dismissed on account of want of pecuniary interest in the complaint. (THE DEPARTMENT IS AUTHORIZED TO DESIGNATE BY RESOLUTION ANY OF ITS EMPLOYEES TO RECEIVE AND REPORT EVIDENCE. EMPLOYEES SO DESIGNATED SHALL HAVE POWER TO ADMINISTER OATHS TO WITNESSES, EXAMINE WITNESSES, AND RECEIVE EVIDENCE. IN ANY PROCEEDINGS IN WHICH THE EVIDENCE IS RECEIVED BY ONE COMMISSIONER OR BY AN EMPLOYEE SO DESIGNATED, SUCH COMMISSIONER OR EMPLOYEE SHALL MAKE A FULL AND COMPLETE REPORT THEREOF TO THE DEPARTMENT AND THE DEPARTMENT SHALL PROCEED TO A DETERMINATION OF THE FACTS AND ISSUE ITS ORDER OR RECOMMENDATION AS HEREINABOVE PROVIDED.)

Sec. 103. Minnesota Statutes 1978, Section 216A.01, is amended to read:

216A.01 [ESTABLISHMENT OF DEPARTMENT AND COMMISSION.] *There (IS) are hereby created and estab-*

lished the department of public service (TO CONSIST OF TWO BRANCHES), and the public (SERVICE) utilities commission (AND THE ADMINISTRATIVE DIVISION). The department of public service shall have and possess all of the rights and powers and perform all of the duties vested in it by this chapter (, AND, IMMEDIATELY PRIOR TO ENACTMENT OF SAID CHAPTER,). *The public utilities commission shall have and possess all of the rights and powers and perform all of the duties vested in it by this chapter, and those formerly vested by law in the railroad and warehouse commission.*

Sec. 104. Minnesota Statutes 1978, Section 216A.03, Subdivision 3, is amended to read:

Subd. 3. [CHAIRMAN.] The commission shall elect one of their number chairman *at the meeting of the commission in the second week in January of each year for a term of one year.*

If a vacancy occurs in the position of chairman, the commission shall elect a new chairman to complete the unexpired term.

Sec. 105. Minnesota Statutes 1978, Section 216A.03, is amended by adding a subdivision to read:

Subd. 3a. [POWERS AND DUTIES OF THE CHAIRMAN.] *The chairman shall be the principal executive officer of the commission. He shall preside at meetings of the commission. The chairman shall organize the work of the commission and may make assignments to commission members, appoint committees and give direction to the commission staff through the executive secretary subject to the approval of the commission.*

Sec. 106. Minnesota Statutes 1978, Section 216A.04, Subdivision 1, is amended to read:

216A.04 [EXECUTIVE SECRETARY; EMPLOYEES.] Subdivision 1. [SELECTION OF EXECUTIVE SECRETARY.] The commission shall appoint (A) *an executive secretary, not a member, who shall be in the unclassified service of the state and shall serve at the pleasure of the commission (, EXCEPT THAT THE SECRETARY NOW SERVING THE RAILROAD AND WAREHOUSE COMMISSION SHALL CONTINUE AS SECRETARY IN THE CLASSIFIED SERVICE).* (HE) *The executive secretary shall take, subscribe and file an oath similar to that required of the commissioners (, HE SHALL BE CHARGED WITH KEEPING FULL AND CORRECT RECORDS OF ALL TRANSACTIONS AND PROCEEDINGS OF THE COMMISSION, HAVE THE POWER TO ADMINISTER OATHS, AND PERFORM SUCH OTHER DUTIES AS MAY BE PRESCRIBED BY THE COMMISSION. HE SHALL BE THE OFFICIAL CUSTODIAN OF THE RECORDS AND SEAL OF THE COMMISSION), and shall be subject to the same disqualifications as commissioners.*

Sec. 107. Minnesota Statutes 1978, Section 216A.04, is amended by adding a subdivision to read:

Subd. 1a. [POWERS AND DUTIES OF THE EXECUTIVE SECRETARY.] The executive secretary shall:

(1) Cause to be kept full and correct records of all transactions and proceedings of the commission;

(2) Appoint, subject to chapter 43 and the approval of the commission, all other classified employees of the commission and supervise and direct their activities;

(3) Have custody of the seal of the commission;

(4) Serve as the administrative officer of the commission with responsibility for personnel, budget and other administrative details related to the work of the commission or as required by state law;

(5) Prepare orders, reports, and other materials as assigned by the commission and recommend to the commission such measures as may be appropriate to achieve the objectives of the commission;

(6) Advise the commission of its financial position and recommend a budget for its approval; and

(7) Perform other duties as the commission directs.

Sec. 108. Minnesota Statutes 1978, Section 216A.04, Subdivision 3, is amended to read:

Subd. 3. [OFFICERS AND EMPLOYEES.] The commission may employ one unclassified employee in addition to the executive secretary to serve at the pleasure of the commission. The commission may employ such other (ASSISTANTS) persons as may be necessary to carry out its functions, (INCLUDING HEARING OFFICERS AND REPORTERS,) within the funds provided therefor from time to time. (THE COMMISSIONERS INDIVIDUALLY MAY ACT AS HEARING OFFICERS.)

Hearing reporters may provide transcripts of proceedings before the commission to persons requesting transcripts who pay a reasonable charge therefor to the reporter. The amount of the charge shall be fixed by the commission and retained by the reporter, any other law to the contrary notwithstanding.

Sec. 109. Minnesota Statutes 1978, Section 216A.05, Subdivision 4, is amended to read:

Subd. 4. [PERFORMANCE OF FUNCTIONS OF PUBLIC UTILITIES COMMISSION.] The commission shall exercise each and every legislative function imposed by law on (THE DEPARTMENT OF PUBLIC SERVICE) *it*.

Sec. 110. Minnesota Statutes 1978, Section 216A.05, Subdivision 5, is amended to read:

Subd. 5. [HEARINGS UPON PETITIONS.] With respect to those matters within its jurisdiction the commission shall receive, hear and determine (WITHIN SIX MONTHS) all petitions filed with it in accordance with the (PROCEDURES ESTABLISHED BY LAW) *rules of practice and procedure promulgated by the commission*, and may investigate, hold hearings and make determinations upon its own motion to the same extent, and in every instance, in which it may do so upon petition. Upon receiving petitions filed pursuant to sections 221.061, 221.081, 221.121, subdivision 1, 221.151, 221.296, and 221.55, the commission shall give notice of the filing of the petition to representatives of associations or other interested groups or persons who have registered their names with the (DIRECTOR OF THE DEPARTMENT) *executive secretary* for that purpose and to whomever he deems to be interested in the petition. The commission may grant or deny the request of the petition 30 days after notice of the filing has been fully given. If the commission receives a written objection and a notice of intent to appear at a hearing to object to the petition from any person within 20 days of the notice having been fully given, the request of the petition shall be granted or denied only after a contested case hearing has been conducted on the petition, unless the objection is withdrawn prior to the hearing. The commission may elect to hold a contested case hearing if no objections to the petition are received. If a timely objection is not received, or if received and withdrawn, and the request of the petition is denied without hearing, the petitioner may request within 30 days of receiving the notice of denial, and shall be granted, a contested case hearing on the petition.

Sec. 111. Minnesota Statutes 1978, Section 216A.07, is amended to read:

216A.07 [DIRECTOR; POWERS AND DUTIES.] *Subdivision 1.* The director shall be the executive and administrative head of the public service department. He shall have and possess all the rights and powers and perform all the duties relating to the administrative function of the department as set forth in this chapter. The director may:

(1) Prepare all forms or blanks for the purpose of obtaining information which he may deem necessary or useful in the proper exercise of his authority and duties in connection with regulated businesses;

(2) Prescribe the time and manner within which forms or blanks shall be filed with the department;

(3) Inspect at all reasonable times, and copy the books, records, memoranda and correspondence or other documents and records of any person relating to any regulated business; and

(4) Cause the deposition to be taken of any person concerning the business and affairs of any business regulated by the department. Information sought through said deposition shall be for a lawfully authorized purpose and shall be relevant and material to the investigation or hearing before the commission. Information obtained from said deposition shall be used by the department only for a lawfully authorized purpose and pursuant to powers and responsibilities conferred upon the department. Said deposition is to be taken in the manner prescribed by law for taking depositions in civil actions in the district court.

Subd. 2. [ENFORCEMENT.] The director is responsible for the enforcement of chapters 216A, 216B and 237 and the orders of the commission issued pursuant to those chapters.

Subd. 3. [INTERVENTION IN PROCEEDINGS.] The director may intervene as a party in all proceedings before the commission. The attorney general shall act as counsel in the proceedings.

Subd. 4. [INVESTIGATIONS.] The director may, on his own initiative, investigate any matter subject to the jurisdiction of the department or commission.

Subd. 5. [RULEMAKING.] The director shall make substantive and procedural rules to implement the provisions of chapters 216A, 216B and 237. Rules adopted under this authority shall be promulgated pursuant to the administrative procedure act and shall have the force and effect of law.

Sec. 112. Minnesota Statutes 1978, Chapter 216A, is amended by adding a section to read:

[216A.095] [COOPERATION BETWEEN DEPARTMENT AND COMMISSION.] *Nothing in chapter 216A prevents the department or the commission from entering into agreements with each other or with other agencies to coordinate and share services, to conduct joint projects or investigations on matters within the authority and jurisdiction of the parties thereto, or to temporarily assign staff to projects requested by each other or by other agencies. The cooperative agreements may provide for the sharing of costs between the parties thereto or the reimbursement of the department or commission operating budget for expenditures made on behalf of the department or commission or agency. No cooperative effort shall interfere*

with the independence and integrity of either the commission or the department or any other agency that is a party.

Sec. 113. Minnesota Statutes 1978, Section 216B.17, Subdivision 1, is amended to read:

216B.17 [COMPLAINTS.] Subdivision 1. On its own motion or upon a complaint made against any public utility, by the governing body of any political subdivision, by another public utility, *by the department*, or by any 50 consumers of the particular utility that any of the rates, tolls, tariffs, charges, or schedules or any joint rate or any regulation, measurement, practice, act or omission affecting or relating to the production, transmission, delivery or furnishing of natural gas or electricity or any service in connection therewith is in any respect unreasonable, insufficient or unjustly discriminatory, or that any service is inadequate or cannot be obtained, the commission shall proceed, with notice, to make such investigation as it may deem necessary. The commission may dismiss any complaint without a hearing if in its opinion a hearing is not in the public interest.

Sec. 114. Minnesota Statutes 1978, Section 216B.19, is amended to read:

216B.19 [JOINT HEARINGS AND INVESTIGATIONS.] In the discharge of its duties under Laws 1974, Chapter 429, the commission *or the department* may cooperate with similar commissions of other states and any federal agency and may hold joint hearings and make joint investigations with other commissions.

Sec. 115. Minnesota Statutes 1978, Section 216B.54, is amended to read:

216B.54 [ACTIONS BY COMMISSION OR DEPARTMENT; ATTORNEY GENERAL TO INSTITUTE.] Whenever the commission *or department* shall be of the opinion that any person or public utility is failing or omitting or is about to fail or omit to do anything required of it by Laws 1974, Chapter 429 or by any order of the commission, or is doing anything or about to do anything, or permitting anything or about to permit anything to be done, contrary to or in violation of Laws 1974, Chapter 429 or of any order of the commission, it shall refer the matter to the attorney general who shall take appropriate legal action.

Sec. 116. Minnesota Statutes 1978, Section 216B.62, is amended to read:

216B.62 [COST OF EXAMINATION; ASSESSMENT OF EXPENSES; LIMITATIONS; OBJECTIONS.] Subdivision 1. Immediately after the passage and adoption of Laws 1974, Chap-

ter 429, the commission shall assess to all public utilities subject to the provisions of Laws 1974, Chapter 429 in proportion to their respective gross operating revenues, as hereinafter defined, during the preceding calendar year, the sum of \$300,000. The assessment shall be paid into the state treasury within 30 days after the bill has been mailed, by certified mail, to the several public utilities, which shall constitute notice of said assessment and demand of payment thereof.

Subd. 2. Whenever the commission or department, in a proceeding upon its own motion, on complaint, or upon an application to it, shall deem it necessary, in order to carry out the duties imposed by Laws 1974, Chapter 429, to investigate the books, accounts, practices, and activities of, or make appraisals of the property of any public utility, or to render any engineering or accounting services to any public utility, the public utility shall pay the expenses reasonably attributable to the investigation, appraisal, or service. The commission and department shall ascertain the expenses, and the department shall render a bill therefor to the public utility, either at the conclusion of the investigation, appraisal, or services, or from time to time during its progress, which bill shall constitute notice of the assessment and a demand for payment. The amount of the bills so rendered by the department shall be paid by the public utility into the state treasury within 30 days from the date of rendition. The total amount, in any one calendar year, for which any public utility shall become liable, by reason of costs incurred by the commission within that calendar year, shall not exceed two-fifths of one percent of the gross operating revenue from retail sales of gas, or electric service by the public utility within the state in the last preceding calendar year. Where, pursuant to this subdivision, costs are incurred within any calendar year which are in excess of two-fifths of one percent of the gross operating revenues, the excess costs shall not be chargeable as part of the remainder under subdivision 3, but shall be paid out of the general appropriation to the department and commission. In the case of public utilities offering more than one public utility service only the gross operating revenues from the public utility service in connection with which the investigation is being conducted shall be considered when determining this limitation.

Subd. 3. The department and commission shall annually, within 90 days after the close of each fiscal year, ascertain the total of (ITS) *their* expenditures to the performance of (ITS) *their* duties relating to public utilities under Laws 1974, Chapter 429, and shall deduct therefrom all amounts chargeable to public utilities under subdivision 2. The remainder shall be assessed by the commission and department to the several public utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year. The assessment shall be paid into the state treasury within 30 days after the bill has been mailed to the several public utilities, which shall constitute notice of the assessment and demand of payment thereof. The total amount

which may be assessed to the public utilities, under authority of this subdivision, shall not exceed one-eighth of one percent of the total gross operating revenues of the public utilities during such calendar year from retail sales of gas or electric service within the state.

Subd. 4. Within 30 days after the date of the mailing of any bill as provided by subdivisions 2 and 3, the public utility against which the bill has been rendered may file with the commission objections setting out the grounds upon which it is claimed the bill is excessive, erroneous, unlawful or invalid. The commission shall within 60 days hold a hearing and issue an order in accordance with its findings. The order shall be appealable in the same manner as other final orders of the commission.

Subd. 5. The commission *and department* shall be authorized to charge cooperative electric associations their proportionate share of the expenses incurred in the adjudication of service area disputes and all of the costs incurred in the adjudication of complaints over service standards and practices. Cooperative electric associations electing to become subject to rate regulation by the commission pursuant to section 216B.02, subdivision 4, shall be subject to this section.

Sec. 117. Minnesota Statutes 1978, Section 216B.64, is amended to read:

216B.64 [ATTORNEY GENERAL TO REPRESENT COMMISSION AND DEPARTMENT.] The attorney general of the state shall, upon request of the commission *or department*, represent and appear for the commission *or department* in all actions and proceedings involving any question under Laws 1974, Chapter 429, and shall aid in any investigation or hearing had under the provisions of Laws 1974, Chapter 429. The attorney general shall perform all duties and services in connection with Laws 1974, Chapter 429 and the enforcement thereof as the commission *or department* may require. He shall also bring all actions to collect penalties herein provided.

Sec. 118. Minnesota Statutes 1978, Section 237.02, is amended to read:

237.02 [UNDER DEPARTMENT OF PUBLIC SERVICE AND PUBLIC UTILITIES COMMISSION.] The department of public service *and the public utilities commission*, now existing under the laws of this state, (IS) *are* hereby vested with the same jurisdiction and supervisory power over telephone companies doing business in this state as it now has over railroad and express companies (; AND, WHEREVER THE TERM "DEPARTMENT" IS USED IN THIS CHAPTER, IT SHALL MEAN THE DEPARTMENT OF PUBLIC SERVICE). *The definitions set forth in section 216A.02 shall apply also to chapter 237.*

Sec. 119. Minnesota Statutes 1978, Section 237.12, is amended to read:

237.12 [CONNECTIONS BETWEEN TELEPHONE COMPANIES DISCONTINUED ONLY ON ORDER.] When public convenience requires the same, every telephone company shall, for a reasonable compensation, permit a physical connection or connections to be made, and telephone service to be furnished between any telephone exchange system operated by it, and the telephone toll line or lines operated by another company, or between its telephone toll line or lines and the telephone exchange system of another telephone company, or between its toll line and the toll line of another company, whenever such physical connection or connections are practicable and will not result in irreparable injury to the telephone system so compelled to be connected. The term "physical connection," as used in this section, means such number of trunk lines or complete wire circuits and connections as may be required to furnish reasonable and adequate service between such telephone lines and exchanges and shall not be deemed to provide for any connection whereby one line or circuit is to be bridged upon another line or circuit. In case of failure of the telephone companies concerned to allow or agree upon such physical connection or connections, or the terms and conditions upon which the same shall be made, application may be made to the department for an order requiring such connection and fixing the compensation, terms and conditions thereof, and if after investigation and hearing the department shall find that such physical connections will not result in irreparable injury to such telephone properties, it shall by order direct that such connections be made, and prescribe reasonable conditions and compensation therefor and for the joint use thereof, and by whom the expense of making and maintaining such connection or connections shall be paid. When application is made to the department requesting physical connection it shall be presumed that such connection is necessary, and that the public convenience will be promoted thereby, and the burden of overcoming such presumption shall be upon the party resisting such application. The telephone companies so connecting shall give service over the connecting line or lines without preference to or discrimination against any service or telephone company whatever.

Wherever a physical connection or connections exist between any telephone exchange system operated by a telephone company and the toll line or lines operated by another telephone company or between its toll line or lines and the telephone exchange system of another telephone company, or between its toll line and the toll line of another telephone company, neither of the companies shall cause such connection to be severed or the service between the companies to be discontinued without first obtaining an order from the department upon an application for permission to discontinue such physical connection. Upon the filing of an application for discontinuance of such a connection, the department shall investigate and ascertain whether public convenience re-

quires the continuance of such physical connection, and if the department so finds, *the commission* shall fix the compensation, terms and conditions of the continuance of the physical connection and service between the telephone companies.

Sec. 120. Minnesota Statutes 1978, Section 237.295, Subdivision 1, is amended to read:

237.295 [COST OF EXAMINATION; ASSESSMENT OF EXPENSES; LIMITATION; OBJECTIONS.] Subdivision 1. Whenever the department *or commission*, in a proceeding upon its own motion, on complaint, or upon an application to it, shall deem it necessary in order to carry out the duties imposed on it to investigate the books, accounts, practices, and activities of, or make appraisals of the property of any telephone company, or to render any engineering or accounting services to any telephone company, the telephone company shall pay the expenses reasonably attributable to the investigation, appraisal, or service. The department *and commission* shall ascertain the expenses, and *the department* shall render a bill therefor to the telephone company, either at the conclusion of the investigation, appraisal, or services, or from time to time during its progress, which bill shall constitute notice of the assessment and a demand for payment. The amount of the bills so assessed by the department shall be paid by the telephone company into the state treasury within 30 days from the date of assessment. The total amount, in any one calendar year, for which any telephone company shall become liable, by reason of costs incurred by the department *and commission* within that calendar year, shall not exceed two-fifths of one percent of the gross jurisdictional operating revenue of the telephone company in the last preceding calendar year. Where, pursuant to this subdivision, costs are incurred within any calendar year which are in excess of two-fifths of one percent of the gross jurisdictional operating revenues, the excess costs shall not be chargeable as part of the remainder under subdivision 2, but shall be paid out of the general appropriation of the department.

Sec. 121. Minnesota Statutes 1978, Section 237.295, Subdivision 2, is amended to read:

Subd. 2. The department *and commission* shall annually, within 90 days after the close of each fiscal year, ascertain the total of its expenditures to the performance of its duties relating to telephone companies, and shall deduct therefrom all amounts chargeable to telephone companies under subdivision 1. The remainder shall be assessed by the department to the several telephone companies in proportion to their respective gross jurisdictional operating revenues during the last calendar year. The assessment shall be paid into the state treasury within 30 days after the bill has been mailed to the several telephone companies, which shall constitute notice of the assessment and demand of payment thereof. The total amount which may be assessed to the

telephone companies, under authority of this subdivision, shall not exceed one-eighth of one percent of the total gross jurisdictional operating revenues during such calendar year.

Sec. 122. [TRANSFER OF COMPLEMENT, FUNDS, EQUIPMENT.] *The unencumbered balances of appropriations made to the department of public service for the commission support division by Laws 1979, Chapter 333, Section 37, are transferred to the public utilities commission. The commissioner of finance shall determine the amounts to be transferred.*

Twenty-four positions in the public service department used to staff the commission support division are transferred to the public utilities commission and the complement of the department of public service is reduced by that number.

Nothing herein shall be construed as abrogating or modifying any rights now enjoyed by affected employees under the terms of an agreement between an exclusive representative of public employees and the state or of its appointing authorities.

The commissioner of finance and commissioner of personnel shall transfer the budget, position, and employees referenced above and any accrued benefits pertaining thereto to the public utilities commission.

All equipment, furnishings, and supplies presently used by the commission support division and any contractual arrangements for telephone service, office space or other matters related to the operation of the division are transferred to the public utilities commission.

Sec. 123. [INSTRUCTION TO REVISOR.] *Insofar as possible, the revisor of statutes shall substitute the term "public utilities commission" for the term "public service commission" in the next and subsequent editions of Minnesota Statutes consistently with the provisions of this act. The revisor may make related changes in grammar and punctuation, but shall not change the meaning of any provision except consistently with this act.*

Insofar as possible, the revisor of statutes shall substitute the term "commission" for the term "department" wherever it appears in sections 216.10, 216.13, 216.14, 216.16, 216.161, 216.17, 216.18, 216.24, 216.25, 216.26, 216.27, 216.271, 237.10, 237.16, 237.18, 237.20, 237.21, 237.22, 237.23, 237.24, 237.25, 237.26, 237.27 and 237.28 of the next and subsequent editions of Minnesota Statutes consistently with the provisions of this act. The revisor may make related changes in grammar and punctuation, but shall not change the meaning of any provision except consistently with this act.

Sec. 124. Minnesota Statutes 1978, Section 238.08, is amended by adding a subdivision to read:

Subd. 5. Municipalities may by ordinance or resolution create a joint cable communications commission under section 471.59, to which each member municipality may delegate authority vested in the municipality by statute or charter to prepare, adopt, grant, administer, and enforce a cable communications franchise, and establish rates thereunder. The adoption, granting, administration and enforcement of a cable communications franchise, and the establishment of rates thereunder by a joint cable communications commission, pursuant to this subdivision is deemed to comply with procedural requirements of a statute or charter for the adoption, granting, administration and enforcement of a franchise, and establishment of rates. The members and governing body of the joint commission shall consist of two representatives appointed by each municipality, at least one of whom shall be a member of the council of that municipality and the other a qualified voter residing within that municipality.

Sec. 125. Minnesota Statutes 1978, Section 245.814, is amended to read:

245.814 [LIABILITY INSURANCE FOR FOSTER PARENTS.] The commissioner of public welfare shall within the appropriation provided purchase and provide insurance to foster parents to cover their liability for:

(1) injuries or property damage caused or sustained by foster children in their home; and

(2) actions arising out of alienation of affections sustained by the natural parents of a foster child.

Coverage shall apply to all foster boarding homes licensed by the department of public welfare, *licensed by a federally recognized tribal government*, or established by the juvenile court and certified by the commissioner of corrections pursuant to section 260.185, subdivision 1, clause (c) (5), to the extent that the liability is not covered by the provisions of the standard homeowner's or automobile insurance policy. The insurance shall not cover property owned by the foster parents, damage caused intentionally by a child over 12 years of age, or property damage arising out of business pursuits or the operation of any vehicle, machinery, or equipment.

Sec. 126. Minnesota Statutes 1978, Section 246.014, is amended to read:

246.014 [SERVICES.] The measure of services established and prescribed by section 246.012, are:

(1) There shall be served in state hospitals a single standard of food for patients and employees alike, which is nutritious and palatable together with special diets as prescribed by

the medical staff thereof. There shall be a chief dietitian in the department of public welfare and at least one dietitian at each state hospital. There shall be adequate staff and equipment for processing, preparation, distribution and serving of food.

(2) There shall be a staff of persons, professional and lay, sufficient in number, trained in the diagnosis, care and treatment of the mentally ill, physical illness, and including religious and spiritual counsel through qualified chaplains (who shall be in the unclassified service) adequate to take advantage of and put into practice modern methods of psychiatry, medicine and related field.

(3) There shall be a staff and facilities to provide occupational and recreational therapy, entertainment and other creative activities as are consistent with modern methods of treatment and well being.

(4) There shall be in each state hospital for the care and treatment of the mentally ill facilities for the segregation and treatment of patients who have communicable disease.

(5) The commissioner of public welfare shall provide modern and adequate psychiatric social case work service.

(6) The commissioner of public welfare shall make every effort to improve the accommodations for patients so that the same shall be comfortable and attractive with adequate furnishings, clothing, and supplies.

(7) The commissioner of public welfare shall establish training programs for the training of personnel and may require the participation of personnel in such programs. Within the limits of the appropriations available he may establish professional training programs in the forms of educational stipends for positions for which there is a scarcity of applicants.

(8) There shall be a separate hospital for the diagnosis, care and treatment of the mentally ill who have tuberculosis which shall conform to the standards established for the diagnosis, care and treatment of physical disease. Pending construction of such separate hospital, one of the present state hospitals, or so much thereof as may be necessary, shall be set apart for the diagnosis, care and treatment of the mentally ill who have tuberculosis and shall be staffed and equipped to meet the accepted requirements of modern medicine for the care and treatment of persons afflicted with tuberculosis.

(9) The standards herein established shall be adapted and applied to the diagnosis, care and treatment of inebriate persons and mentally deficient persons who come within those terms as defined in the laws relating to the hospitalization and commit-

ment of such persons, and of persons who are psychopathic personalities within the definition thereof in Minnesota Statutes 1945, Section 526.09.

(10) The commissioner of public welfare shall establish a program of detection, diagnosis and treatment of mentally or nervously ill persons and persons described in paragraph (9), and within the limits of appropriations may establish clinics and staff the same with persons specially trained in psychiatry and related fields.

(11) The commissioner of personnel (AND THE PERSONNEL BOARD) may reclassify employees of the mental institutions from time to time, and assign classifications to such salary brackets as will adequately compensate personnel and reasonably assure a continuity of adequate staff.

(12) In addition to the chaplaincy services, provided in (2), the commissioner of public welfare shall open said institutions to ministers of the Gospel to the end that religious and spiritual counsel and services are made available to the patients therein, and shall cooperate with all ministers of the Gospel in making said patients available for religious and spiritual counsel, and shall provide such ministers of the Gospel with meals and accommodations.

(13) Within the limits of the appropriations therefor, the commissioner of public welfare shall establish and provide facilities and equipment for research and study in the field of modern hospital management, the causes of mental and related illness and the treatment, diagnosis and care of the mentally ill and funds provided therefor may be used to make available services, abilities and advice of leaders in these and related field, and may provide them with meals and accommodations and compensate them for traveling expenses and services.

Sec. 127. Minnesota Statutes 1978, Chapter 246, is amended by adding a section to read:

[246.022] [STATE HOSPITAL PLANNING COMMITTEES.] *Subdivision 1. [APPOINTMENT.] The commissioner may appoint for each state hospital a hospital planning committee that includes, but is not limited to, the chief executive officer of each state institution appointed pursuant to section 246.02, representatives of the professional staff and human services technicians and of other staff as the chief executive officer deems appropriate, representatives of the patients served in the institution, and representatives of the counties served by the institution.*

Subd. 2. [DUTIES OF COMMITTEE.] The hospital planning committee of each state institution may present recommendations on such matters as:

(a) *Setting measurable goals and objectives for the management and service programs of the institution;*

(b) *Identifying the capital, staff and financial resources needed to attain the goals and objectives established; and*

(c) *Adopting a method, approved by the commissioner, whereby the degree of attainment of the established goals and objectives may be evaluated.*

Subd. 3. [COMMISSIONER'S RESPONSIBILITY.] *Within the appropriations available, the commissioner of public welfare shall provide technical assistance to each hospital planning committee in the performance of its duties.*

Subd. 4. [BIENNIAL PLAN.] *Each hospital planning committee shall submit to the commissioner a biennial report to be included in the report to the governor and legislature prepared pursuant to section 246.06. The commissioner shall establish schedules for submission of hospital planning committee plans so that each plan is substantially reflected in the biennial estimates prepared pursuant to section 246.12.*

Sec. 128. Minnesota Statutes 1978, Chapter 253A, is amended by adding a section to read:

[253A.22] [MENTAL EVALUATIONS OF DEFENDANTS; DESIGNATION OF HOSPITAL BY COMMISSIONER OF PUBLIC WELFARE.] *Subdivision 1. In any of the following specified stages of the criminal process involving a court ordered mental evaluation, the court shall order confinement or continuing confinement to the state mental hospital the commissioner of public welfare designates as appropriate, or to another suitable hospital or facility.*

(a) *Under Rule 20.01 of the Minnesota rules of criminal procedure relating to a defendant's competency to understand the proceedings and participate in his own defense:*

(1) *During the initial mental evaluation confinement period ordered by the criminal court to determine competency to proceed;*

(2) *If the defendant is found not competent to proceed by the criminal court, during the interim confinement period prior to commencement of civil commitment proceedings in the civil commitment court; and*

(3) *If the defendant is found to be mentally ill or mentally ill and dangerous and in need of further hospitalization by the civil commitment court, during the confinement period in which*

the defendant is under civil commitment subject to supervision by the court.

(b) Under Rule 20.02 of the Minnesota rules of criminal procedure relating to an assertion of the defense of mental illness:

(1) During the initial mental evaluation confinement period ordered by the court to determine the defendant's mental condition;

(2) If the defendant is found not guilty by reason of mental illness, during the interim confinement period prior to commencement of civil commitment proceedings in the civil commitment court; and

(3) If the defendant is found to be mentally ill or mentally ill and dangerous by the civil commitment court, during the confinement period during which the defendant is under civil commitment subject to supervision by the criminal court.

(c) Under Rule 27 of the Minnesota rules of criminal procedure relating to presentence investigations of defendants convicted of crimes when the court orders the defendant to submit to a mental evaluation, during any confinement period necessary for the evaluation.

Subd. 2. When in accordance with section 246.43 or other law a court orders a defendant to submit to a mental evaluation, the court may order confinement or continuing confinement to the state mental hospital the commissioner designates as appropriate, or to another suitable hospital or facility.

Sec. 129. Minnesota Statutes 1978, Chapter 256, is amended by adding a section to read:

[256.012] [MINNESOTA MERIT SYSTEM.] *The commissioner of public welfare shall promulgate by rule personnel standards on a merit basis in accordance with federal standards for a merit system of personnel administration for all employees of county boards engaged in the administration of community social services or income maintenance programs, all employees of human services boards that have adopted the rules of the Minnesota Merit System, and all employees of county welfare boards.*

Excluded from the rules are employees of institutions and hospitals under the jurisdiction of the aforementioned boards; employees of county personnel systems otherwise provided for by law that meet federal merit system requirements; duly appointed or elected members of the aforementioned boards; and the director of community social services and employees in positions that, upon the request of the appointing authority, the

commissioner in his discretion exempts, provided the exemption accords with the federal standards for a merit system of personnel administration.

Sec. 130. Minnesota Statutes 1978, Section 256.73, Subdivision 2, is amended to read:

Subd. 2. [ALLOWANCE BARRED BY OWNERSHIP OF PROPERTY.] *Except as provided in clause (3), the ownership by father, mother, child, children, or any combination thereof, of property as follows shall be a bar to any allowance under sections 256.72 to 256.87:*

(1) (NET EQUITY IN REAL ESTATE USED AS A HOME WHICH EXCEEDS \$15,000; PROVIDED THAT REAL ESTATE USED AS A HOME IN EXCESS OF THIS AMOUNT WILL NOT BE A BAR TO ELIGIBILITY WHERE THE COUNTY WELFARE BOARD DETERMINES THAT SUCH REAL ESTATE IS NOT AVAILABLE FOR SUPPORT OF THE FAMILY OR THE SALE OF SUCH REAL ESTATE WOULD CAUSE UNDUE HARDSHIP.) *Real property other than the homestead, except as described in clause (3); or*

(2) Personal property of a reasonable market value in excess of (\$300) \$600 for a one child recipient or (\$500) \$1,000 for more than one child recipient, exclusive of personal property used as the home, one automobile (THE MARKET VALUE OF WHICH DOES NOT EXCEED \$1,650), insurance carried by a parent which does not exceed a cash surrender value of \$500, clothing and necessary household furniture and equipment, the earnings of a dependent child which are placed in a savings account to be used for a future purpose approved by the county agency in accordance with the rules (AND REGULATIONS) of the commissioner of public welfare, and such property that produces a net income applicable to the family's needs (; OR).

(3) Real estate not used as a home which produces net income applicable to the family's needs or which the family is making a continuing effort to sell at a fair and reasonable price shall not be a bar to an allowance under sections 256.72 to 256.87. Net income shall be the residue after payment from gross income of taxes, insurance, maintenance, and interest on encumbrances, if any, on the property, provided that in computing net income the gross income shall not be charged with any expenses toward betterment of the property as improvements or by payment on the principal of a mortgage; provided, that the net income thus derived shall be applied on the family budget.

Sec. 131. Minnesota Statutes 1978, Section 256D.06, is amended by adding a subdivision to read:

Subd. 3. When a general assistance grant is used to pay a negotiated rate for a recipient living in a room and board arrangement or congregate living care, the allowance for clothing and personal needs shall not be less than that authorized for a medical assistance recipient pursuant to section 256B.35.

Sec. 132. Minnesota Statutes 1978, Chapter 259, is amended by adding a section to read:

[259.45] [STATE ADOPTION EXCHANGE.] *Subdivision 1. The commissioner of public welfare shall establish an adoption exchange, which shall include but not be limited to a book, updated monthly, that contains a photograph and description of each child who has been legally freed for adoption. The exchange service shall be available to all authorized child placing agencies whose purpose is to assist in the adoptive placement of children, and the exchange book shall be distributed to all such agencies.*

Subd. 2. All authorized child placing agencies shall send to the state adoption exchange, within 60 days of the time a child becomes free for adoption, a recent photograph and description of each child in its care who has been legally freed for adoption by the termination of parental rights, and for whom no adoptive home has been found.

Subd. 3. Changes in the status of a child listed in the state adoption exchange shall be reported by the authorized child placing agency to the exchange within ten working days after the change occurs.

Subd. 4. Children remaining registered for 12 months shall have their photographs and written descriptions updated by the authorized child placing agency within ten working days of the expiration of the 12 months, and every 12 months thereafter.

Subd. 5. A child's registration shall be withdrawn when the exchange service has been notified in writing by the authorized child placing agency that the child has been adopted, has reached his or her 14th birthday and will not consent to an adoption plan, or has died.

Subd. 6. The exchange service shall semiannually check the status of listed children for whom inquiries have been received. Periodic checks shall be made by the service to determine the progress toward adoption of those children and the status of children registered but never listed in the exchange book because of placement in an adoptive home prior to or at the time of registration.

Subd. 7. An authorized child placing agency may voluntarily refer any child legally freed for adoption to the exchange service; or the exchange service may determine that the recruitment of an adoptive family through the exchange book is appropriate

for a child not registered with the service and require the child to be registered with the exchange service within ten working days.

Subd. 8. Deferral of the listing of a child with the state adoption exchange shall be only for one or more of the following reasons: (a) the child is in an adoptive placement but is not legally adopted; (b) the child's foster parents or other individuals are now considering adoption; (c) diagnostic study or testing is required to clarify the child's problem and provide an adequate description; (d) the child is currently in a hospital and continuing need for daily professional care will not permit placement in a family setting; or (e) the child is 14 years of age or older and will not consent to an adoption plan. Approval of a request to defer listing for any of the reasons specified in clauses (b) or (c) shall be valid for a period not to exceed 90 days, with no subsequent deferrals for those reasons.

Subd. 9. The commissioner of public welfare shall make rules as necessary to administer this section and shall employ necessary staff to carry out the purposes of this section.

Sec. 133. Minnesota Statutes, 1979 Supplement, Section 299D.03, Subdivision 2, is amended to read:

Subd. 2. [SALARIES.] (1) Each employee other than the chief supervisor, lieutenant colonel, majors, captains, corporals and sergeants hereinafter designated shall be known as patrol troopers.

(2) There may be appointed one lieutenant colonel; and such majors, captains, corporals, sergeants and troopers as the commissioner deems necessary to carry out the duties and functions of the highway patrol. Persons in above named positions shall be appointed by law and have such duties as the commissioner may direct and, except for troopers, shall be selected from the patrol troopers, corporals, sergeants, captains, and majors who shall have had at least five years' experience as either patrol troopers, corporals, sergeants, or supervisors.

(3) Commencing July 4, 1979, the salaries for all members of the highway patrol, except for the chief supervisor and the lieutenant colonel shall be as shown in the following table:

TOTAL YEARS OF SERVICE

	Base Salary	6 Months	1 Year	2 Years	3 Years
Trooper	\$1186	1229	1327	1377	1439

98th Day]

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	4 thru 6 Years	7 thru 11 Years	12 thru 20 Years	After 20 Years
Trooper	\$1511	1566	1625	1687
	5 thru 11 Years	12 thru 20 Years	After 20 Years	
Trooper I	\$1566	1625	1687	
		10 thru 20 Years	After 20 Years	
Corporal		\$1650	1712	

Staff Sergeant

Years							
7	8	9	10	11	12 thru 20	After 20	
\$1656	1687	1719	1753	1786	1817	1880	

TIME IN RANK

	Base Salary	1 Year	2 Years	After 12 Years total Service	After 20 Years total Service
Captain	\$1959	2020	2083	2143	2202
Major	2239	2301		2363	2425

Commencing July 2, 1980, the salaries for all members of the highway patrol, except for the chief supervisor and the lieutenant colonel shall be as shown in the following table:

TOTAL YEARS OF SERVICE

	Base Salary	6 Months	1 Year	2 Years	3 Years
Trooper	\$1257	1303	1407	1460	1525
	4 thru 6 Years	7 thru 11 Years	12 thru 20 Years	After 20 Years	
Trooper	\$1602	1660	1723	1788	

	5 thru 11 Years	12 thru 20 Years	After 20 Years
Trooper I	\$1660	1723	1788
		10 thru 20 Years	After 20 Years
Corporal		(\$1747) \$1749	1815
Staff Sergeant			

Years

7	8	9	10	11	12 thru 20	After 20
\$1755	1788	1822	1858	1893	1926	1993

TIME IN RANK

	Base Salary	1 Year	2 Years	After 12 Years Total Service	After 20 Years Total Service
Captain	\$2077	2141	2208	2272	2334
Major	\$2373	2439		2505	2571

Employees designated as station sergeants shall receive an additional three percent above the current rate rounded to the nearest dollar for the duration of the appointment. Employees permanently assigned exclusively to Twin City metropolitan freeway duty shall be designated freeway troopers and shall be compensated \$25 per month above their current salary when so assigned. Salary increases in accordance with the above schedule shall become effective for the payroll period nearest the employee's anniversary date of employment.

(4) Upon promotion, the person will be paid at the base salary rate of pay in effect for that rank, and shall subsequently be eligible for the time in rank increases calculated from the effective date of promotion.

(5) Any time in rank increases in salary provided for in the tables in clause (3), shall be effective for the payroll period nearest the employee's anniversary date of employment.

The salary rates for all highway patrol troopers, corporals and sergeants as cited in clause (3) shall be deemed to include reimbursement for shift differential, meal and business expenses incurred by highway patrol troopers, corporals and sergeants in

the performance of their assigned duties in their patrol areas; business expenses include, but are not limited to: uniform costs, home garaging of squad cars and maintenance of home office.

Sec. 134. Minnesota Statutes 1978, Chapter 326, is amended by adding a section to read:

[326.601] [ALTERNATIVE STATE BONDING AND INSURANCE REGULATION.] *Subdivision 1. [BONDS.] An applicant for a water conditioning contractor or installer license or renewal thereof who is required by any political subdivision to give a bond to obtain or maintain the license, may comply with any political subdivision bonding requirement by giving a bond to the state in the total penal sum of \$3,000 conditioned upon the faithful and lawful performance of all water conditioning contracting or installing work done by him within the state. The bond shall be for the benefit of persons suffering injuries or damages due to the work. The bond shall be filed with the commissioner of health and shall be written by a corporate surety licensed to do business in this state. No applicant for a water conditioning contractor or installer license who maintains the bond under this subdivision shall be otherwise required to meet the bond requirements of any political subdivision.*

Subd. 2. [INSURANCE.] Each applicant for a water conditioning contractor or installer license or renewal thereof may, in lieu of all other insurance requirements of any political subdivision for said licensing purposes, maintain the insurance specified by this subdivision. The insurance shall provide coverage, including products liability coverage, for all damages in connection with licensed work for which the licensee is liable, with personal damage limits of at least \$50,000 per person and \$100,000 per occurrence and property damage insurance with limits of at least \$10,000. The insurance shall be written by an insurer licensed to do business in this state and each licensed water conditioning contractor or installer shall maintain on file with the commissioner of health a certificate evidencing the insurance. The insurance shall not be cancelled without the insurer first giving 15 days written notice to the commissioner.

Subd. 3. [BOND AND INSURANCE EXEMPTION.] A water conditioning contractor or installer who is an employee of a water conditioning contractor or installer, including an employee engaged in the maintenance and repair of water conditioning equipment, apparatus, or facilities owned, leased and operated, or maintained by the employer, is not required to meet the bond and insurance requirements of subdivisions 1 and 2 or of any political subdivision.

Subd. 4. [FEE.] The commissioner of health may establish by rule an additional fee commensurate with the cost of administering the bond and insurance requirements of subdivisions 1

and 2, which may be charged each applicant for issuance or renewal of a water conditioning contractor or installer license who elects to proceed under subdivisions 1 and 2.

Sec. 135. Minnesota Statutes 1978, Section 352.01, Subdivision 2B, is amended to read:

Subd. 2B. [EXCLUDED EMPLOYEES.] The following persons are excluded from the meaning of state employee:

- (1) Elective state officers;
- (2) Students employed by the university of Minnesota, the state universities, and community colleges unless approved for coverage by the board of regents, the state university board or the state board for community colleges, as the case may be;
- (3) Employees who are eligible to membership in the state teachers retirement association except employees of the department of education who have elected or may elect to be covered by the Minnesota state retirement system instead of the teachers retirement association;
- (4) Employees of the university of Minnesota who are excluded from coverage by action of the board of regents;
- (5) Officers and enlisted men in the national guard and the naval militia and such as are assigned to permanent peacetime duty who pursuant to federal law are or are required to be members of a federal retirement system;
- (6) Election officers;
- (7) Persons engaged in public work for the state but employed by contractors when the performance of such contract is authorized by the legislature or other competent authority;
- (8) Officers and employees of the senate and house of representatives or a legislative committee or commission who are temporarily employed;
- (9) All courts and all employees thereof, referees, receivers, jurors, and notaries public, except employees of the supreme court and referees and adjusters employed by the department of labor and industry;
- (10) Patient and inmate help in state charitable, penal and correctional institutions including the Minnesota veterans home;
- (11) Persons employed for professional services where such service is incidental to regular professional duties and whose compensation is paid on a per diem basis;

- (12) Employees of the Sibley House Association;
- (13) Employees of the Grand Army of the Republic and employees of the ladies of the G.A.R.;
- (14) Operators and drivers employed pursuant to section 16.07, subdivision 4;
- (15) **(MEMBERS OF THE PERSONNEL BOARD, AND)** The members of any (OTHER) state board or commission who serve the state intermittently and are paid on a per diem basis; the secretary, secretary-treasurer, and treasurer of such boards if their compensation is \$500 or less per year, or, if they are legally prohibited from serving more than two consecutive terms and their total service therefor is required by law to be less than ten years; and the board of managers of the state agricultural society and its treasurer unless he is also its full time secretary;
- (16) State highway patrolmen;
- (17) Temporary employees of the Minnesota state fair employed on or after July 1 for a period not to extend beyond October 15 of the same year; also persons employed at any time or times by the state fair administration for special events held on the fairgrounds;
- (18) Emergency employees in the classified service except emergency employees who within the same pay period become provisional or probationary employees on other than a temporary basis, shall be deemed "state employees" retroactively to the beginning of the pay period;
- (19) Persons described in section 352B.01, subdivision 2, clauses (b) and (c) formerly defined as state police officers;
- (20) All temporary employees in the classified service, all temporary employees in the unclassified service appointed for a definite period of not more than six months and employed less than six months in any one year period and all seasonal help in the unclassified service employed by the department of revenue;
- (21) Trainees paid under budget classification number 41, and other trainee employees, except those listed in subdivision 2A(10);
- (22) Persons whose compensation is paid on a fee basis;
- (23) State employees who in any year have credit for 12 months service as teachers in the public schools of the state and as such teachers are members of the teachers retirement association or a retirement system in St. Paul, Minneapolis, or Duluth;

(24) Employees of the adjutant general employed on an unlimited intermittent or temporary basis in the classified and unclassified service for the support of army and air national guard training facilities;

(25) Chaplains and nuns who have taken a vow of poverty as members of a religious order;

(26) Labor service employees employed as a laborer 1 on an hourly basis;

(27) Examination monitors employed by departments, agencies, commissions, and boards for the purpose of conducting examinations required by law;

(28) Members of appeal tribunals, exclusive of the chairman to which reference is made in section 268.10, subdivision 4;

(29) Persons appointed to serve as members of fact finding commissions, adjustment panels, arbitrators, or labor referees under the provisions of chapter 179;

(30) Temporary employees employed for limited periods of time under any state or federal program for the purpose of training or rehabilitation including persons employed thereunder for limited periods of time from areas of economic distress except skilled and supervisory personnel and persons having civil service status covered by the system;

(31) Full time students employed by the Minnesota historical society who are employed intermittently during part of the year and full time during the summer months;

(32) Temporary employees, appointed for not more than six months, of the Metropolitan council and of any of its statutory boards, the members of which board are appointed by the metropolitan council;

(33) Persons employed in positions designated by the department of personnel as student workers;

(34) Any person who is 65 years of age or older when appointed and who does not have allowable service credit for previous employment, unless such employee gives notice to the director within 60 days following his appointment that he desires coverage;

(35) Tradesmen employed by the metropolitan waste control commission with trade union pension plan coverage pursuant to a collective bargaining agreement first employed after June 1, 1977; and

(36) Persons employed in subsidized on-the-job training, work experience or public service employment as enrollees under the federal comprehensive employment and training act from and after March 30, 1978, unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement system to meet the minimum vesting requirements for a deferred annuity, or the employer agrees in writing on forms prescribed by the director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive employment and training act, or the person agrees in writing on forms prescribed by the director to make the required employer contribution in addition to the required employee contribution.

Sec. 136. Minnesota Statutes 1978, Section 352.04, Subdivision 5, is amended to read:

Subd. 5. [PAYMENT OF EMPLOYER CONTRIBUTIONS.]
((A)) The head of each department or agency shall cause employer contributions to be made to the fund on each payroll abstract at the time each employee is paid his salary in the amounts required by subdivision 3. These contributions shall be charged as administrative costs. Each department shall pay these amounts from such accounts and funds from which each department or agency receives its revenue, including appropriations from the general fund and from any other fund, now or hereafter existing, for the payment of salaries and in the same proportion as it pays therefrom the amounts of such salaries. (THE MONEYS NECESSARY TO PROVIDE FOR THE ADMINISTRATIVE COST AS HEREIN PROVIDED ARE HEREBY APPROPRIATED OUT OF SUCH REVENUE SOURCES TO EACH DEPARTMENT AND AGENCY IN SUCH SUMS AS ARE REQUIRED TO MAKE THE PAYMENTS HEREIN DIRECTED.)

((B) IF THERE ARE INSUFFICIENT MONEYS IN ANY SUCH ACCOUNTS OR FUND OR SOURCE OF REVENUE TO MAKE THE PAYMENTS TO THE STATE EMPLOYEES RETIREMENT FUND REQUIRED BY THIS SECTION TO BE MADE BY SUCH DEPARTMENT OR AGENCY, THERE IS HEREBY APPROPRIATED TO SUCH DEPARTMENT OR AGENCY FROM ANY MONEYS IN THE STATE TREASURY NOT OTHERWISE APPROPRIATED, SUCH MONEYS AS ARE REQUIRED TO MEET SUCH DEFICIENCIES. THE AMOUNT OF SUCH APPROPRIATION MADE BY THESE PROVISIONS SHALL BE CERTIFIED BY THE COMMISSIONER OF ADMINISTRATION TO THE COMMISSIONER OF FINANCE AT SUCH TIMES AS THE COMMISSIONER OF FINANCE SHALL REQUIRE.)

Sec. 137. Minnesota Statutes 1978, Section 352.73, Subdivision 3, is amended to read:

Subd. 3. The supplemental benefit herein provided is for the purpose of relief in the present inflationary period and is not an increase in the amount of the annuity or retirement allowance such retired state employee receives from the state employees retirement fund. This supplemental benefit is not a vested right and the legislature reserves the power to withdraw, abolish, or modify it in any way. The benefits herein provided for shall be administered by the director of the Minnesota state employees retirement system. These supplemental benefits shall be paid in the same manner and at the same time annuities and retirement allowances are paid and, for the purpose of economy, such benefits may be included in the warrants on which the annuities are paid. *Money certified by the director to the commissioner of finance as needed to meet the state's obligations to the state employees retirement fund shall be transferred to the fund at least once a month.*

Sec. 138. Minnesota Statutes 1978, Section 352B.25, is amended to read:

352B.25 [CONTINUING APPROPRIATION; PAYMENT OF PENSION FUNDS BY INDIVIDUALS.] (ALL MONEYS PROVIDED FOR IN THIS CHAPTER REQUIRED TO BE PAID, DEDUCTED, TRANSFERRED OR CONTRIBUTED TO ANY PERSON, AGENCY, FUND OR ASSOCIATION FROM ANY ACCOUNT IN THE STATE TREASURY OR FROM ANY FUND OR ASSOCIATION ARE HEREBY ANNUALLY AND FROM TIME TO TIME APPROPRIATED.) *The highway patrolmen's retirement fund and the participation in the Minnesota adjustable fixed benefit fund shall be disbursed only for the purposes herein provided. The expenses of the system and any benefits or annuities herein provided, other than benefits payable from the Minnesota adjustable fixed benefit fund, shall be paid from the highway patrolmen's retirement fund. The amounts necessary to make the payments from the highway patrolmen's retirement fund and the participation in the Minnesota adjustable fixed benefit fund are annually appropriated from those funds for those purposes.*

Sec. 139. Minnesota Statutes 1978, Section 352C.04, Subdivision 3, is amended to read:

Subd. 3. **[APPROPRIATION.]** Spouse's and dependent children's survivor benefits, payable under this section, (ARE APPROPRIATED ANNUALLY TO THE EXECUTIVE DIRECTOR OF THE MINNESOTA STATE RETIREMENT SYSTEM FROM THE GENERAL FUND OF THE STATE TREASURY, AND) shall be paid (BY HIM) monthly *by the executive director of the Minnesota state retirement system.*

Sec. 140. Minnesota Statutes 1978, Section 352C.09, Subdivision 2, is amended to read:

Subd. 2. (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a constitutional officer or commissioner and is not receiving and has not received, or is not entitled to receive any allowance or benefit under the provisions of this chapter is entitled to receive upon application to the director a refund of all contributions credited to his account without interest thereon. (THE MONEYS REQUIRED FOR THE REFUNDS ARE APPROPRIATED ANNUALLY TO THE DIRECTOR FROM THE GENERAL FUND IN THE STATE TREASURY.)

(2) The refund of contributions as provided in clause (1) above terminates all rights of a former constitutional officer or commissioner or his survivors under the provisions of this chapter. Should the former constitutional officer or commissioner again hold such office after having taken a refund as provided above, he shall be considered a new member for all purposes and such refund may not be repaid for any credit or benefit whatever.

(3) No person shall be required to apply for or accept a refund.

Sec. 141. Minnesota Statutes 1978, Section 353.83, is amended to read:

353.83 [ADDITIONAL PAYMENTS TO CERTAIN ANNUITANTS.] Payments of retirement annuities pursuant to this chapter, to annuitants who (a) retired prior to July 1, 1962, (b) had at least 20 years of allowable service credit in the public employees retirement association upon their termination of public employment, and (c) receive annuities of less than \$200 per month shall, retroactive to July 1, 1967, be supplemented by additional payments by the public employees retirement association from moneys in the general fund of the state of Minnesota in the amount of \$15 per month, provided that such annuitants have not previously qualified for the additional payments pursuant to this section, and provided further that in no case shall the annuities plus the additional payments exceed \$200 per month. (MONEYS NECESSARY TO PAY THE SUPPLEMENTAL BENEFIT PROVIDED BY THIS SECTION ARE HEREBY ANNUALLY APPROPRIATED FROM THE SAID GENERAL FUND.) These additional payments shall be made in the same manner and at the same time retirement annuities are paid and shall be included in the warrants on which the annuities are so paid. The supplemental payment herein provided shall be excluded from the computation of any monthly survivor benefit or optional annuity which may become due and payable to any person following the death of an annuitant who, during his lifetime, received a benefit pursuant to this section. If an annuitant entitled to receive additional payment under this section should die before such retroactive payment is received, payment shall be made upon demand to his designated

beneficiary in an amount equal to his accumulated benefit from July 1, 1967, to the date of his death, without interest.

Sec. 142. Minnesota Statutes 1978, Section 354.55, Subdivision 5, is amended to read:

Subd. 5. Each annuitant who as a member of the fund commenced drawing an annuity pursuant to Laws 1915, Chapter 199, as amended, shall be paid \$20 per month in addition to the amount such annuitant is otherwise entitled to receive under the provisions of Minnesota Statutes 1961, Sections 135.01 to 135.56. (THE SUPPLEMENTAL PENSION PROVIDED FOR IN THIS SUBDIVISION SHALL BE PAID FROM THE GENERAL FUND AND SUCH MONEYS AS ARE REQUIRED FOR ITS PAYMENT ARE HEREBY ANNUALLY APPROPRIATED TO THE TEACHERS RETIREMENT FUND.)

Sec. 143. Minnesota Statutes, 1979 Supplement, Section 354A.12, Subdivision 2, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Notwithstanding any law to the contrary, levies for teachers retirement fund associations in cities of the first class, including levies for any employer social security taxes for teachers covered by the Duluth teachers retirement fund association or the Minneapolis teachers retirement fund association or the St. Paul teachers retirement fund association, are disallowed and the state shall assume the total employer obligation.

The state shall make the following employer contributions to teachers retirement fund associations:

(a) For any coordinated member of a teachers retirement fund association in a city of the first class, the state shall pay the employer social security taxes in accordance with section 355.46, subdivision 3, clause (b);

(b) For any coordinated member of one of the following teachers retirement fund associations in a city of the first class, the state shall make a contribution to the respective retirement fund association in an amount equal to the designated percentage of the salary of the coordinated member as provided below:

Duluth teachers retirement fund association	5.79 percent
Minneapolis teachers retirement fund association	4.50 percent
St. Paul teachers retirement fund association	4.50 percent

(c) For any basic member of one of the following teachers retirement fund associations in a city of the first class, the state

shall make a contribution to the respective retirement fund in an amount equal to the designated percentage of the salary of the basic member as provided below:

Minneapolis teachers retirement fund association	13.35 percent
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St. Paul teachers retirement fund association	12.63 percent
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The state employer contributions shall be (APPROPRIATED AND) remitted directly to each teachers retirement fund association each month in accordance with the procedures described in section 354.43, subdivisions 1 (, 2,) and 5.

Once each month the executive secretary of each teachers retirement fund association shall determine the amount of money necessary and presently needed to meet the state obligation as provided in this subdivision by applying the percentage of payroll figure to the estimated payroll amounts for the current month and shall certify the amount to the commissioner of finance. The moneys required to meet the amounts certified by each executive secretary of a teachers retirement fund association shall be (APPROPRIATED AND) remitted directly to the applicable teachers retirement fund association from the general fund each month. If subsequent actual experience deviates from the anticipated experience upon which the amount certified was determined, the allocation to the first class city teachers retirement fund association involved next following the discovery of the deviation shall be adjusted. If the state makes an excess employer contribution to a teachers retirement fund association as the result of a false or wrongful certification, the state shall be entitled to recover the excess employer contribution by any appropriate means, including recovery from future state allocations, state aid or other funds payable to the school district in which the association is located. If an employee of that school district is responsible for the false or wrongful certification, any excess employer contribution recovered by the state shall be the obligation of the school district.

Sec. 144. Minnesota Statutes 1978, Section 355.46, Subdivision 3, is amended to read:

Subd. 3. The employer taxes due with respect to employment by educational employees who have made their selection pursuant to section 218(d) (6)(C) of the social security act, shall be paid in the following manner:

(a) Contributions required for retroactive coverage shall be made in the manner provided in subdivision 2.

(b) Contributions required to be made for current service by political subdivisions employing such educational employees

and payments required by section 355.49 shall be paid by the state. Beginning July 1, 1971 the state's obligation for services performed subsequent to the date of the agreement or modification shall be paid by the commissioner of finance at such times and in such amounts as may be determined by the state agency to be necessary. (THE AMOUNTS HEREIN REQUIRED ARE HEREBY APPROPRIATED TO THE COMMISSIONER OF FINANCE FROM THE GENERAL FUND IN THE STATE TREASURY AND THE COMMISSIONER OF FINANCE IS HEREBY AUTHORIZED TO MAKE THE NECESSARY DISBURSEMENTS AND TRANSFERS THEREFOR EXCEPT THAT THE FIRST SUCH AMOUNT SO REQUIRED SHALL BE REDUCED BY AN AMOUNT OF \$3,000,000 WHICH SHALL BE APPROPRIATED FROM THE TEACHERS RETIREMENT FUND. THE TRUSTEES ARE HEREBY AUTHORIZED TO MAKE THIS REQUEST OF TRANSFER TO THE COMMISSIONER OF FINANCE.)

(c) Contributions required to be made with respect to such educational employees of state departments and institutions and payments required by section 355.49 shall be paid by such departments and institutions in accordance with the provisions of sections 355.49 and 355.50.

Sec. 145. Minnesota Statutes 1978, Section 355.50, is amended to read:

355.50 [STATE EMPLOYEES, APPROPRIATION.] With respect to state employees, each department and agency shall pay the amounts required by sections 355.41 to 355.60 from such accounts and funds from which each department or agency receives its revenue, including appropriations from the general fund and from any other fund, now or hereafter existing, for the payment of salaries and in the same proportion as it pays therefrom the amounts of such salaries. (THE MONEYS NECESSARY FOR THE PAYMENTS INTO THE CONTRIBUTION FUND AND THE STATE AGENCY REVOLVING FUND, AS PROVIDED HEREIN, ARE HEREBY APPROPRIATED OUT OF SUCH REVENUE SOURCES, INCLUDING FROM THE GENERAL FUND AND FROM ANY OTHER FUND NOW OR HEREAFTER EXISTING, TO EACH DEPARTMENT AND AGENCY IN SUCH SUMS AS ARE REQUIRED TO MAKE THE PAYMENTS HEREIN DIRECTED, AND) Such payments shall be charged as an administrative cost by such units of state government.

If the federal government increases the required contributions for social security, and as a result of the increase there are insufficient moneys in any such accounts or fund or source of revenue to make the payments to the contribution fund required by sections 355.41 to 355.60 by such departments or agencies, there is hereby appropriated to such department or agency from any moneys in the state treasury not otherwise appropriated such moneys as are required to meet such deficiencies. The amount of

each (APPROPRIATION) payment made (BY) pursuant to these provisions shall be certified by the commissioner of personnel to the commissioner of finance at such times as the commissioner of finance shall require. *The amount certified as necessary to meet a deficiency caused by an increase in federal contribution requirements shall be reported to the senate committee on finance and the house committee on appropriations before the commissioner of finance transfers any money to meet the deficiency.*

For those employees of the state or its instrumentalities who as eligible members in the state employees retirement association are employed by the state horticultural society, the disabled American veterans, department of Minnesota, veterans of foreign wars, department of Minnesota, the Minnesota crop improvement association, the Minnesota historical society, the armory building commission and the Minnesota-Wisconsin-Minneapolis-St. Paul survival plan project, these units of government shall also pay into the contribution fund contributions with respect to wages equal to the sum of taxes which would be imposed by the federal insurance contributions act if the services covered by such agreement or modification constituted employment within the meaning of that act.

Sec. 146. Minnesota Statutes 1978, Section 401.02, Subdivision 3, is amended to read:

Subd. 3. [ESTABLISHMENT AND REORGANIZATION OF ADMINISTRATIVE STRUCTURE.] Any county or group of counties which have qualified for participation in the community corrections subsidy program provided by this chapter may, *after consultation with the judges of the district court, county court, municipal court, probate court and juvenile court having jurisdiction in the county or group of counties establish, organize, and reorganize (ITS) an administrative structure (, INCLUDING BUT NOT LIMITED TO) and provide for the budgeting, staffing and operation of court services and probation, juvenile detention and juvenile correctional facilities, and other activities required to conform (WITH) to the (REQUIREMENTS) purposes of (SUBDIVISION 1 NOTWITHSTANDING ANY INCONSISTENT SPECIAL LAW) chapter 401. No contrary general or special statute divests any county or group of counties of the authority granted by this subdivision. This subdivision does not apply to Ramsey county or to the counties in the Arrowhead region. In Hennepin county the county board and the judges of the district court, county court, municipal court, probate court and juvenile court shall, before January 15, 1981, prepare and implement, subject to the approval of the commissioner of corrections, a joint plan for reorganization of correctional services in the county providing for the administrative structure and providing for the budgeting, staffing and operation of court services and probation, juvenile detention and juvenile correctional facilities, and other activities required to conform to the purposes of chapter 401.*

Sec. 147. Minnesota Statutes 1978, Section 403.11, Subdivision 3, is amended to read:

Subd. 3. [METHOD OF PAYMENT; CERTIFICATION.] A public utility incurring reimbursable costs under subdivision 1 or 2 (FOR A YEAR ENDING JUNE 30, 1978, OR ANY JUNE 30 THEREAFTER,) shall certify those costs to the commissioner of administration (NO LATER THAN THE FOLLOWING AUGUST 31). The certification shall be in a form as prescribed by the commissioner after consultation with the public service commission. If the commissioner and the commission approve the certified costs as appropriate and accurate, the commissioner shall (SO ADVISE THE COMMISSIONER OF FINANCE NO LATER THAN THE FOLLOWING OCTOBER 31. IF THE COSTS ARE CERTIFIED AND APPROVED IN AN EVEN NUMBERED YEAR, THE GOVERNOR AND THE COMMISSIONER OF FINANCE SHALL INCLUDE THE CERTIFIED COSTS IN THE REGULAR BUDGET SUBMITTED TO THE LEGISLATURE. IF THE COSTS ARE CERTIFIED AND APPROVED IN AN ODD NUMBERED YEAR, THEY SHALL BE SUBMITTED IN A SPECIAL MESSAGE TO THE APPROPRIATIONS COMMITTEES OF THE LEGISLATURE NO LATER THAN NOVEMBER 30 OF EACH ODD NUMBERED YEAR) *pay the certified costs from money appropriated for that purpose within 90 days following receipt by the commissioner of the certified costs. The commissioner of administration shall estimate the amount required to reimburse public utilities for the state's obligations under subdivisions 1 and 2 of this section and the governor shall include the estimated amount in the biennial budget request.*

Sec. 148. Minnesota Statutes, 1979 Supplement, Section 422A.101, Subdivision 3, is amended to read:

Subd. 3. [STATE CONTRIBUTIONS.] (THERE IS APPROPRIATED FROM THE GENERAL FUND OF) The state shall pay to the Minneapolis municipal employees retirement fund annually an amount equal to the financial requirements of the basic program of the Minneapolis municipal employees retirement fund reported by the actuary in the actuarial valuation of the fund prepared pursuant to section 356.215 for the most recent year but based on a target date for full amortization of the unfunded liabilities by the year 2017 less the amount of employee contributions made pursuant to section 422A.10, and the amount of employer contributions made pursuant to subdivision 1, clauses (a), (b) and (c), and subdivision 2, clauses (a), (b) and (c). Payments made pursuant to this subdivision shall be made at the same time and in the same manner as for payments made pursuant to section 477A.01, subdivision 4b.

Sec. 149. Minnesota Statutes 1978, Section 462A.05, is amended by adding a subdivision to read:

Subd. 19. The agency may make grants solely to non-profit sponsors, as defined by the agency, for residential housing to be used to provide temporary shelter to low and moderate income persons and families having an immediate need for temporary shelter as a result of natural disaster, resettlement, condemnation, displacement, lack of habitable housing or other cause defined by the agency. Grants pursuant to this subdivision shall not be used for residential care facilities. To the extent possible, a nonprofit sponsor shall combine the grant with other funds obtained from public and private sources. In making grants, the agency shall determine the circumstances under which and the terms and conditions under which all or any portion thereof will be repaid and the appropriate security should repayment be required.

Sec. 150. Minnesota Statutes 1978, Section 462A.21, is amended by adding a subdivision to read:

Subd. 12. It may make grants for the purpose of section 149, and may pay the costs and expenses necessary and incidental to the grant program authorized therein. Grants pursuant to section 149. May be made only with specific appropriations by the legislature.

Sec. 151. Minnesota Statutes, 1979 Supplement, Section 465.72, is amended to read:

465.72 [SEVERANCE PAY.] Except as may otherwise be provided in Laws 1959, Chapter 690, as amended, (ALL COUNTIES, CITIES, TOWNSHIPS AND SCHOOL DISTRICTS ARE HEREBY AUTHORIZED AND EMPOWERED TO) any county, city, township and school district may pay severance pay to (ALL OF) its employees and (TO ESTABLISH, PRESCRIBE AND) promulgate (PROVISIONS,) rules (AND REGULATIONS) for the payment of (SUCH) severance pay (UPON LEAVING) to an employee who leaves employment (PRIOR TO) before the normal retirement date. (SUCH) The severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits (, AND). It shall be paid in a manner mutually agreeable to the employee and employer over a period not to exceed five years from termination of employment. (IN THE EVENT THAT) If a terminated employee dies before all or a portion of the severance pay has been disbursed, that balance due shall be paid to a named beneficiary or, lacking same, to the deceased's estate. In no event shall severance pay provided for an employee (EXCEPT A TEACHER AS DEFINED IN SECTION 179.63, SUBDIVISION 13,) leaving employment exceed an amount equivalent to (100 DAYS PAY. SEVERANCE PAY FOR A TEACHER AS DEFINED IN SECTION 179.63, SUBDIVISION 13, SHALL NOT EXCEED AN AMOUNT EQUIVALENT TO) one year of pay.

Sec. 152. Minnesota Statutes 1978, Section 473.408, Subdivision 3, is amended to read:

Subd. 3. [SOCIAL FARES.] In off-peak hours the commission and other operators shall charge the following reduced fares for transit service:

(a) not more than 20 cents plus any zone charges for all persons under the age of 18 holding an identification card issued by the commission;

(b) not more than ten cents for all persons 65 years of age and over holding a medicare card or other identification card authorized or approved by the commission; and

(c) not more than one-half of the full fare for all handicapped persons, as defined by the commission.

Any person qualifying for a reduced fare pursuant to clause (b) whose income is below 150 percent of poverty guidelines established by the federal community services administration may qualify for exemption from the fare otherwise required to be paid under clause (b). The person may qualify for exemption by certifying income level on a form provided by the commission. The commission shall issue an annual pass to persons who qualify for exemption and shall require the persons to requalify annually. The commission shall make appropriate certification forms available by mail and at the offices and information centers maintained by the commission.

Sec. 153. Minnesota Statutes 1978, Section 473.435, is amended to read:

473.435 [BUDGET PREPARATION; SUBMISSION.] The commission shall prepare, submit and adopt a budget in the manner provided in, and otherwise comply with, the provisions of section 473.163 and section 174.03.

Sec. 154. Minnesota Statutes 1978, Section 473.641, is amended by adding a subdivision to read:

Subd. 4. Notwithstanding any other law, the metropolitan airports commission shall not use revenue from any source, as described by section 473.608, for construction of air facilities to expand or upgrade the use of an existing metropolitan airport from minor use to intermediate use status as defined by the metropolitan development guide, aviation chapter, adopted pursuant to section 473.145.

Sec. 155. Minnesota Statutes 1978, Section 490.123, Subdivision 1, is amended to read:

490.123 [JUDGES' RETIREMENT FUND.] Subdivision 1. [CREATION; CONTRIBUTIONS.] There is hereby created a special fund known as the "judges' retirement fund". The fund shall be credited with all contributions, all interest and all other income authorized by law. From this fund there are appropriated the payments authorized by sections 490.121 to 490.132 in the amounts and at times provided herein, including the expenses of administering the fund. Except as provided in section 490.128, subdivision 2, each judge shall contribute to the fund from each salary payment a sum equal to the salary multiplied by the rate of employee tax under the Federal Insurance Contributions Act as defined in section 355.01, subdivision 9. The balance of all money necessary for administering sections 490.121 to 490.132 and the judges' retirement fund, including payment of retirement compensation and other benefits under sections 490.121 to 490.132, shall be contributed to the fund by the state. (THE AMOUNT REQUIRED THEREFOR IS HEREBY ANNUALLY APPROPRIATED FROM THE GENERAL FUND TO THE JUDGES' RETIREMENT FUND.)

Money certified by the executive director of the Minnesota state retirement system to the commissioner of finance as needed to meet the state's obligations to the judges' retirement fund shall be transferred to the fund at least once a month.

Sec. 156. Minnesota Statutes 1978, Chapter 544, is amended by adding a section to read:

[544.41] [PRODUCT LIABILITY; LIMIT ON LIABILITY OF NON-MANUFACTURERS.] Subdivision 1. *In any product liability action based in whole or in part on strict liability in tort commenced or maintained against a defendant other than the manufacturer, that party shall upon answering or otherwise pleading file an affidavit certifying the correct identity of the manufacturer of the product allegedly causing injury, death or damage. The commencement of a product liability action based in whole or part on strict liability in tort against a certifying defendant shall toll the applicable statute of limitation relative to the defendant for purposes of asserting a strict liability in tort cause of action.*

Subd. 2. Once the plaintiff has filed a complaint against a manufacturer and the manufacturer has or is required to have answered or otherwise pleaded, the court shall order the dismissal of a strict liability in tort claim against the certifying defendant, provided the certifying defendant is not within the categories set forth in subdivision 3. Due diligence shall be exercised by the certifying defendant in providing the plaintiff with the correct identity of the manufacturer and due diligence shall be exercised by the plaintiff in filing a law suit and obtaining jurisdiction over the manufacturer.

The plaintiff may at any time subsequent to dismissal move to vacate the order of dismissal and reinstate the certifying defendant, provided plaintiff can show one of the following:

(a) That the applicable statute of limitation bars the assertion of a strict liability in tort cause of action against the manufacturer of the product allegedly causing the injury, death or damage;

(b) That the identity of the manufacturer given to the plaintiff by the certifying defendant was incorrect. Once the correct identity of the manufacturer has been given by the certifying defendant the court shall again dismiss the certifying defendant;

(c) That the manufacturer no longer exists, cannot be subject to the jurisdiction of the courts of this state, or, despite due diligence, the manufacturer is not amenable to service of process;

(d) That the manufacturer is unable to satisfy any judgment as determined by the court; or

(e) That the court determines that the manufacturer would be unable to satisfy a reasonable settlement or other agreement with plaintiff.

Subd. 3. A court shall not enter a dismissal order relative to any certifying defendant even though full compliance with subdivision 1 has been made where the plaintiff can show one of the following:

(a) That the defendant has exercised some significant control over the design or manufacture of the product, or has provided instructions or warnings to the manufacturer relative to the alleged defect in the product which caused the injury, death or damage;

(b) That the defendant had actual knowledge of the defect in the product which caused the injury, death or damage; or

(c) That the defendant created the defect in the product which caused the injury, death or damage.

Subd. 4. Nothing contained in subdivisions 1 to 3 shall be construed to create a cause of action in strict liability in tort or based on other legal theory, or to affect the right of any person to seek and obtain indemnity or contribution.

Sec. 157. Laws 1959, Chapter 690, Section 2, as amended by Laws 1963, Chapter 729, Section 1, Laws 1971, Chapter 599, Section 1, and Laws 1975, Chapter 261, Section 1, is amended to read:

Sec. 2. [ST. PAUL, CITY OF; EMPLOYEES SEVERANCE PAY.] The provisions, rules and regulations under any such ordinance for such payment of severance pay by said city, authorized under the foregoing provisions of section 1 hereof, shall be applicable to all employees of said city other than its elected city officials. Such severance pay shall be excluded from retirement deductions and from any calculations in retirement benefits, and shall be paid over a period not to exceed five years from termination of employment. The amount of such severance pay allowable or to become payable in respect of any such employment or to any such employee (AFTER DECEMBER 31, 1973,) shall not exceed (\$4,000) *the amount permitted by Minnesota Statutes, Section 465.72.*

Sec. 158. Laws 1979, Chapter 332, Article I, Section 115, Subdivision 2, is amended to read:

Subd. 3. [OPEN APPROPRIATIONS; COMPENSATION INCREASES.] (a) The compensation and economic benefit increases covered by this clause are those paid to classified and unclassified employees in the executive, legislative, and judicial branches of state government, and to employees of the Minnesota historical society and nonacademic employees of the University of Minnesota who are paid from state appropriations, if the increases are authorized by law during the 1979 session of the legislature or by appropriate resolutions for employees of the legislature. The amounts necessary to pay compensation and economic benefit increases covered by this clause are appropriated from the various funds in the state treasury from which salaries are paid to the commissioner of finance for the fiscal years ending June 30, 1980, and June 30, 1981.

(b) The cost of living increases covered by this clause are those paid to classified employees pursuant to sections 43.12, subdivision 10 and 43.127, those paid to unclassified employees who are paid salaries comparable to employees in the classified service, and those paid to unclassified employees in the executive, legislative, and judicial branches of state government, and to employees of the Minnesota historical society and nonacademic employees of the University of Minnesota who are paid from state appropriations, if the increases are authorized by law during the 1979 session of the legislature or by appropriate resolutions for employees of the legislature. The amounts necessary to pay cost of living increases covered by this clause are appropriated from the various funds in the state treasury from which their salaries are paid to the commissioner of finance for the fiscal years ending June 30, 1980, and June 30, 1981, *except that the amount provided by the general fund shall not exceed \$17,535,-800.*

(c) The amounts necessary to pay increased premium rates for basic life insurance and basic health benefit coverage authorized for eligible state employees and their dependents, in the

event that these rates are increased over the rates in existence at the time of the passage of this act, are appropriated from the various funds in the state treasury from which these premiums are paid, to the commissioner of finance for the fiscal years ending June 30, 1980 and June 30, 1981.

(d) The commissioner shall transfer the necessary amounts to the proper accounts and shall promptly notify the committee on finance of the senate and the committee on appropriations of the house of representatives of the amount transferred to each appropriation account.

(e) Money certified as needed by the University of Minnesota and transferred to it under this subdivision shall be used only for the purpose certified. Any amount transferred that exceeds the actual amount of cost of living increases or insurance premium increases paid to or for university employees until June 30, 1981 shall be returned to the general fund.

Sec. 159. [EMPLOYEE STATUS.] *Persons employed by a state agency and paid from an appropriation in Laws 1979, Chapter 301, Section 3, Clause (10) are in the unclassified service and their continued employment is contingent upon the availability of money from that appropriation.*

Sec. 160. [AGREEMENTS APPROVED.] *Notwithstanding the provisions of Laws 1979, Chapter 332, Section 109, employees of the department of economic security who are represented by the Minnesota administrative hearing officers association shall be entitled to receive the benefits provided by Laws 1979, Chapter 332, Section 109, provided they meet the applicable eligibility requirements.*

Notwithstanding the provisions of Minnesota Statutes Section 179.74, Subdivision 5, the commissioner of personnel is authorized to implement those provisions of the agreements negotiated with the Minnesota nurses association covering employees of the department of health which establish wages and economic fringe benefits. In lieu of the salaries provided by Minnesota Statutes, Section 43.12, Subdivisions 2 and 3, covered employees shall receive the salary increases provided by Laws 1979, Chapter 332, Section 103.

The provisions of section 179.63, Subdivision 11, shall not apply to the employees of the university of Minnesota hospitals.

Sec. 161. [PAY INCREASE.] *The salary range of the state chief pilot is increased from range 14 to range 16.*

Sec. 162. [DISTRICT JUDGE COMMUTING EXPENSES.] *Notwithstanding the provisions of Minnesota Statutes 1978, Section 484.54, Subdivision 2, a district court judge in Benton, Douglas, Mille Lacs, Morrison, Otter Tail, Stearns, Todd, Clay,*

Becker or Wadena counties shall be paid travel expenses for travel from his place of residence to and from his permanent chambers for a period of two years after July 1, 1979 or the date he initially assumes office, whichever is later.

Sec. 163. [LUCE LINE TRAIL; SALE OF EXCESS LAND.] Land acquired by the commissioner of natural resources from the Chicago Northwestern Railroad for the Luce Line Trail from the south right of way line of the public road intersecting the trail, the intersection being in the northwest quarter of the northwest quarter of section 17 and the northeast quarter of the northeast quarter of section 18, township 118 north, range 37 west, Chippewa County, Minnesota, to Gluek may be sold at public auction in the same manner as provided by law for trust fund lands or may be exchanged with adjacent landowners notwithstanding any contrary provisions of Minnesota Statutes, Section 94.342, Subdivision 3. The commissioner may subdivide the lands and interest in lands into smaller parcels for the purpose of the sale or exchange.

Sec. 164. [ABANDONED RIGHT OF WAY.] Subdivision 1. [LEGISLATIVE FINDINGS AND CONCLUSIONS.] The legislature finds, for the reasons stated below, that it is in the best interest of the state to acquire the portions of the abandoned Chicago, Milwaukee, St. Paul, and Pacific Railroad right-of-way between the Red Cedar River and the high voltage transmission line from Prairie Island to Adams which crosses the right-of-way east of Dexter in Mower County and between Isinour Junction in Fillmore County and Money Creek Woods in Houston County. The reasons are: (1) An approximately 33 mile portion of the right-of-way, east of Isinour Junction, as more specifically described and recommended for acquisition in the report of the hearing examiner on the Root River Trail dated March 5, 1980, satisfies the criteria stated in Minnesota Statutes, Section 86A.05, Subdivision 4, Clause (b) for the establishment of a state trail pursuant to Minnesota Statutes, Sections 84.029, Subdivision 2, and 85.015, Subdivision 7; (2) Other portions of the right-of-way west of Dexter, satisfy the criteria stated in Minnesota Statutes, Section 86A.05, Subdivision 5, Clause (b), for the establishment of a state scientific and natural area; (3) Development of these units of the outdoor recreation system can be accomplished in such a way as to minimize adverse effects on adjoining agricultural lands; (4) The right-of-way from the high voltage transmission line east of Dexter to the Red Cedar River has been proposed for, and has high potential for use by the Austin Utilities Board as a high voltage transmission line; and (5) the right-of-way from the Red Cedar River to Dexter has potential for trail development.

Subd. 2. [ACQUISITION AUTHORITY.] The commissioner of natural resources, having completed the study and hearing process specified in Laws 1979, Chapter 301, Section 7, shall acquire, for development of a state recreational trail and to hold for a potential utility use, the portions of the abandoned

Chicago, Milwaukee, St. Paul and Pacific Railroad right-of-way described in subdivision 1, including trestles, bridges and culverts from the railroad or from any person to whom the right-of-way may revert or be sold upon abandonment. The commissioner shall have the first rights of purchase and may acquire by gift, purchase, or condemnation pursuant to Minnesota Statutes, Chapter 117.

Subd. 3. [MITIGATION OF ADVERSE IMPACTS.] *To the maximum extent the commissioner shall develop and maintain the portion of right-of-way used for trail purposes so as to minimize adverse effects on adjoining agricultural lands and property owners. To this end the commissioner shall:*

(a) Notwithstanding the provisions of Minnesota Statutes, Section 94.342, Subdivision 3, offer to exchange land with landowners whose land is crossed or adjacent to the trail right-of-way where the exchange will minimize or mitigate impact on farming use, privacy or other beneficial use of the lands of the adjacent owner and is consistent with the trail use;

(b) Allow easements for drainage culverts and tile lines to cross the trail right-of-way without cost to adjacent landowners, provided that the commissioner may restrict the location and construction method of the culverts and tile lines to protect the resource;

(c) Provide and maintain fencing on both sides of the line at the expense of the state where requested by the adjoining landowner;

(d) Allow easements for crossing livestock and farm equipment of adjoining owners where necessary and convenient; and

(e) Assign, prior to the opening of the trail, a full time trail manager to this trail.

Subd. 4. [FURTHER STUDY.] *The commissioner shall study, and hold a hearing, in the manner provided in Laws 1979, Chapter 301, Section 7, on the appropriateness of developing a trail on the portion of the right-of-way from the Red Cedar River to the western edge of Dexter. If the commissioner determines such a trail use is appropriate, it shall conform to all requirements of subdivision 3, except the requirement for land exchanges under clause (a). Notwithstanding the provisions of Minnesota Statutes, Chapter 86A or other laws to the contrary, this portion of the right-of-way if used for a trail may be used for high voltage transmission line purposes.*

Subd. 5. [SCIENTIFIC AND NATURAL AREAS.] *The commissioner shall designate and manage as scientific and natural areas those portions of the right-of-way from the Red Cedar River to the western edge of Dexter recommended by the Scientific and Natural Area Advisory Committee totaling approximately 7.75 miles. Notwithstanding the provisions of Min-*

nesota Statutes, Chapter 86A, the commissioner may operate a trail on the land described in subdivision 1 that is designated as a scientific and natural area, provided that trail uses shall be limited and controlled in a manner to assure the protection of the scientific and natural area resource values. Further, notwithstanding the provisions of Minnesota Statutes, Chapter 86A, or any other laws to the contrary, the scientific and natural areas may be used for a high voltage power line, provided towers are located and constructed and the line maintained in a manner to insure protection of the resource.

Subd. 6. [ACQUISITION; SALE.] If necessary in order to effectuate the purposes of this section, the commissioner may acquire by gift or purchase from a willing seller those portions of the entire abandoned railroad right-of-way between Ramsey in Mower County and LaCrescent in Houston County not described in subdivision 1, but may not retain in state ownership any portion thereof other than those portions described in subdivision 1, and shall dispose of those lands not retained in state ownership in the manner provided in sections 94.09 to 94.16, within one year after their acquisition.

Sec. 165. [RAMSEY COUNTY WETLANDS.] The following described lands are wetlands within the meaning of Minnesota Statutes, Section 105.37, Subdivision 15: lot 101 of Gardena addition, which is located in the northeast quarter of the southeast quarter of section 4, township 29 north, range 22 west, Ramsey County, Minnesota.

Sec. 166. [CONVEYANCE OF LAND; WILLMAR SEWER LIFT SYSTEM.] The governor, upon the recommendation of the commissioner of administration, may convey by quitclaim deed in a form the attorney general approves to the city of Willmar the land on which the sewer lift system which serves the Willmar state hospital and the Willmar department of transportation district headquarters is located. The consideration for the property shall be the maintenance and operation of the sewer lift system by the city of Willmar without charge for the services to the state facilities.

The land to be transferred is described as follows:

That part of Government Lot 2, Section 1, Township 119 North, Range 35 West, located within the city of Willmar, Minnesota, described as follows:

Commencing at the southwest corner of Section 1, Township 119 North, Range 35 West; thence North 0 degrees 24 minutes 00 seconds West 480.08 feet to the centerline of Trunk Highway 71-4 right-of-way; thence North 33 degrees 02 minutes 00 seconds East along said centerline 407.44 feet; thence northeasterly along a tangential curve concave to the northwest, radius 5729.58 feet, central angle 10 degrees 07 minutes 08 seconds

a distance of 1011.90 feet; thence South 67 degrees 05 minutes 08 seconds East along a radial line to said curve 80.00 feet to the point on the easterly right-of-way line of said Trunk Highway 71-4, said point being where said easterly right-of-way line changes from 50 feet to 80 feet; thence northeasterly along said right-of-way line on a nontangential curve concave to the northwest, radius 5809.58 feet, central angle 0 degrees 07 minutes 00 seconds, chord bearing North 22 degrees 51 minutes 32 seconds East 11.82 feet to the point of beginning;

thence North 87 degrees 23 minutes 38 seconds East 128.98 feet; thence North 2 degrees 36 minutes 22 seconds West 60.00 feet; thence South 87 degrees 23 minutes 38 seconds West 99.97 feet to said easterly right-of-way of Trunk Highway 71-4; thence southeasterly along said easterly right-of-way line on a nontangential curve concave to the northwest, radius 5809.58 feet central angle 0 degrees 39 minutes 26 seconds, chord bearing South 23 degrees 11 minutes 52 seconds West 66.65 feet to the point of beginning containing 0.158 acres, more or less.

Sec. 167. [COOK COUNTY; INDEPENDENT SCHOOL DISTRICT NO. 166; STEAM LINE CONSTRUCTION AGREEMENTS.] *Subdivision 1. Notwithstanding the provisions of Minnesota Statutes, Chapters 373, 375, 471, 475 or any other law to the contrary, Independent School District No. 166 and the board of commissioners of Cook County may exercise the powers granted by this section.*

Subd. 2. The school board of Independent School District No. 166 may sell excess steam from its existing wood fueled steam generating plant to any customer on the terms and conditions it deems reasonable.

Subd. 3. The school board and the board of commissioners of Cook County may make an agreement for the school district to furnish the excess steam from its existing wood fueled steam generating plant to Cook County for its public buildings on any terms and conditions and for any time agreed to by the parties. The agreement may provide for separate or joint ownership and construction of a steam line and other necessary facilities to accomplish the purpose of the agreement. The parties may acquire the easements necessary to accomplish the purpose of the agreement by gift, lease, or purchase. They may finance the acquisition of the easements and construction projects by use of grants from outside sources or the unrestricted available funds of either party. The parties may agree that all or part of an expenditure made by one party for purposes of this section shall be reimbursed by the other party on the terms and conditions agreed to by the parties.

Sec. 168. [CITATION.] *Sections 168 to 180 may be cited as the "St. Paul People Mover Act."*

Sec. 169. [DEFINITIONS.] Subdivision 1. The definitions in this section apply to the St. Paul People Mover Act.

Subd. 2. "Acquisition" and "betterment" have the meanings given in Minnesota Statutes, Section 475.51.

Subd. 3. "Capitol area" has the meaning given in Minnesota Statutes, Section 15.50.

Subd. 4. "City" means the city of St. Paul in Ramsey County acting through the city council or any agency, authority or corporation established by or with the approval of the city, acting through its governing body, to implement any of the provisions of the St. Paul People Mover Act.

Subd. 5. "Commission" means the metropolitan transit commission created by Minnesota Statutes, Section 473.404, having jurisdiction over the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott and Washington.

Subd. 6. "Contracting agency" means the city or an agency authorized by the city to contract for the acquisition and betterment of the people mover system or any part thereof.

Subd. 7. "Operating agency" means the city or an agency authorized by the city by lease or other agreement to manage and operate the people mover system.

Subd. 8. "Operating deficit" means the amount by which the expenses of operating, maintaining and promoting the people mover system during revenue service exceeds the amount received from revenues of the system, reimbursement for reduced or social fares, federal operating assistance and other sources exclusive of operating deficit payments by the city and by the owners of benefited properties.

Subd. 9. "Revenue service" means service during periods in which the people mover system is operating and available for use by the general public.

Subd. 10. "People mover system" means a transit system with an automated fixed guideway and related facilities, including but not limited to, parking, access, pedestrian malls, bus facilities, and skyways, designed to serve the main commercial area of the city of St. Paul and the area of the city surrounding it as determined by the city, and all property, real and personal, and all contract rights, determined to be necessary or desirable for the acquisition, betterment, operation, access to, and maintenance of the system.

Subd. 11. "Transit system" has the meaning given in Minnesota Statutes, Section 473.121.

Subd. 12. "Vehicle system" means the transit cars, the guideway, the guideway columns, the guideway electrification, the control and communication mechanisms, the platform doors, the maintenance and control center equipment, and other similar necessary components of the people mover system.

Sec. 170. [PEOPLE MOVER SYSTEM; AUTHORITY.] *The city may undertake the acquisition, betterment, operation, maintenance, and promotion of a people mover system. For such purposes the city may exercise all powers conferred upon it by law or charter and, notwithstanding any other law or charter provision, may negotiate an agreement with a contracting agency. The terms of the agreement with the contracting agency shall comply with the St. Paul People Mover Act.*

Sec. 171. [SYSTEM PROCUREMENT.] Subdivision 1. [SPECIFICATIONS; EVALUATION CRITERIA.] *Before final solicitation of bids from suppliers, the city shall approve the functional, physical, and performance specifications to be prescribed for the people mover system and the criteria to be used to evaluate alternative systems and bids. At a minimum, the system specifications shall require the system to provide access for handicapped to connect the major downtown activity centers with fringe parking and radial bus routes and to have been proven in operation. The specifications shall be developed so as not to limit future adaptability of the system to provide origin to destination service without stops, to eliminate transfers, and to allow a capacity of 5,000 passengers per hour. The system evaluation criteria shall give particular emphasis to the environmental, visual, and aesthetic effects of the system, especially the size of the guideways and guideway columns energy consumption and reliability during winter operation and adaptability to extension and development over time and increased capacity requirements. The specifications and evaluation criteria shall also address the cost of the vehicle system; the effect of the vehicle system on the cost of other elements of the people mover system; construction, operating, and maintenance costs; winter operation; the ability of the supplier to perform design, furnishing, installing, and testing services for all vehicle system elements and to coordinate construction; ability of the supplier to meet requirements imposed as contract conditions in any grant contract entered into with the federal government; and such other matters as the city deems necessary. During the development of system evaluation criteria and specifications, all prospective system suppliers shall be provided an opportunity to present the unique capabilities of their system, to comment on the draft evaluation criteria and specifications, and to propose changes in the specifications to allow the unique capabilities of their system to improve the system performance.*

Subd. 2. [BIDS; SYSTEM EXTENSION.] *The cost of preparing and submitting bids shall be paid by bidders. Bidders may propose beneficial alternatives for the people mover system*

which are unique to their system or which would improve the system performance. The alternatives shall be reviewed and evaluated against the evaluation criteria. If the capital cost of the accepted bid is sufficiently less than the available capital funds to allow extensions of the people mover system, the urban mass transportation administration shall be requested to approve an extension. The city shall select the extension based on community acceptance and ridership potential.

Subd. 3. [SELECTION OF SUPPLIER; CONTRACT REQUIREMENTS.] Notwithstanding the provisions of Minnesota Statutes, Section 471.345 and 471.35, or any other provision of law or charter, contracts for the acquisition and betterment of the people mover system shall be awarded to the bidder whose proposal is determined pursuant to subdivisions 1 and 2 to best meet the system specifications and evaluation criteria. The city shall review and evaluate submitted bids on the basis of the system specifications and evaluation criteria developed pursuant to subdivision 1. The purchase contract for the vehicle system shall require the supplier to assure that the vehicle system operates within the specifications of the contract and to maintain the vehicle system for a five year period of revenue service at a fixed base price with escalation clauses. The contract shall contain a provision permitting termination by the contracting agency of the operation and maintenance portion of the contract at the end of any year of revenue service. The supplier of the vehicle system and all contractors for the people mover system, at the time of execution of a contract shall furnish a payment or performance bond as security for the faithful payment and performance of all obligations under the contract. All contracts for the people mover system shall include disincentives in an appropriate amount for failure to comply with the contract and may include incentives as appropriate. All contracts shall contain provisions for a maximum contract amount not to be exceeded without the approval of the city.

Subd. 4. [CERTIFICATION.] No revenue service of the people mover system shall begin until written notice is received by the city, signed by the administrator of the urban mass transportation administration, stating that the vehicle system or the part proposed to be operated has been fully tested, that it meets the criteria for acceptance established by the contracting agency with the concurrence of the administrator, and that it is ready for year-around revenue service. The purchase contract for the vehicle system shall so provide. The written notice from the administrator shall not imply any legal liability of the federal government for construction or operation of the people mover system.

Sec. 172. [SPECIAL ASSESSMENT.] The people mover system and related facilities are determined to be local improvements within the meaning of the Minnesota Constitution, Arti-

cle X, the city's charter, and Minnesota Statutes, Chapters 429 and 430. Accordingly, the costs of acquisition, construction, reconstruction, extension, operation, maintenance and promotion of the people mover system and such facilities, whether paid or to be paid by the city may be specially assessed against property determined to be specially benefited thereby, to the extent of and in proportion to the benefits, except that special assessments shall be forgiven against property owned by the state of Minnesota or any instrumentality of the state. Special assessments which are pledged to the payment of improvement warrants or other obligations shall be levied separately and the proceeds segregated from any other special assessments authorized by this section. The special assessment shall be levied by the city pursuant to its charter, Minnesota Statutes, Chapter 429 or 430, and the collections thereof may be pledged to the payment of the costs.

Sec. 173. [OPERATING DEFICIT; PAYMENT.] *The city and the owners of benefited properties shall share in the payment of the operating deficit in such proportion as determined by the city. Payment by owners of benefited properties may be levied as special assessments pursuant to the St. Paul People Mover Act. The city share shall not be included in any ad valorem tax levy of the city. The commission shall not participate in any deficit funding of the people mover system.*

Sec. 174. [CAPITOL AREA FACILITIES; STATE OWNED PROPERTY.] *Subdivision 1. Construction of the people mover system within the capitol area shall be exempt from the provision of Minnesota Statutes 1978, Section 15.50, Subdivision 2, Clause (e), requiring design competition, except that capitol station west shall be subject to an invited competition, as defined in part II, 6, c(2) of the American Institute of Architecture document number 6-J332, issued November, 1976, sponsored and conducted by the capitol area architectural and planning board upon guidelines and criteria as determined by agreement between that board and the city. People mover system improvements within the capitol area shall be in conformity with the comprehensive use plan for the capitol area and subject to the approval of the capitol area architectural and planning board.*

Subd. 2. The commissioner of administration on behalf of the state may grant to the city, without compensation, easements for the construction, location and operation of the people mover system upon state owned property. The commissioner of administration and the urban mass transportation administration shall establish the value of easements and related access facilities in the capitol area which will be required for the people mover and which are eligible in lieu of cash as local contributions to the capital cost of the people mover project.

Sec. 175. [METROPOLITAN COUNCIL REVIEW AND RECOMMENDATION.] *The metropolitan council established*

by Minnesota Statutes, Section 473.123, in making its review under Minnesota Statutes, Section 473.171, of the application for a federal grant in connection with the people mover system as a matter of metropolitan significance, shall conduct a public hearing upon the application and the program proposed thereby within 30 days of submission of the application to the council. Not less than 14 days before the hearing the council shall publish notice thereof in a newspaper having general circulation in the metropolitan area, stating the date, time and place of hearing, and the place where the application may be examined by any interested person. Within 14 days after the hearing the council shall make its recommendation upon the application and cause notice of the same to be published in the same manner as the hearing notice.

Sec. 176. [JUDICIAL PROCEEDINGS; TIME TO COMMENCE.] No action shall be commenced or maintained, nor defense interposed in an eminent domain proceeding, questioning the public purpose, propriety of expenditure of public funds, or validity of any law authorizing the acquisition, betterment, operation, maintenance or financing of the people mover system, except by lawsuit commenced in the district court of Ramsey County within 90 days of the date of publication of the metropolitan council recommendation given pursuant to the St. Paul People Mover Act, or within 90 days of the date of written notice mailed to persons whose property may be taken by subsequent proceedings in eminent domain for the people mover system or right of way. Such action timely commenced by any taxpayer, any person whose property is or may be taken or interfered with by reason of the proposed implementation of the people mover system, or other person with standing, shall be maintained in the manner provided by law, including Minnesota Statutes, Chapter 562. Nothing in this section nor notice given pursuant thereto shall be construed as a taking of private property, nor as limiting a property owner's right to just compensation for the taking of private property to be litigated in proceedings in eminent domain subsequently instituted under charter or Minnesota Statutes, Chapter 117, for the taking and assessment and award of damages.

Sec. 177. [CAPITAL EXPENDITURES; SALES TAX.]
Subdivision 1. [COMMISSION EXPENDITURES PROHIBITED.] The commission shall expend no money for the acquisition or betterment of the people mover system.

Subd. 2. [SALES TAX.] The sale of equipment, material, and tangible personal property to any person under contract with the city or a contracting agency to be used for the acquisition and betterment of the vehicle system and people mover system shall be subject to taxation by the state or its political subdivisions. The value of such tax shall be applied to the local contribution for federal grant purposes to the extent permitted by federal rule and regulation.

Sec. 178. [IMPROVEMENT WARRANTS; BONDS.] *Subdivision 1. [IMPROVEMENT WARRANTS.] The city may issue and sell improvement warrants to finance the acquisition and betterment of the people mover system in accordance with the provisions of Minnesota Statutes, Chapter 429 for which the full faith and credit of the city is not pledged and which shall be payable solely from special assessments levied against benefited property.*

Subd. 2. [BONDS.] The city may issue and sell bonds for the acquisition and betterment of the people mover system in an amount not to exceed the total estimated costs of such acquisition and betterment. The city may loan the proceeds of such bonds to a nonprofit corporation to be used for such purpose in which event the city and nonprofit corporation shall enter into an agreement which shall provide for payment to the city by the nonprofit corporation of sums sufficient to pay the principal and interest on such bonds. The agreement may contain such other provisions relating to security for the bonds, the use of a trustee, remedies of bondholders, investment of bond proceeds, issuance of temporary bonds or notes, or any other matter, without limitation, as may be necessary or desirable for implementing the provisions of the St. Paul People Mover Act and financing the people mover system. The bonds shall be issued in accordance with the provisions of Minnesota Statutes, Chapter 475, except section 475.61 and except that neither public sale nor election is required, the bonds may mature at any time or times, in such amount or amounts, within 30 years from date of issue, and may be sold at a price equal to such percentage of the par value thereof, plus accrued interest, and bear interest at such rate or rates, as may be agreed by the purchaser and the city, notwithstanding any limitation of interest rate or cost or of the amounts of annual maturities contained in any other law or charter. Bonds issued under this subdivision shall not constitute a debt within the meaning of any debt limitation established by law or charter, and no holder or holders of the bonds shall have the right to compel any exercise of the taxing power of the city to pay any such bonds or interest thereon, or to enforce payment thereof against any property of the city. The city or other owner of the people mover system is authorized to pledge, mortgage, and give a security interest therein to secure the bonds, except that no ad valorem tax levy of the city shall be used to secure the bonds. Any earnings on such bonds which are not used for payment of the bonds and interest thereon may be used to pay capital and operating costs of the people mover system or may be applied to reduce the total amount of special assessments levied or to be levied pursuant to the St. Paul People Mover Act, or both.

Subd. 3. [TAX EXEMPT BONDS.] Interest paid on bonds issued under authority of this section shall not be included in gross income for the purpose of computing any tax imposed by or under the provisions of Minnesota Statutes, Chapter 290 or any act amendatory thereof or supplemental thereto.

Sec. 179. [ADDITIONAL AND SUPPLEMENTAL POWERS; CHARTER PROVISIONS.] *The powers conferred by the St. Paul People Mover Act shall be in addition and supplemental to the powers conferred by any other law or charter. The city may exercise the powers conferred notwithstanding any law or charter provision and without election, except a charter provision for initiative or referendum.*

Sec. 180. [STATE NOT OBLIGATED.] *The authorization for the acquisition of a people mover system in the city of St. Paul is made on the basis that the system will be locally and federally financed and produce revenues that, with local and federal sources, will be sufficient to meet all operating costs and debt retirement. This authorization does not constitute a direct or indirect obligation of the state. The notes and bonds issued to finance the people mover system shall contain on their face a statement that the notes or bonds are not a debt of the state and that the state of Minnesota is not liable on them. This section is intended to forestall any unwarranted attempt by any person to cause damage to the credit rating of the state in order to force the state to assume an obligation for which it is neither legally nor morally responsible.*

Sec. 181. [COPPER NICKEL STUDY REVIEW.] *The Minnesota state planning agency, the Minnesota pollution control agency, the Minnesota department of natural resources, and the Minnesota department of health shall by January 1, 1981, review the Minnesota Regional Copper Nickel Study, authorized by Laws 1975, Chapter 204, and shall report to the legislature, the house committee on environment and natural resources, and the senate committee on agriculture and natural resources concerning any changes in statutory authority, administrative rules and current policies and procedures that are necessary or desirable to respond to the development of the copper and nickel resource in Minnesota, and shall propose alternative legislative policies pertaining to the development of that resource.*

Sec. 182. [TRANSPORTATION FINANCE STUDY COMMISSION.] *Subdivision 1. An interim transportation finance study commission is created to examine the total state transportation system, present and future needs of the system, and the sources of transportation revenue of this state. In examining the programs of the state transportation system, the commission shall review and make recommendations regarding the need and advisability of maintenance, upgrading, and new construction after analyzing the system to determine where reductions in design would minimize economic and social costs and adverse impacts.*

Subd. 2. In addition to the examination of the management and program system and its sources of revenue, the commission shall:

(a) Study and make recommendations regarding present and future finance methods and improved use of resources for the construction and maintenance of the state transportation system;

(b) Conduct a survey of communities within the state in order to determine:

(1) Which communities are not adequately being served by either rail access or nine ton roads;

(2) The costs of upgrading roads to either nine or ten ton capacity in those communities that are not adequately serviced; and

(3) Any other information concerning the possible improvement and revitalization of transportation services to those communities that the commission deems relevant; and

(c) File a report by January 1, 1981, with the legislature.

Subd. 3. The commission shall consist of two public members and five members of the senate to be appointed by the subcommittee on committees of the committee on rules and administration of the senate, and two public members and five members of the house of representatives to be appointed by the speaker. The governor shall appoint five additional members representing a broad cross-section of the public interest. The compensation of non-legislator members, their removal, and the filling of vacancies shall be as provided in Minnesota Statutes, Section 15.059. The members of the commission shall be reimbursed for all expenses actually and necessarily incurred in the performance of their duties. For legislative members, reimbursement shall be made pursuant to the rules governing legislators and legislative employees. Expenses of the commission shall be approved by the chairman and the expenses shall be paid in the same manner as other state expenses are paid.

Subd. 4. The commission shall exist and act from the date its members are appointed. The commission is terminated on January 1, 1981.

Subd. 5. The commission shall hold meetings at the times and places it may designate. It shall select a chairman and other officers from its membership.

Subd. 6. The commission may request information and staff assistance from any state officer or agency to assist it in carrying out the duties specified in subdivision 2. The officer or agency shall promptly furnish any data and staff assistance requested to the extent permitted by law.

Sec. 183. [CORRECTIONAL SERVICES FINANCING; STUDY COMMITTEE EXTENSION.] *Notwithstanding the provisions of Laws 1979, Chapter 336, Section 4, Subdivision 4, the committee created to study the financing of correctional services and the Community Corrections Act in Minnesota may continue to meet until it has completed its report to the legislature, but not after January 1, 1981.*

Sec. 184. [NURSING HOME REIMBURSEMENT RATES.] *The commissioner of public welfare shall promulgate temporary rules no later than July 1, 1980 to amend the current rules governing nursing home reimbursement to allow those nursing homes that incurred in calendar year 1979 nursing hours in excess of 2.8 hours per day for skilled nursing care or 2.2 hours per day for intermediate care to receive reimbursement for actual nursing hours up to a maximum number of 3.2 hours per day for skilled nursing care and 2.45 hours per day for intermediate care for only those cost reports submitted on or after July 1, 1980 and before July 1, 1981.*

Sec. 185. [CONSERVATION OF BIOMASS FUEL, FIREWOOD.] *In any instance where trees or portions of trees usable as firewood are removed from property under the control of a public utility, pipeline company, railroad, state agency or department, or a political subdivision, that portion of the tree material that is six inches or larger in diameter shall not be destroyed by open burning or deposited in a landfill without first having been offered for use to the public, subject to the approval of the landowner or landowners involved. This section shall not apply to tree material removed in a program of sanitation or disease control, as defined in Minnesota Statutes, 1979 Supplement, Section 18.023.*

Sec. 186. [OPEN APPOINTMENTS.] *The open appointments program shall not apply to any appointments made jointly by the governor, attorney general, and chief justice.*

Sec. 187. [COUNCIL ON BLACK MINNESOTANS.] *Subdivision 1. [CREATION.] There is created a state council on Black Minnesotans to consist of seven members appointed by the governor. The members of the council shall be broadly representative of the Black community of the state and shall include at least three males and at least three females. Membership terms, compensation, removal of members and filling of vacancies for non-legislative members shall be as provided in Minnesota Statutes, Section 15.059. In addition, two members of the house of representatives appointed by the speaker and two members of the senate appointed by the subcommittee on committees of the committee on rules and administration shall serve as ex-officio, non-voting members of the council. The council shall annually elect from its membership a chairperson and other officers it deems necessary.*

Subd. 2. [DEFINITIONS.] For the purpose of this section, the term "Black" means a person who considers himself or herself as having origin in any of the black racial groups of Africa.

Subd. 3. [DUTIES.] The council shall:

(a) Advise the governor and the legislature on the nature of the issues confronting Black people in this state;

(b) Advise the governor and the legislature on statutes or rules necessary to insure Black people access to benefits and services provided to people in this state;

(c) Recommend to the governor and the legislature any revisions in the state's affirmative action program and any other steps that are necessary to eliminate underutilization of Blacks in the state's work force;

(d) Recommend to the governor and the legislature legislation designed to improve the economic and social condition of Black people in this state;

(e) Serve as a conduit to state government for organizations of Black people in the state;

(f) Serve as a referral agency to assist Black people in securing access to state agencies and programs;

(g) Serve as a liaison with the federal government, local government units and private organizations on matters relating to the Black people of this state;

(h) Perform or contract for the performance of studies designed to suggest solutions to problems of Black people in the areas of education, employment, human rights, health, housing, social welfare and other related areas;

(i) Implement programs designed to solve problems of Black people when so authorized by other statute, rule or order; and

(j) Publicize the accomplishments of Black people and the contributions made by them to this state.

Subd. 4. [REVIEW OF GRANT APPLICATIONS.] All applications by a state department or agency for the receipt of federal funds which will have their primary effect on Black Minnesotans shall be submitted to the council for review and recommendation at least 30 days prior to submission to a federal agency.

Subd. 5. [POWERS.] *The council shall have power to contract in its own name, provided that no money shall be accepted or received as a loan nor shall any indebtedness be incurred except as otherwise provided by law. Contracts shall be approved by a majority of the members of the council and executed by the chairperson and the executive director. The council may apply for, receive, and expend in its own name grants and gifts of money consistent with the power and duties specified in subdivisions 1 to 7.*

The council shall appoint an executive director who shall be experienced in administrative activities and familiar with the problems and needs of Black people. The council may delegate to the executive director any powers and duties under subdivisions 1 to 7 which do not require council approval. The executive director shall serve in the unclassified service and may be removed at any time by the council. The executive director shall recommend to the council the appropriate staffing necessary to carry out its duties. The commissioner of administration shall provide the council with necessary additional staff and administrative services, and the council shall reimburse the commissioner for the cost of these services.

Subd. 6. [STATE AGENCY ASSISTANCE.] *Other state agencies shall supply the council upon request with advisory staff services on matters relating to the jurisdiction of the council and the council shall cooperate and coordinate its activities with other state agencies to the highest possible degree.*

Subd. 7. [REPORT.] *The council shall prepare and distribute a report to the governor and legislature by November 15 of each even numbered year. The report shall summarize the activities of the council since its prior report, list receipts and expenditures, identify the major problems and issues confronting Black people, and list the specific objectives which the council seeks to attain during the next biennium.*

Sec. 188. [REPORT; COORDINATION.] *On or before December 15, 1981, the commissioner of administration shall submit to the chairman of the house appropriations committee and the chairman of the senate finance committee a report describing the process whereby the efforts of the council for black Minnesotans, the council on spanish-speaking people, the council on the economic status of women, the council on the handicapped, and the Indian affairs intertribal board may be coordinated and may share facilities and staff.*

Sec. 189. [ADVANCE INFLATION ADJUSTMENT.] *Subdivision 1. (a) Any employee not represented by an exclusive bargaining representative and compensated pursuant to Minnesota Statutes, Section 43.12, or under a salary schedule established pursuant to section 43.121, subdivision 3, except an emergency, project, or temporary employee or an employee compensated pursuant to section 43.12 and excluded from a bargain-*

ing unit by section 179.74, subdivision 4; and (b) any employee compensated pursuant to Minnesota Statutes, Section 138.01, Subdivision 2; shall be paid a lump sum bonus of \$225 payable no later than July 31, 1980, provided he was employed prior to January 1, 1980, and was still employed on July 1, 1980. However, intermittent employees and nontenured laborers who otherwise meet the employment requirements of this section shall only be eligible to receive the bonus after completion of 100 working days in any 12-month period. Part-time employees who meet the employment requirements of this section shall receive a bonus of \$137.50 on the date specified in this section.

Subd. 2. An employee shall be considered to be employed on July 1, 1980, if he is in payroll status, on approved leave of absence, or on seasonal layoff on that date.

Subd. 3. The bonus provided by this section shall not be considered as salary for the purpose of section 352.01, subdivision 13.

Subd. 4. Anyone receiving a bonus payment pursuant to Laws 1979, Chapter 332, Sections 108 and 109, is not eligible for a bonus payment under this section.

Sec. 190. [TRANSIT TAX INCREASE VOIDED.] A law enacted at the 1980 regular session styled as H. F. No. 1121, Article XIII, Section 1, is repealed, and Minnesota Statutes, 1979 Supplement, Section 473.446, Subdivision 1, is reenacted as it read without the amendment by H. F. No. 1121, Article XIII, Section 1, notwithstanding that H. F. No. 1121 may be approved or effective at a later time than this section.

Sec. 191. [REPEALER.] Subdivision 1. Minnesota Statutes 1978, Sections 3A.11, Subdivision 3; 43.03; 43.06; 216B.62, Subdivision 1; 352.73, Subdivision 4; 354.43, Subdivision 2; 490.025, Subdivision 8; and Laws 1979, Chapter 217, Section 11, are repealed.

Subd. 2. Minnesota Statutes, 1979 Supplement, Section 16.965 is repealed.

Subd. 3. Minnesota Statutes, 1979 Supplement, Section 43.067, Subdivision 4, is repealed.

Subd. 4. Laws 1977, Chapter 454, Section 45, is repealed.

Sec. 192. [EFFECTIVE DATE.] Except as otherwise provided in this act, this act is effective the day following final enactment. Section 55 is effective retroactive to April 1, 1980. Sections 87 and 88 are effective for any notice of the objects of the petition served after the day following final enactment. Sections 85 and 86 are effective for each district named in section 86 upon approval by a majority of the board of managers of

the respective districts, and upon compliance with the provisions of Minnesota Statutes, Section 645.021. Sections 163 to 180 are effective upon approval by resolution of the St. Paul city council. The resolution shall be adopted after published notice to the public and public hearing. Sections 37 to 39, 49, 51, 57, 60 to 68, 70 to 74, 79, 81 to 83, 89, 101 to 123, 126, 128, 135 to 145, 148, 152, and 155, are effective July 1, 1980. Section 187 is effective July 1, 1980 and expires June 30, 1983. Pursuant to Minnesota Statutes, Section 645.023, Subdivision 1, Clause (b), section 155 is effective without local approval July 1, 1980. Section 157 is effective March 1, 1981 and applies to causes of action accruing on or after that date. Section 191, subdivision 2 is effective July 1, 1981."

Further, delete the title and insert:

"A bill for an act relating to the organization and operation of state government; clarifying, providing for deficiencies in, and supplementing appropriations for the expenses of state government with certain conditions; imposing conditions on the expenditure of public money; creating, abolishing, modifying, and transferring agencies and functions; fixing and limiting fees; altering conditions of public employment; authorizing purchase, sale, and transfer of public lands; authorizing certain public improvements of a capital nature; requiring studies and reports; limiting liability in certain civil actions; exempting certain motor vehicle sales transactions from regulation by the banking commissioner; regulating drainage systems in the metropolitan area; regulating administration of the Nine Mile Creek Watershed District, the Riley-Purgatory Creek Watershed District and the Red Lake Watershed District; authorizing an ad valorem tax for certain purposes; appropriating money; amending Minnesota Statutes 1978, Sections 3A.03, Subdivision 2; 3A.04, Subdivisions 3 and 4; 10A.01, Subdivision 10c; 11.15, Subdivision 4; 15.0597, Subdivisions 3, 4, 5, 6 and 7; 15.50, Subdivisions 1 and 2; 16.02, Subdivision 10; 16.854, Subdivision 1; 16A.131; 16A.67, Subdivision 1; 16A.721; 43.05, Subdivision 2; 43.062, Subdivisions 1 and 2; 43.065; 43.067, Subdivision 2; 43.068; 43.09, Subdivision 2a; 43.323, Subdivision 1; 43.324, Subdivision 2; 43.35; 62D.12, by adding a subdivision; 82.34; 90.195; 94.10, Subdivision 1; 94.16; 97.431; 97.432; 106.471, by adding a subdivision; 116C.63, Subdivision 4; 116D.04, by adding a subdivision; 136.81, Subdivision 1; 145.913, Subdivision 3; 155.14; 168.66, Subdivision 4; 174.03, by adding a subdivision; 197.75, Subdivision 1; 214.06, Subdivision 1; 216.16; 216A.01; 216A.03, Subdivision 3, and by adding a subdivision; 216A.04, Subdivisions 1 and 3, and by adding a subdivision; 216A.05, Subdivisions 4 and 5; 216A.07; 216B.17, Subdivision 1; 216B.19; 216B.54; 216B.62; 216B.64; 237.02; 237.12; 237.295, Subdivisions 1 and 2; 238.08, by adding a subdivision; 245.814; 246.014; 256.73, Subdivision 2; 256D.06, by adding a subdivision; 352.01, Subdivision 2B; 352.04, Subdivision 5; 352.73, Subdivision 3;

352B.25; 352C.04, Subdivision 3; 352C.09, Subdivision 2; 353.83; 354.55, Subdivision 5; 355.46, Subdivision 3; 355.50; 401.02, Subdivision 3; 403.11, Subdivision 3; 462A.05, by adding a subdivision; 462A.21, by adding a subdivision; 473.408, Subdivision 3; 473.435; 473.641, by adding a subdivision; 490.123, Subdivision 1; Chapters 16, by adding sections; 16A, by adding sections; 97, by adding a section; 112, by adding a section; 138, by adding a section; 152, by adding a section; 216A, by adding a section; 246, by adding a section; 253, by adding a section; 256, by adding a section; 259, by adding a section; 326, by adding a section; 544, by adding a section; Minnesota Statutes, 1979 Supplement, Sections 3.005, Subdivision 4; 15A.083, Subdivision 4; 16A.126; 43.062, Subdivision 3; 43.15, Subdivision 1; 43.24; 82.21, Subdivision 1; 174.28, Subdivision 2; 180.03, Subdivision 2; 299D.03, Subdivision 2; 354A.12, Subdivision 2; 422A.101, Subdivision 3; 465.72; Laws 1959, Chapter 690, Section 2, as amended; and Laws 1979, Chapter 332, Article I, Section 115, Subdivision 2; repealing Minnesota Statutes 1978, Sections 3A.11, Subdivision 3; 43.03; 43.06; 216B.62, Subdivision 1; 352.73, Subdivision 4; 354.43, Subdivision 2; 490.025, Subdivision 8; Minnesota Statutes, 1979 Supplement, Sections 16.965 and 43.067, Subdivision 4; Laws 1977, Chapter 454, Section 45; Laws 1979, Chapter 217, Section 11; and a law enacted at the 1980 regular session styled as H. F. No. 1121, Article XIII, Section 1; reenacting Minnesota Statutes, 1979 Supplement, Section 473.446, Subdivision 1."

We request adoption of this report and repassage of the bill.

House Conferees: PAUL McCARRON, PHYLLIS L. KAHN, GLEN H. ANDERSON, MARY M. FORSYTHE and WAYNE A. SIMONEAU.

Senate Conferees: ROGER D. MOE, NICHOLAS D. COLEMAN, ROBERT O. ASHBACH, ALLAN H. SPEAR and GERALD L. WILLET.

McCarron moved that the report of the Conference Committee on H. F. No. 2476 be adopted and that the bill be repassed as amended by the Conference Committee.

Fritz moved that the Conference Committee report on H. F. No. 2476 be rejected, that the bill be returned to the Conference Committee and that the Conference Committee be instructed to delete sections 168 to 180.

A roll call was requested and properly seconded.

Weaver moved to amend the Fritz motion as follows:

After "sections" insert "84."

The motion prevailed and the amendment to the motion was adopted.

Redalen moved to amend the Fritz motion as follows:

After "84," insert "164,"

The motion prevailed and the amendment to the motion was adopted.

Wenzel, Kempe and Sviggum moved to amend the Fritz motion as follows: "to further instruct the conferees to include Section 7 of S. F. No. 1325, the provision allowing Health Maintenance Organizations to exclude abortions."

A roll call was requested and properly seconded.

The question was taken on the Wenzel, Kempe and Sviggum amendment to the Fritz motion and the roll was called.

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

There were 84 yeas and 42 nays as follows:

Those who voted in the affirmative were:

Aasness	Den Ouden	Johnson, D.	Niehaus	Sherwood
Adams	Drew	Jude	Norman	Stadum
Ainley	Eken	Kalis	Nysether	Stoa
Albrecht	Elioff	Kelly	Olsen	Stowell
Anderson, B.	Erickson	Kempe	Onnen	Sviggum
Anderson, D.	Esau	Knickerbocker	Osthoff	Swanson
Anderson, G.	Evans	Kroening	Peterson, B.	Thiede
Anderson, I.	Fjoslien	Kvam	Piepho	Valan
Anderson, R.	Fritz	Laidig	Prahl	Valento
Battaglia	Fudro	Levi	Redalen	Vanasek
Begich	Halberg	Ludeman	Rees	Weaver
Biersdorf	Haukoos	Luknic	Reif	Welch
Blatz	Heap	McDonald	Rice	Welker
Byrne	Hoberg	McEachern	Rose	Wenzel
Carlson, D.	Jacobs	Mehrkens	Rothenberg	Wigley
Crandall	Jennings	Murphy	Sarna	Zubay
Dempsey	Johnson, C.	Nelsen, B.	Schreiber	

Those who voted in the negative were:

Berglin	Faricy	Kostohryz	Otis	Simoneau
Carlson, L.	Forsythe	Lehto	Peterson, D.	Tomlinson
Casserly	Friedrich	Long	Pleasant	Voss
Clark	Greenfield	Mann	Reding	Waldorf
Clawson	Heinitz	McCarron	Rodriguez	Wynia
Corbid	Hokanson	Minne	Searle	Spkr. Norton
Dean	Jaros	Moe	Searles	
Ellingson	Kahn	Munger	Sieben, H.	
Ewald	Kaley	Novak	Sieben, M.	

The motion prevailed and the amendment to the motion was adopted.

The question recurred on the Fritz motion, as amended, to reject the Conference Committee report on H. F. No. 2476 and the roll was called. There were 65 yeas and 68 nays as follows:

Those who voted in the affirmative were:

Aasness	Esau	Kroening	Onnen	Stadum
Ainley	Fjoslien	Kvam	Osthoff	Stowell
Albrecht	Friedrich	Ludeman	Peterson, B.	Svigum
Anderson, D.	Fritz	Luknic	Piepho	Thiede
Anderson, I.	Halberg	McDonald	Prahl	Tomlinson
Biersdorf	Haukoos	Mehrkens	Redalen	Valan
Blatz	Hoberg	Metzen	Rees	Valento
Carlson, D.	Jennings	Nelsen, B.	Reif	Weaver
Crandall	Johnson, D.	Nelsen, M.	Rice	Welker
Dempsey	Jude	Niehaus	Rothenberg	Wenzel
Den Ouden	Kaley	Norman	Sarna	Wieser
Drew	Kempe	Nysether	Searles	Wigley
Erickson	Knickerbocker	Olsen	Sherwood	Zubay

Those who voted in the negative were:

Adams	Corbid	Jacobs	Minne	Searle
Anderson, B.	Dean	Jaros	Moe	Sieben, H.
Anderson, G.	Eken	Johnson, C.	Munger	Sieben, M.
Anderson, R.	Elioff	Kahn	Murphy	Simoneau
Battaglia	Ellingson	Kalis	Novak	Stoa
Begich	Evans	Kelly	Otis	Swanson
Berglin	Ewald	Kostohryz	Patton	Vanasek
Berkelman	Faricy	Laidig	Pehler	Voss
Brinkman	Forsythe	Lehto	Peterson, D.	Waldorf
Byrne	Fudro	Levi	Pleasant	Welch
Carlson, L.	Greenfield	Long	Reding	Wynia
Casserly	Heap	Mann	Rodriguez	Spkr. Norton
Clark	Heinitz	McCarron	Rose	
Clawson	Hokanson	McEachern	Schreiber	

The motion did not prevail.

POINT OF ORDER

Weaver raised a point of order pursuant to rule 6.11. Speaker pro tem Faricy ruled the point of order not well taken.

The question recurred on the McCarron motion that the report of the Conference Committee on H. F. No. 2476 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2476, A bill for an act relating to the organization and operation of state government; clarifying, providing for deficiencies in, and supplementing appropriations for the expenses of state government with certain conditions; appropriating money; amending Minnesota Statutes 1978, Sections 3A.03, Subdivision 2; 3A.04, Subdivisions 3 and 4; 15.0597, Subdivisions 3, 4, 5, 6 and 7; 15.50, Subdivision 1; 16.854, Subdivision 1; 16A.131, by adding a subdivision; 16A.67, Subdivision 1; 16A.721; 43.005, by adding a subdivision; 43.05, Subdivision

2; 43.062, Subdivisions 1, 2 and 3; 43.065; 43.067, Subdivision 2; 43.068; 43.323, Subdivisions 1 and 2; 43.35; 62D, by adding a subdivision; 82.34; 90.195; 94.10, Subdivision 1; 94.16; 121.90; 121.902, Subdivision 1; 121.906, Subdivision 2; 121.908; 121.912, Subdivision 2; 121.914, Subdivision 1; 136.81, Subdivision 1; 145.913, Subdivision 3; 214.06, Subdivision 1; 216.16; 216A.01; 216A.03, Subdivision 3, and by adding a subdivision; 216A.04, Subdivisions 1 and 3, and by adding a subdivision; 216A.05, Subdivisions 4 and 5; 216A.07; 216B.17, Subdivision 1; 216B.19; 216B.54; 216B.62, Subdivisions 2 and 3; 216B.64; 237.02; 237.12; 237.295, Subdivisions 1 and 2; 246.014; 352.01, Subdivision 2B; 352.04, Subdivision 5; 352.73, Subdivision 3; 352B.25; 352C.04, Subdivision 3; 352C.09, Subdivision 2; 353.83; 354.55, Subdivision 5; 355.46, Subdivision 3; 355.50; 403.11, Subdivision 3; 473.408, Subdivision 3; 490.123, Subdivision 1; and Chapters 16, by adding sections; 16A, by adding sections; 97, by adding a section; 121, by adding sections; 216A, by adding a section; 246, by adding a section; 253A, by adding a section; 256, by adding a section; 259, by adding a section; Minnesota Statutes, 1979 Supplement, Sections 3.3005, Subdivision 4; 15A.083, Subdivision 4; 16A.126; 174.28, Subdivision 2; 43.09, Subdivision 2a; 43.24; 82.81, Subdivision 1; 121.917, Subdivision 4; 354A.12, Subdivision 2; 422A.101, Subdivision 3; and Laws 1979, Chapter 300, Section 4, Subdivisions 1 and 5; 301, Section 3 by adding a subdivision; repealing Minnesota Statutes 1978, Sections 3A.11, Subdivision 3; 43.03; 43.06; 121.92, Subdivision 1; 216B.62, Subdivision 1; 352.73, Subdivision 4; 354.43, Subdivision 2; 490.025, Subdivision 8; Minnesota Statutes, 1979 Supplement, Sections 16.93; 16.965; 121.92, Subdivision 2; and Laws 1979, Chapter 217, Section 11.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Fritz moved that those not voting be excused from voting. The motion did not prevail.

Sieben, H., moved that those not voting be excused from voting. The motion prevailed.

There were 75 yeas and 57 nays as follows:

Those who voted in the affirmative were:

Adams	Berglin	Clark	Evans	Heinitz
Ainley	Berkelman	Clawson	Ewald	Hokanson
Anderson, G.	Blatz	Corbid	Fjoslien	Jacobs
Anderson, I.	Brinkman	Dean	Forsythe	Jaros
Anderson, R.	Byrne	Eken	Fudro	Johnson, C.
Battaglia	Carlson, L.	Elioff	Greenfield	Jude
Begich	Cassarly	Ellingson	Heap	Kahn

Kalis	Long	Murphy	Rice	Swanson
Kelly	Luknic	Nelsen, M.	Rodriguez	Thiede
Knickerbocker	Mann	Norman	Sarna	Tomlinson
Kostohryz	McCarron	Novak	Schreiber	Vanasek
Kroening	McEachern	Otis	Searle	Voss
Laidig	Minne	Pehler	Sherwood	Waldorf
Lehto	Moe	Peterson, D.	Simoneau	Welch
Levi	Munger	Reding	Stoa	Spkr. Norton

Those who voted in the negative were:

Aasness	Faricy	McDonald	Pleasant	Valan
Albrecht	Friedrich	Mehrkens	Prahl	Valento
Anderson, B.	Fritz	Metzen	Redalen	Weaver
Anderson, D.	Halberg	Nelsen, B.	Rees	Welker
Biersdorf	Haukoos	Niehaus	Reif	Wenzel
Carlson, D.	Hoberg	Nysether	Rose	Wieser
Crandall	Jennings	Olsen	Rothenberg	Wigley
Dempsey	Johnson, D.	Onnen	Sieben, H.	Wynia
Den Ouden	Kaley	Osthoff	Sieben, M.	Zubay
Drew	Kempe	Patton	Stadum	
Erickson	Kvam	Peterson, B.	Stowell	
Esau	Ludeman	Piepho	Sviggum	

The bill was repassed, as amended by Conference, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1121, A bill for an act relating to the operation and financing of state and local government; adopting certain federal income tax changes; allowing a subtraction of certain interest and dividend income; increasing the pension exclusion; adopting technical and conforming amendments to income tax and property tax refund provisions; providing an income tax credit for contributions to candidates for federal offices; providing a definition of "quadriplegic"; increasing low income credit amounts, eliminating indexing of that credit, and allowing it to be taken as an alternative tax; modifying provisions of the renewable energy source credit; authorizing deduction of certain interest; increasing the dependent care credit; allowing involuntary conversion treatment of divestitures required by the F.C.C.; authorizing a non-game wildlife income tax refund checkoff; providing for treatment of small business corporations; providing for taxation of mobile homes; increasing the state share of certain income maintenance payments; providing for taxation of airport concessions; eliminating certain property tax exemptions; adjusting property tax classifications and assessment ratios; increasing the homestead credit; allowing homestead of surviving spouse to retain 3cc classification; adjusting levy limitations; requiring study of agricultural land val-

uations; modifying the administration of the property tax refund; providing relief for substantial homestead net property tax increases in 1981; requiring state reimbursement of local taxing districts for reduced property tax revenue due to reduced assessment properties; providing certain state and local sales tax exemptions; authorizing certain carriers to be treated as common carriers; providing technical and conforming amendments to tax increment financing provisions; providing for adjustments to captured assessed values and original assessed values; authorizing assessment agreements; restricting use of proceeds of taconite production tax to the taconite relief area; providing for membership of IRRRB; altering source and distribution of certain payments related to taconite taxes; restating apportionment of imputed income under occupation tax provisions; adjusting maximum interest rates on industrial revenue bonds and municipal bonds; increasing limit on issues requiring public sales; eliminating minimum tax on corporations and specific exemption for corporations; providing for taxation of utility property on situs basis; adjusting computation of credit paid to owners of rights of way; restricting procedure for appeals of special assessments; requiring collection of certain debts owed to the state by taking tax refunds; increasing the metropolitan transit levy authorization; creating a joint commuter rail study commission; providing for a study of light rail transit; recodifying the laws governing the state board of investment; altering standards for the investment of state and pension assets; modifying public employee pension provisions and funding mechanisms; making certain changes in the Minneapolis employees retirement fund; authorizing contributions by corporations in relation to ballot questions; allowing deductions from state employees salaries for the Minnesota benefit association; restricting interest related to condemnation actions; providing for taxation of ethyl alcohol; reducing the excise tax on gasohol; authorizing heat-applied cigarette tax stamps; providing county option to impose gravel tax; authorizing licensure of farm wineries and providing for excise tax on wine produced on farm wineries; making reduction of excise tax on sparkling wines permanent; allowing local government to set mileage reimbursement rates; appropriating funds; providing penalties; amending Minnesota Statutes 1978, Sections 10.39, Subdivision 1; 10A.01, Subdivisions 7, 7a, 7b, 10, 10c, 15, 16, and by adding a subdivision; 10A.12, Subdivision 1; 10A.20, Subdivisions 3 and 6; 10A.32, Subdivision 3; 69.77, Subdivision 2, as amended; 69.775; 117.155; 124.212, Subdivisions 2 and 8a; 124.46, Subdivision 4; 167.42; 167.50, Subdivision 2; 168.012, Subdivision 9; 193.146, Subdivision 4; 210A.26, Subdivision 3, and by adding a subdivision; 210A.34, Subdivision 1, and by adding subdivisions; 272.01, Subdivision 2; 273.13, Subdivisions 3, 8a, 9, and 17b; 273.135, Subdivision 2; 273.19, Subdivision 1; 273.36; 273.37, Subdivision 2; 275.11, Subdivision 2; 275.28, Subdivision 3; 275.51, by adding a subdivision; 275.52, Subdivisions 2 and 5; 276.04; 290.01, by adding a subdivision; 290.06, Subdivision 1; 290.067, Subdivision 2; 290.08; Subdivision 24; 290.09, Subdivi-

sions 2 and 28; 290.095, by adding a subdivision; 290.13, by adding a subdivision; 290.17, by adding a subdivision; 290.26, Subdivision 2; 290.49, Subdivision 10; 290.971, Subdivisions 1, 3 and 6; 290.972, Subdivisions 1, 3 and 5; 290A.04, by adding a subdivision; 290A.06; 290A.11, by adding a subdivision; 290A.17; 290A.18; 290A.19; 296.01, by adding a subdivision; 296.02, by adding a subdivision; 296.14, by adding a subdivision; 297.03, Subdivision 6; 297A.01, Subdivision 4; 297A.211, Subdivision 1; 298.17; 298.22, Subdivision 2; 298.223; 298.28, Subdivision 1; 298.293; 340.47, Subdivisions 1 and 1a; 352.115, Subdivision 8; 352.23; 352.75, Subdivision 3; 352B.26, Subdivision 3; 352D.04, Subdivision 2; 352D.05, Subdivisions 3 and 4; 353.657, Subdivision 3; 353.661, Subdivision 3; 375.192, Subdivision 1; 422A.02; 422A.03, Subdivisions 3 and 5; 422A.05, Subdivisions 1, 3 and 5, and by adding subdivisions; 422A.06, Subdivisions 1, 3, and 5; 429.061, Subdivisions 1 and 2; 429.081; 462.631, Subdivision 1; 471.665, Subdivision 3; 472A.02, by adding a subdivision; 474.06; 475.55; 475.60, Subdivision 2; 475.73, Subdivision 1; 490.123, Subdivision 1; 490.124, Subdivision 1; and Chapters 273; 290; 298; and 477A, by adding sections; and Minnesota Statutes, 1979 Supplement, Sections 15A.081, Subdivision 1; 43.064; 256.82; 256D.03, Subdivision 2; 256D.36, Subdivision 1; 272.02, Subdivision 1; 273.13, Subdivisions 4, 5a, 6, 7, 14a and 19; 273.42; 273.73, Subdivisions 7, 8, 10, 11 and 12; 273.74, Subdivision 3; 273.75, Subdivisions 1, 2, 5 and 6; 273.76, Subdivisions 1, 2, 3, and by adding subdivisions; 273.77; 273.78; 273.86, Subdivision 4; 275.125, Subdivision 9; 275.50, Subdivision 5; 275.51, Subdivision 3d; 290.01, Subdivision 20; 290.06, Subdivisions 11, 3c, 3d, 3f, and 14; 290.067, Subdivision 1; 290.081; 290.09, Subdivision 3; 290.091; 290.095, Subdivision 1; 290.14; 290.17, Subdivision 1; 290.37, Subdivision 1; 290A.03, Subdivision 3; 297A.25, Subdivision 1; 352D.02, Subdivision 1; 353.023; 422A.03, Subdivisions 1 and 2; 422A.08, Subdivision 2; 422A.09, Subdivision 3; 424A.02, by adding a subdivision; 424A.04; 471.665, Subdivision 1; 473.446, Subdivision 1; and 473F.08, Subdivision 6; and Laws 1979, Chapter 293, Section 10, Subdivision 1, and by adding a subdivision; and Chapter 303, Article II, Section 39; and repealing Minnesota Statutes 1978, Sections 11.01; 11.015; 11.04; 11.05; 11.06; 11.08; 11.10; 11.11; 11.115; 11.117, Subdivisions 1, 2, 3, 5 and 7; 11.12; 11.13; 11.14; 11.15; 11.16; 11.17; 11.18; 11.19; 11.20; 11.21; 11.22; 11.23; 11.24; 11.25; 11.26; 11.27; 11.28; 290.21, Subdivision 2; 290.971, Subdivision 5; 360.303; 422A.05, Subdivisions 2 and 4; 422A.07; 458.53; Minnesota Statutes, 1979 Supplement, Sections 11.117, Subdivisions 4 and 6; 11.118; 11.145; 273.122; 290.23, Subdivision 16; 340.47, Subdivision 1b; and Laws 1979, Chapter 293, Section 10, Subdivision 2.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1302, A bill for an act relating to commerce; permitting banks, trust companies and mutual savings banks to take junior liens under certain circumstances; requiring availability of bank ownership information; requiring the commissioner of banks to report on federal usury preemption; providing a federal preemption override; establishing certain time price differentials on retail installment sales of mobile homes; exempting certain insurance contracts, employee benefits and rights of action from garnishment or attachment; amending Minnesota Statutes 1978, Sections 48.19, Subdivision 1; 50.14, Subdivision 5; and 168.72; 550.37, by adding subdivisions; and Chapter 47, by adding sections; repealing Minnesota Statutes, 1979 Supplement, Section 48.185, Subdivision 2.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 1813, A bill for an act relating to transportation; appropriating money for rail service improvement; authorizing issuance of state bonds.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 2046, A bill for an act establishing the Minnesota small business conference; providing for its organization, meetings and procedures; appropriating money.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2268, A bill for an act relating to financial institutions; authorizing examinations of certain bank holding companies; providing for the institution of cease and desist proceedings and the issuance of temporary orders; requiring commissioner to report on federal usury preemption; amending Minnesota Statutes 1978, Section 46.24; Chapter 47, by adding sections; and Minnesota Statutes, 1979 Supplement, Section 46.04.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

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. 8, A bill for an act relating to taxation; gasoline tax; reducing the tax on grain alcohol gasoline; creating the Minnesota agricultural products industrial utilization board; appropriating money; amending Minnesota Statutes 1978, Sections 296.01, by adding a subdivision; 296.02, by adding a subdivision; 296.18, Subdivision 8; and Chapter 24, by adding a section.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Fjoslien moved that the House concur in the Senate amendments to H. F. No. 8 and that the bill be repassed as amended by the Senate.

A roll call was requested and properly seconded.

Prahl moved that the House refuse to concur in the Senate amendments to H. F. No. 8, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two Houses.

A roll call was requested and properly seconded.

The question was taken on the Prahl motion to refuse to concur in the Senate amendments to H. F. No. 8 and the roll was called.

Sieben, H., moved that those not voting be excused from voting. The motion prevailed.

There were 18 yeas and 111 nays as follows:

Those who voted in the affirmative were:

Anderson, I.	Hokanson	McEachern	Osthoff	Stoa
Battaglia	Jacobs	Minne	Otis	Welch
Begich	Kelly	Murphy	Prahl	
Eloff	Kempe	Nelsen, M.	Sarna	

Those who voted in the negative were:

Aasness	Drew	Kahn	Nysether	Stadum
Adams	Eken	Kaley	Olsen	Stowell
Ainley	Ellingson	Kalis	Onnen	Sviggum
Albrecht	Erickson	Knickerbocker	Patton	Swanson
Anderson, B.	Esau	Kostohryz	Pehler	Thiede
Anderson, D.	Evans	Kroening	Peterson, D.	Tomlinson
Anderson, G.	Ewald	Kvam	Piepho	Valan
Anderson, R.	Faricy	Laidig	Pleasant	Valento
Berglin	Fjoslien	Levi	Redalen	Vanasek
Berkelman	Forsythe	Long	Reding	Voss
Biersdorf	Friedrich	Ludeman	Rees	Waldorf
Brinkman	Fritz	Luknic	Reif	Weaver
Byrne	Fudro	Mann	Rice	Welker
Carlson, D.	Greenfield	McCarron	Rodriguez	Wenzel
Carlson, L.	Haukoos	McDonald	Rose	Wieser
Casserly	Heap	Mehrkens	Rothenberg	Wigley
Clark	Heinitz	Metzen	Schreiber	Wynia
Clawson	Hoberg	Moe	Searle	Zubay
Corbid	Jaros	Munger	Searles	Spkr. Norton
Crandall	Jennings	Nelsen, B.	Sherwood	
Dean	Johnson, C.	Niehaus	Sieben, H.	
Dempsey	Johnson, D.	Norman	Sieben, M.	
Den Ouden	Jude	Novak	Simoneau	

The motion did not prevail.

The question recurred on the Fjoslien motion that the House concur in the Senate amendments to H. F. No. 8 and the roll was called.

Sieben, H., moved that those not voting be excused from voting. The motion prevailed.

There were 76 yeas and 56 nays as follows:

Those who voted in the affirmative were:

Aasness	Clark	Evans	Haukoos	Kaley
Adams	Clawson	Ewald	Heinitz	Kalis
Ainley	Dean	Forsythe	Hoberg	Knickerbocker
Anderson, B.	Dempsey	Friedrich	Jaros	Laidig
Anderson, D.	Den Ouden	Fritz	Jennings	Levi
Berglin	Eken	Fudro	Johnson, C.	Long
Carlson, D.	Erickson	Greenfield	Johnson, D.	Ludeman
Casserly	Esau	Halberg	Kahn	Mann

McDonald	Pehler	Rose	Stowell	Wenzel
Mehrkens	Piepho	Schreiber	Svigum	Wieser
Moe	Pleasant	Searle	Thiede	Wigley
Nelsen, B..	Redalen	Searles	Valan	Zubay
Norman	Reding	Sherwood	Valento	
Nysether	Rees	Sieben, H.	Waldorf	
Onnen	Reif	Sieben, M.	Weaver	
Patton	Rodriguez	Stadum	Welker	

Those who voted in the negative were:

Albrecht	Corbid	Kempe	Niehaus	Stoa
Anderson, G.	Crandall	Kroening	Novak	Swanson
Anderson, I.	Drew	Kvam	Olsen	Tomlinson
Anderson, R.	Elioff	Lehto	Osthoff	Vanasek
Battaglia	Ellingson	Luknic	Otis	Voss
Begich	Faricy	McCarron	Peterson, B.	Welch
Berkelman	Fjoslien	McEachern	Peterson, D.	Wynia
Biersdorf	Heap	Metzen	Prahl	Spkr. Norton
Blatz	Hokanson	Minne	Rice	
Brinkman	Jacobs	Munger	Rothenberg	
Byrne	Jude	Murphy	Sarna	
Carlson, L.	Kelly	Nelsen, M.	Simoneau	

The motion prevailed.

H. F. No. 8, A bill for an act relating to taxation; gasoline tax; increasing the tax on gasoline; prohibiting use of proceeds of gas tax for access routes to the metropolitan sports facility; amending Minnesota Statutes 1978, Section 296.02, Subdivision 1; and Minnesota Statutes, 1979 Supplement, Section 473.596.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 75 yeas and 58 nays as follows:

Those who voted in the affirmative were:

Aasness	Ewald	Kaley	Patton	Sieben, H.
Ainley	Forsythe	Kalis	Pehler	Sieben, M.
Anderson, D.	Friedrich	Knickerbocker	Peterson, D.	Stadum
Berglin	Fritz	Laidig	Piepho	Stowell
Carlson, D.	Fudro	Levi	Pleasant	Svigum
Casserly	Greenfield	Long	Redalen	Thiede
Clark	Halberg	Ludeman	Reding	Valan
Clawson	Haukoos	Mann	Rees	Valento
Dean	Heinitz	McDonald	Reif	Waldorf
Dempsey	Hoberg	Mehrkens	Rodriguez	Weaver
Den Ouden	Jaros	Moe	Rose	Welker
Eken	Jennings	Nelsen, B.	Schreiber	Wenzel
Erickson	Johnson, C.	Norman	Searle	Wieser
Esau	Johnson, D.	Nysether	Searles	Wigley
Evans	Kahn	Onnen	Sherwood	Zubay

Those who voted in the negative were:

Adams	Anderson, B.	Anderson, I.	Battaglia	Berkelman
Albrecht	Anderson, G.	Anderson, R.	Begich	Biersdorf

Blatz	Fjoslien	Lehto	Novak	Stoa
Brinkman	Heap	Luknic	Olsen	Swanson
Byrne	Hokanson	McCarron	Osthoff	Tomlinson
Carlson, L.	Jacobs	McEachern	Otis	Vanasek
Corbid	Jude	Metzen	Peterson, B.	Voss
Crandall	Kelly	Minne	Prahl	Welch
Drew	Kempe	Munger	Rice	Wynia
Elioff	Kostohryz	Murphy	Rothenberg	Spkr. Norton
Ellingson	Kroening	Nelsen, M.	Sarna	
Faricy	Kvam	Niehaus	Simoneau	

The bill was repassed, as amended by the Senate, and its title agreed to.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendment to:

S. F. No. 2104, A bill for an act relating to state lands; changing the interest rate on unpaid sale balances; amending Minnesota Statutes 1978, Section 92.06, Subdivision 1.

And the Senate respectfully requests that a Conference Committee be appointed thereon. Messrs. Tennesen; Ulland, J. and Lessard have been appointed as such committee on the part of the Senate.

Said Senate File is herewith transmitted to the House with the request that the House appoint a committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Peterson, B., moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two Houses on S. F. No. 2104. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 2104:

Peterson, B.; Munger; and Brinkman.

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 874

A bill for an act relating to state government; changing certain administrative procedures; amending Minnesota Statutes 1978, Sections 15.0411, Subdivision 2; 15.0412, Subdivisions 2,

4, 5, and by adding subdivisions; 15.0413, Subdivisions 1 and 2; 15.0418; 15.0419, Subdivisions 1 and 4; 15.0422; 15.0424, Subdivision 6; and 15.052, Subdivisions 1, 2, 5, 7, 8 and 9; repealing Minnesota Statutes 1978, Sections 5.21, and 15.0423.

April 11, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 874, report that we have agreed upon the items in dispute and recommend as follows:

That the House concur in the Senate amendments and that H. F. No. 874 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1978, Section 3.965, is amended to read:

3.965 [LEGISLATIVE COMMISSION TO REVIEW ADMINISTRATIVE RULES.] Subdivision 1. [COMPOSITION; MEETINGS.] A legislative commission for review of administrative rules (DEFINED PURSUANT TO SECTIONS 15.0411 TO 15.0422), consisting of five senators appointed by the committee on committees of the senate and five representatives appointed by the speaker of the house of representatives shall be appointed. The commission shall meet at the call of its chairman or upon a call signed by two of its members or signed by five members of the legislature. The legislative commission chairmanship shall alternate between the two houses of the legislature every two years.

Subd. 2. [REVIEW OF RULES BY COMMISSION.] The commission shall promote adequate and proper rules by agencies and an understanding upon the part of the public respecting them. *The jurisdiction of the commission shall include all rules as defined in section 15.0411, subdivision 3 and all rules promulgated by agencies specified in section 15.0411, subdivision 2, clauses (c) through (i).* It may hold public hearings to investigate complaints with respect to rules if it considers the complaints meritorious and worthy of attention and may, on the basis of the testimony received at the public hearings, suspend any rule complained of by the affirmative vote of at least six members provided the provisions of subdivision 4 have been met. If any rule is suspended, the commission shall as soon as possible place before the legislature, at the next year's session, a bill to repeal the suspended rule. If the bill is defeated, or fails of enactment in that year's

session, the rule shall stand and the commission may not suspend it again. If the bill becomes law, the rule is repealed and shall not be enacted again unless a law specifically authorizes the adoption of that rule. The commission shall make a biennial report to the legislature and governor of its activities and include therein its recommendations.

Subd. 3. [PUBLIC HEARINGS BY STATE AGENCIES.] By a vote of a majority of its members, the commission may request any (DEPARTMENT) *agency* issuing rules to hold a public hearing in respect to recommendations made pursuant to subdivision 2 *including recommendations made by the commission to promote adequate and proper rules by that agency and recommendations contained in the commission's biennial report.* The (DEPARTMENT) *agency* shall give notice as provided in section 15.0412, subdivision 4 of a hearing thereon, to be conducted in accordance with section 15.0412. The hearing shall be held not more than 60 days after receipt of the request.

Subd. 4. [REVIEW BY STANDING COMMITTEES.] Before the commission suspends any rule, it shall request the speaker of the house and the president of the senate to refer the question of suspension of the given rule or rules to the appropriate committee or committees of the respective houses for the committees' (RECOMMENDATION) *recommendations.* No suspension shall take effect until the (RECOMMENDATION IS) *committees' recommendations are received, or 60 days after referral of the question of suspension to the speaker of the house and the president of the senate.* However, the (RECOMMENDATION) *recommendations shall be advisory only.*

Sec. 2. Minnesota Statutes, 1979 Supplement, Section 15.0411, Subdivision 2, is amended to read:

Subd. 2. "Agency" means any state officer, board, commission, bureau, division, department, or tribunal, other than a court, having a statewide jurisdiction and authorized by law to make rules or to adjudicate contested cases. "Agency" also means the capitol area architectural and planning board. Sections 15.0411 to 15.052 do not apply to (a) agencies directly in the legislative or judicial branches, (b) emergency powers in sections 12.31 to 12.37, ((C) CORRECTIONS BOARD AND PARDON BOARD, (D) THE UNEMPLOYMENT INSURANCE PROGRAM IN THE DEPARTMENT OF ECONOMIC SECURITY, (C) THE DIRECTOR OF MEDIATION SERVICES, (F) THE WORKERS' COMPENSATION DIVISION IN THE DEPARTMENT OF LABOR AND INDUSTRY, (G) THE WORKERS' COMPENSATION COURT OF APPEALS, (H) BOARD OF PARDONS,) or ((I)) (c) the department of military affairs. Sections 15.0418 to 15.0426 do not apply to (a) the Minnesota municipal board, (b) *the corrections board, (c) the unemployment insurance program in the department of economic security, (d) the director of mediation services, (e) the workers'*

compensation division in the department of labor and industry, (f) the workers' compensation court of appeals, (g) the board of pardons, or (h) the public employees relations board.

Sec. 3. Minnesota Statutes 1978, Section 15.0412, is amended by adding a subdivision to read:

Subd. 1a. Unless otherwise provided by law, an agency may grant a variance to a rule. Before an agency grants a variance, it shall have promulgated rules setting forth procedures and standards by which variances shall be granted and denied. An agency receiving a request for a variance shall set forth in writing its reasons for granting or denying the variance. This subdivision shall not constitute authority for an agency to grant variances to statutory standards.

Sec. 4. Minnesota Statutes 1978, Section 15.0412, Subdivision 2, is amended to read:

Subd. 2. To assist interested persons dealing with it, each agency shall, in a manner prescribed by the commissioner of administration, prepare a description of its organization, stating the process whereby the public may obtain information or make submissions or requests. The commissioner of administration shall (ANNUALLY) publish these descriptions at least in every odd-numbered year commencing in 1981 in a guidebook of state agencies. Notice of the publication of the guidebook shall be published in the state register.

Sec. 5. Minnesota Statutes 1978, Section 15.0412, is amended by adding a subdivision to read:

Subd. 2a. The revisor of statutes may upon request, provide technical and legal assistance to state agencies in drafting rules.

Sec. 6. Minnesota Statutes 1978, Section 15.0412, Subdivision 4, is amended to read:

Subd. 4. No rule shall be adopted by any agency unless the agency first holds a public hearing thereon, affording all affected interests an opportunity to participate (, AND GIVES NOTICE OF ITS INTENTION TO HOLD SUCH A HEARING AT LEAST 30 DAYS PRIOR TO THE DATE SET FOR THE HEARING BY UNITED STATES MAIL, TO REPRESENTATIVES OF ASSOCIATIONS OR OTHER INTERESTED GROUPS OR PERSONS WHO HAVE REGISTERED THEIR NAMES WITH THE SECRETARY OF STATE FOR THAT PURPOSE AND IN THE STATE REGISTER). Each agency shall maintain a list of all persons who have registered with the agency for the purpose of receiving notice of rule hearings. The agency may inquire as to whether those persons on the list wish to maintain their names thereon and may remove names for which there is a negative reply or no reply within 60 days. The

agency shall, at least 30 days prior to the date set for the hearing, give notice of its intention to hold a hearing by United States mail to all persons on its list, and by publication in the state register. Each agency may, at its own discretion, also contact persons not on its list and may give notice of its intention to hold a hearing in newsletters, newspapers or other publications or through other means of communication. The notice in the state register shall include the full text of the rule proposed for adoption (; PROVIDED THAT,) and, when amending existing rules, whatever portion of the existing rules is necessary to provide adequate notice of the nature of the proposed action. When an entire rule is proposed to be repealed or renumbered, the agency need only publish that fact, giving the exact citation to the rule to be repealed or renumbered in the notice.

Subd. 4a. With the approval of the chief hearing examiner, the agency may incorporate by reference provisions of federal law or rule or other materials from sources which the chief hearing examiner determines are conveniently available for viewing, copying and acquisition by interested persons. The chief hearing examiner shall not approve incorporation by reference of federal law or rule or other materials which are less than 3000 words in length or which would require less than five pages of publication in the state register.

Subd. 4b. The agency shall make available at least one free copy of the proposed rule to any person requesting it. The free copy shall contain the exact wording and form of the proposed rule and notice of hearing as published in the state register and shall be available to the public at least 30 days prior to the date set for the hearing.

Subd. 4c. At the public hearing the agency shall make an affirmative presentation of facts establishing the need for an reasonableness of the rule proposed for adoption and fulfilling any relevant substantive or procedural requirements imposed on the agency by law or rule. The agency may, in addition to its affirmative presentation, rely upon facts presented by others on the record during the rule proceeding to support the rule finally adopted.

Subd. 4d. After allowing written material to be submitted and recorded in the hearing record for five working days after the public hearing ends, or for a longer period not to exceed 20 days if ordered by the hearing examiner, the hearing examiner assigned to the hearing shall proceed to write a report as provided for in section 15.052, subdivision 3 (, WHICH). If the report contains a finding that the proposed rule is substantially different from that which was proposed at the public hearing, or that the agency has not met the requirements of section 15.0412, subdivisions 4 through 4f, it shall be submitted to the chief hearing examiner for approval. If the chief hearing examiner approves the finding of the hearing examiner, he shall advise the agency of actions which will correct the defects, and

the agency shall not adopt the rule until the chief hearing examiner determines that the defects have been corrected. If the chief hearing examiner determines that the need for and reasonableness of the rule has not been established pursuant to subdivision 4, clause (c), and if the agency does not elect to follow the suggested actions of the hearing examiner to correct that defect, then the agency shall submit the proposed rule to the legislative commission to review administrative rules for the commission's advice and comment. The agency shall not proceed to adopt the rule until it has received and considered the advice of the commission; provided, that the agency is not required to delay adoption longer than 30 days after the commission's receipt of the agency's submission. Advice of the commission shall not be binding on the agency. The report shall be completed within 30 days after the close of the hearing record unless the chief hearing examiner, upon written request of the agency (AND) or the hearing examiner, orders an extension. In no case shall an extension be granted if the chief hearing examiner determines that an extension would prohibit a rule from being adopted or becoming effective until after a date for adoption or effectiveness as required by statute. The report shall be available to all affected persons upon request or at last five working days before the agency takes any final action on the rule.

Subd. 4e. If the agency adopts the rule as recommended by the hearing examiner, it shall be submitted with the complete hearing record to the attorney general, who shall review the rule as to form and legality. If the agency makes changes in the rule other than those recommended by the hearing examiner, it shall submit the rule with the complete hearing record to the chief hearing examiner for a review of the changes prior to adopting it and submitting it to the attorney general for review. If the chief hearing examiner determines that the proposed final rule of the agency is substantially different from that which was proposed at the public hearing, he shall advise the agency of actions which will correct the defects, and the agency shall not adopt the rule until the chief hearing examiner determines that the defects have been corrected. If the agency, the chief hearing examiner or the attorney general requests, the hearing examiner shall cause a transcript to be prepared of the hearing. The agency shall give notice to all persons who requested to be informed that the hearing record has been submitted to the attorney general. This notice shall be given on the same day that the record is submitted. The attorney general shall, within 20 days, either approve or disapprove the rule. If he approves the rule, he shall promptly file it in the office of the secretary of state. If he disapproves the rule, he shall state in writing his reasons therefor, and the rule shall not be filed in the office of the secretary, nor published.

Subd. 4f. A rule shall become effective after it has been subjected to all requirements described in (THIS SUBDIVI-

SION) subdivisions 4 through 4f and five working days after publication in the state register, as hereinafter provided, unless a later date is required by statutes or specified in the rule. If the rule as adopted does not differ from the proposed rule as published in the state register, publication may be made by publishing notice in the state register that the rule has been adopted as proposed and by publishing a citation to the prior publication. If the rule as adopted differs from the proposed rule, the adopted rule or subdivisions thereof which differ from the proposed rule shall be published together with a citation to the prior state register publication of the remainder of the proposed rule.

Sec. 7. Minnesota Statutes 1978, Section 15.0412, is amended by adding a subdivision to read:

Subd. 4g. When an agency determines that its proposed adoption, amendment, suspension or repeal of a rule will be non-controversial in nature, it may utilize the provisions herein in lieu of the provisions of subdivisions 4 through 4f. The agency shall publish a notice of its intent to adopt the rule without public hearing, together with the proposed rule, in the state register, and shall give the same notice by United States mail to persons who have registered their names with the agency pursuant to subdivision 4. When an entire rule is proposed to be repealed or renumbered, the agency need only publish that fact, giving the exact citation to the rule to be repealed or renumbered in the notice. The notice shall include a statement advising the public:

- (1) that they have 30 days in which to submit comment on the proposed rule;*
- (2) that no public hearing will be held unless seven or more persons make a written request for a hearing within the 30 day comment period;*
- (3) of the manner in which persons shall request a hearing on rules proposed pursuant to this subdivision; and*
- (4) that the rule may be modified if modifications are supported by the data and views submitted.*

Before the date of the notice, the agency shall prepare a statement of need and reasonableness which shall be available to the public. For at least 30 days following the notice, the agency shall afford all interested persons an opportunity to object to the lack of a hearing and to submit data and views on the proposed rule in writing. The proposed rule may be modified if the modifications are supported by the data and views submitted to the agency and do not result in a substantial change. If, during the 30 day period allowed for comment, seven or more persons sub-

mit to the agency a written request for a hearing of the proposed rule, the agency shall proceed under the provisions of subdivisions 4 through 4f. In the event that a hearing is required, a citation in the state register to the prior publication of the proposed rule may be substituted for republication unless the agency has modified the proposed rule. If no hearing is required, the agency shall submit to the attorney general the proposed rule and notice as published, the rule as proposed for adoption, any written comments received by the agency, and a statement of need and reasonableness for the rule. The agency shall give notice to all persons who requested to be informed that these materials have been submitted to the attorney general. This notice shall be given on the same day that the record is submitted. The attorney general shall approve or disapprove the rule as to form and legality, including the issue of substantial change, within 14 days. If he approves the rule, he shall promptly file it in the office of the secretary of state. If he disapproves the rule, he shall state in writing his reasons therefor, and the rule shall not be filed in the office of the secretary of state, nor published. The rule shall become effective upon publication in the state register in the same manner as provided for adopted rules in subdivision 4f.

Sec. 8. For purposes of implementing section 15.0412, subdivision 4, the attorney general shall prepare a notice which shall be published by the state register on or before August 4, 1980, which notice shall be mailed, by the office of hearing examiners, to all persons presently registered with the secretary of state for the purpose of being advised of rulemaking hearings. The notice shall be sufficiently specific to inform all persons of the manner in which they may register their names with the various state agencies in order to be notified of all rulemaking hearings.

Sec. 9. Minnesota Statutes 1978, Section 15.0412, Subdivision 5, is amended to read:

Subd. 5. When an agency is directed (OR AUTHORIZED) by statute, federal law or court order to adopt, amend, suspend or repeal a rule in a manner that does not allow for compliance with subdivisions 4 through 4g, or if an agency is expressly required or authorized by statute to adopt temporary rules, the agency shall (PROMULGATE A) adopt temporary (RULE) rules in accordance with this subdivision. The proposed temporary rule shall be published in the state register and for at least 20 days thereafter the agency shall afford all interested persons an opportunity to submit data and views on the proposed temporary rule in writing. The proposed temporary rule may be modified if the modifications are supported by the data and views submitted to the agency. The agency shall submit to the attorney general the proposed temporary rule as published, with any proposed modifications. The attorney general shall review the proposed temporary rule as to form and legality and shall approve or disapprove the proposed temporary rule and any pro-

posed modifications within five working days. The temporary rule shall take effect upon approval of the attorney general. Failure of the attorney general to approve or disapprove within five working days shall be deemed approval. As soon as practicable notice of the attorney general's decision shall be published in the state register and the adopted rule shall be published in the manner as provided for adopted rules in subdivision 4. Temporary rules adopted under this subdivision shall be effective for not longer than 90 days and may be reissued or continued in effect for an additional 90 days, but may not immediately be reissued thereafter without following the procedure of (SUBDIVISION 4) *subdivisions 4 through 4g*.

Sec. 10. Minnesota Statutes 1978, Section 15.0412, is amended by adding a subdivision to read:

Subd. 8. Each agency shall, within six months after the effective date of a law requiring rules to be promulgated, unless otherwise specified by law, publish notice of hearing or notice of intent to adopt a rule without public hearing in accordance with this section. If an agency has not given this notice, it shall report to the appropriate committees of the legislature and the governor its failure to do so, and the reasons for that failure.

Sec. 11. Minnesota Statutes 1978, Section 15.0412, is amended by adding a subdivision to read:

Subd. 9. The agency shall, within six months after issuance of the hearing examiner's report, either withdraw the proposed rules or publish its adopted final action in the state register. If the agency has not published its adopted final action in the state register within six months, it shall not proceed to adopt the subject rules without rehearing the rules pursuant to all the procedures of this section, and it shall report to the appropriate committees of the legislature and to the governor its failure to adopt rules and the reasons for that failure.

Sec. 12. Minnesota Statutes 1978, Section 15.0413, Subdivision 1, is amended to read:

15.0413 [EFFECT OF ADOPTION OF RULES; PUBLICATION; APPROPRIATION.] Subdivision 1. Every rule approved by the attorney general and filed in the office of the secretary of state as provided in section 15.0412 shall have the force and effect of law (20) *five working days* after its publication in the state register unless a later date is required by statute or specified in the rule. The secretary of state shall keep a permanent record of rules filed with that office open to public inspection. *Should a discrepancy exist between the rules published in the state register and the rules on file with the secretary of state, the rules on file with the secretary of state shall have effect.*

Sec. 13. Minnesota Statutes 1978, Section 15.0413, Subdivision 2, is amended to read:

Subd. 2. Each rule hereafter amended, suspended, or repealed shall become amended, suspended, or repealed (20) *five working days* after the new or amended rule or notice of suspension or repeal is published in the state register unless a later date is required by statute or specified in the rule.

Sec. 14. Minnesota Statutes 1978, Section 15.0418, is amended to read:

15.0418 [CONTESTED CASE.] *Subdivision 1. An agency shall initiate a contested case proceeding when one is required by law. Unless otherwise provided by law, an agency shall decide a contested case only in accordance with the contested case procedures of the administrative procedure act.*

Subd. 2. [NOTICE AND HEARING.] In any contested case all parties shall be afforded an opportunity for hearing after reasonable notice. The notice shall state the time, place and issues involved, but if, by reason of the nature of the (PROCEEDING) case, the issues cannot be fully stated in advance of the hearing, or if subsequent amendment of the issues is necessary, they shall be fully stated as soon as practicable, and opportunity shall be afforded all parties to present evidence and argument with respect thereto. Prior to assignment of a case to a hearing examiner as provided by section 15.052, all papers shall be filed with the agency. Subsequent to assignment of the case, the agency shall certify the official record to the office of (HEARING EXAMINERS) administrative hearings, and thereafter, all papers shall be filed with that office. The office of (HEARING EXAMINERS) administrative hearings shall maintain the official record which shall include subsequent filings, testimony and exhibits. All filings are deemed effective upon receipt. The record shall contain a written transcript of the hearing only if preparation of a transcript is requested by the agency, a party, or the chief hearing examiner. The agency or party requesting a transcript shall bear the cost of preparation. When the chief hearing examiner requests preparation of the transcript, the agency shall bear the cost of preparation. Upon issuance of the hearing examiner's report, the official record shall be certified to the agency.

Subd. 3. [INFORMAL DISPOSITION.] Informal disposition may also be made of any contested case by stipulation, agreed settlement, consent order or default.

Sec. 15. Minnesota Statutes 1978, Section 15.0419, Subdivision 1, is amended to read:

15.0419 [EVIDENCE IN CONTESTED CASE HEARINGS.] *Subdivision 1. In contested cases agencies may admit*

and give probative effect to evidence which possesses probative value commonly accepted by reasonable prudent (MEN) persons in the conduct of their affairs. They shall give effect to the rules of privilege recognized by law. They may exclude incompetent, irrelevant, immaterial and repetitious evidence.

Sec. 16. Minnesota Statutes 1978, Section 15.0419, Subdivision 2, is amended to read:

Subd. 2. All evidence, including records and documents ((EXCEPT TAX RETURNS AND TAX REPORTS)) *containing information classified by law as not public*, in the possession of the agency of which it desires to avail itself or *which is offered into evidence by a party to a contested case proceeding*, shall be (OFFERED AND) made a part of the hearing record (IN) of the case (, AND). No (OTHER) factual information or evidence ((EXCEPT TAX RETURNS AND TAX REPORTS)) shall be considered in the determination of the case *unless it is part of the record*. Documentary evidence may be received in the form of copies or excerpts, or by incorporation by reference. *When the hearing record contains information which is not public, the hearing examiner or the agency may conduct a closed hearing to discuss the information, issue necessary protective orders, and seal all or part of the hearing record.*

Sec. 17. Minnesota Statutes 1978, Section 15.0419, Subdivision 4, is amended to read:

Subd. 4. Agencies may take notice of judicially cognizable facts and in addition may take notice of general, technical, or scientific facts within their specialized knowledge. Parties shall be notified in writing either before or during hearing, or by reference in preliminary reports or otherwise, or by oral statement in the record, of the material so noticed, and they shall be afforded an opportunity to contest the facts so noticed. Agencies may utilize their experience, technical competence, and specialized knowledge in the evaluation of the evidence (PRESENT-ED TO THEM) *in the hearing record*.

Sec. 18. Minnesota Statutes 1978, Section 15.0422, is amended to read:

15.0422 [DECISIONS, ORDERS.] *Subdivision 1.* Every decision and order (ADVERSE TO A PARTY OF THE PROCEEDING,) rendered by an agency in a contested case (,) shall be in writing (OR STATED IN THE RECORD AND SHALL BE ACCOMPANIED BY A STATEMENT OF THE REASONS THEREFOR. THE STATEMENT OF REASONS SHALL CONSIST OF A CONCISE STATEMENT OF THE CONCLUSIONS UPON EACH CONTESTED ISSUE OF FACT NECESSARY TO THE DECISION. PARTIES TO THE PROCEEDING SHALL BE NOTIFIED OF THE DECISION AND

ORDER IN PERSON OR BY MAIL), shall be based on the record and shall include the agency's findings of fact and conclusions on all material issues. A copy of the decision and order (AND ACCOMPANYING STATEMENT OF REASONS TOGETHER WITH A CERTIFICATE OF SERVICE) shall be (DELIVERED OR MAILED UPON REQUEST TO) served upon each party or (TO HIS ATTORNEY OF RECORD) his representative and the hearing examiner by first class mail.

Subd. 2. Unless otherwise provided by law, if an agency fails to render a decision and order in a contested case within 90 days after the submission of the final hearing examiner report and subsequent exceptions and arguments under section 15.0421 if any, any party may petition the district court for an order requiring the agency to render a decision and order on the contested case within such time as the court determines to be appropriate. The order shall be issued unless the agency shows that further delay is reasonable.

Sec. 19. Minnesota Statutes 1978, Section 15.0424, Subdivision 1, is amended to read:

15.0424 [JUDICIAL REVIEW OF A CONTESTED CASE DECISION.] Subdivision 1. [APPLICATION.] Any person aggrieved by a final decision in a contested case (OF ANY AGENCY AS DEFINED IN SECTION 15.0411, SUBDIVISION 2 (INCLUDING THOSE AGENCIES EXCLUDED FROM THE DEFINITION OF "AGENCY" IN SECTION 15.0411, SUBDIVISION 2, BUT EXCEPTING THE TAX COURT, THE WORKERS' COMPENSATION COURT OF APPEALS SITTING ON WORKERS' COMPENSATION CASES, THE DEPARTMENT OF ECONOMIC SECURITY, THE DIRECTOR OF MEDIATION SERVICES, AND THE DEPARTMENT OF PUBLIC SERVICE), WHETHER SUCH DECISION IS AFFIRMATIVE OR NEGATIVE IN FORM,) is entitled to judicial review (THEREOF,) of the decision under the provisions of this section, but nothing in this section shall be deemed to prevent resort to other means of review, redress, relief, or trial de novo provided by law now or hereafter enacted. (THE TERM "FINAL DECISION" AS HEREIN USED SHALL NOT EMBRACE A PROPOSED OR TENTATIVE DECISION UNTIL IT HAS BECOME THE DECISION OF THE AGENCY EITHER BY EXPRESS APPROVAL OR BY THE FAILURE OF AN AGGRIEVED PERSON TO FILE EXCEPTIONS THERETO WITHIN A PRESCRIBED TIME UNDER THE AGENCY'S RULES.) A petition by an aggrieved person for judicial review under this section must be filed with the district court and served on the agency not more than 30 days after the party receives the final decision and order of the agency.

Sec. 20. Minnesota Statutes 1978, Section 15.0424, Subdivision 2, is amended to read:

Subd. 2. [PETITION, SERVICE.] ((A)) Proceedings for review *under this section* shall be instituted by serving a petition (THEREOF) personally or by certified mail upon the agency (OR ONE OF ITS MEMBERS OR UPON ITS SECRETARY OR CLERK) and by filing (SUCH) *the* petition in the office of the clerk of district court for the county (WHERE-IN) *where* the agency has its principal office or the county of residence of the petitioners (, ALL WITHIN 30 DAYS AFTER THE AGENCY SHALL HAVE SERVED SUCH DECISION AND ANY ORDER MADE PURSUANT THERETO BY MAIL ON THE PARTIES OF RECORD THEREIN; SUBJECT, HOWEVER, TO THE FOLLOWING:).

((1)) IN THE CASE OF A TENTATIVE OR PROPOSED DECISION WHICH HAS BECOME THE DECISION OF THE AGENCY EITHER BY EXPRESS APPROVAL OR BY A FAILURE BY AN AGGRIEVED PERSON TO FILE EXCEPTIONS WITHIN A PRESCRIBED TIME UNDER THE AGENCY'S RULES, SUCH 30-DAY PERIOD SHALL NOT BEGIN TO RUN UNTIL THE LATEST OF THE FOLLOWING EVENTS SHALL HAVE OCCURRED: (A) SUCH DECISION SHALL HAVE BECOME THE DECISION OF THE AGENCY AS AFORESAID; (B) SUCH DECISION, EITHER BEFORE OR AFTER IT HAS BECOME THE DECISION OF THE AGENCY, SHALL HAVE BEEN SERVED BY MAIL BY SUCH AGENCY ON THE PARTIES OF RECORD IN SUCH PROCEEDING.)

((2)) In case a request for rehearing or reconsideration shall have been made within (THE TIME PERMITTED AND IN CONFORMITY WITH THE AGENCY'S RULES) *ten days after the decision and order of the agency*, (SUCH) *the* 30-day period *provided in subdivision 1* shall not begin to run until service of the order finally disposing of the application for rehearing or reconsideration, but nothing herein shall be construed as requiring that an application for rehearing or reconsideration be filed with and disposed of by the agency as a prerequisite to the institution of a review proceeding under this section.

((B)) The petition shall state the nature of the petitioner's interest, the facts showing the petitioner is aggrieved and is affected by the decision, and the ground or grounds upon which the petitioner contends that the decision should be reversed or modified. The petition may be amended by leave of court although the time for serving the (SAME) *petition* has expired. The petition shall be entitled in the name of the person serving the (SAME) *petition* as petitioner and the name of the agency whose decision is sought to be reviewed as respondent. Copies of the petition shall be served, personally or by certified mail, not later than 30 days after the institution of the proceeding, upon all parties who appeared before the agency in the proceeding in which the order sought to be reviewed was made; and for the purpose of such service the agency upon request shall

certify to the petitioner the names and addresses of all such parties as disclosed by its records, which certification shall be conclusive. The agency and all parties to the proceeding before it shall have the right to participate in the proceedings for review. The court in its discretion may permit other interested parties to intervene.

((C)) Every person served with the petition for review as provided in this section and who desires to participate in the proceedings for review thereby instituted shall serve upon the petitioner, within 20 days after service of the petition upon such person, a notice of appearance stating his position with reference to the affirmance, vacation, reversal or modification of the order or decision under review. Such notice, other than by the named respondent, shall also be served on the named respondent and the attorney general and shall be filed, together with proof of service thereof, with the clerk of the reviewing court within ten days after such service. Service of all subsequent papers or notices in such proceedings need be made only upon the petitioner, the named respondent, the attorney general, and such other persons as have served and filed the notice as herein provided, or have been permitted to intervene in said proceedings as parties thereto by order of the reviewing court.

Sec. 21. Minnesota Statutes 1978, Section 15.0424, Subdivision 6, is amended to read:

Subd. 6. [PROCEDURE ON REVIEW.] The review shall be conducted by the court without a jury and shall be confined to the record, except that in cases of alleged irregularities in procedure (BEFORE THE AGENCY), not shown in the record, testimony thereon may be taken in the court. The court shall, upon request, hear oral argument and receive written briefs. Except as otherwise provided all proceedings shall be conducted according to the rules of civil procedure.

Sec. 22. Minnesota Statutes 1978, Section 15.0425, is amended to read:

15.0425 [SCOPE OF JUDICIAL REVIEW.] In (ANY PROCEEDINGS FOR) a judicial review (BY ANY COURT OF DECISIONS OF ANY AGENCY AS DEFINED IN SECTION 15.0411, SUBDIVISION 2 (INCLUDING THOSE AGENCIES EXCLUDED FROM THE DEFINITION OF AGENCY IN SECTION 15.0411, SUBDIVISION 2)) *under section 15.0424* the court may affirm the decision of the agency or remand the case for further proceedings; or it may reverse or modify the decision if the substantial rights of the petitioners may have been prejudiced because the administrative finding, inferences, conclusion, or decisions are:

(a) In violation of constitutional provisions; or

(b) In excess of the statutory authority or jurisdiction of the agency; or

(c) Made upon unlawful procedure; or

(d) Affected by other error of law; or

(e) Unsupported by substantial evidence in view of the entire record as submitted; or

(f) Arbitrary or capricious.

Sec. 23. Minnesota Statutes 1978, Section 15.0426, is amended to read:

15.0426 [APPEALS TO SUPREME COURT.] An aggrieved party, including an agency which issued a decision (OR) and order in the case, may secure a review of any final order or judgment of the district court under (SECTIONS) *section* 15.0424 (OR 15.0425) by appeal to the supreme court. (SUCH) *The* appeal shall be taken in the manner provided by law for appeals from orders or judgments of the district court in other civil cases.

Sec. 24. Minnesota Statutes 1978, Section 15.047, Subdivision 2, is amended to read:

Subd. 2. Copies of rules published pursuant to this section may be sold by the commissioner of administration for a reasonable fee. The commissioner shall provide without cost (ONE COPY) *ten copies* of the manual and any supplementary material for the manual to *the legislative reference library and the state law library and one copy* to each county library maintained pursuant to section 375.33 or 134.12, excepting counties containing cities of the first class. If a county has not established a county library pursuant to section 375.33 or 134.12, the copies shall be provided to a public library designated by the county board after consultation with the regional library, if any, established pursuant to section 375.335 for the region in which the county is located.

Sec. 25. Minnesota Statutes 1978, Section 15.051, Subdivision 2, is amended to read:

Subd. 2. [PUBLICATION.] The commissioner of administration shall publish the state register whenever (HE DEEMS) necessary, except that no material properly submitted to him for publication shall remain unpublished for more than ten working days.

The state register shall have a distinct and permanent masthead with the title "state register" and the words "state of Min-

nesota" prominently displayed. All issues of the state register shall be numbered and dated.

To the extent that editing, composition, printing, distribution or other work on the state register cannot be performed in the department of administration, or it is uneconomical to do so, the commissioner shall obtain competitive bids and enter into contracts to have the services performed by the lowest responsible bidder. The duration of any contracts shall not exceed the end of the state's fiscal biennium.

Sec. 26. Minnesota Statutes 1978, Section 15.052, Subdivision 1, is amended to read:

15.052 [OFFICE OF HEARING EXAMINERS.] Subdivision 1. A state office of (HEARING EXAMINERS) *administrative hearings* is created. The office shall be under the direction of a chief hearing examiner, who shall be learned in the law and appointed by the governor, with the advice and consent of the senate, for a term ending on June 30 of the sixth calendar year after appointment. The chief hearing examiner shall appoint additional hearing examiners to serve in his office as necessary to fulfill the duties prescribed in this section. All hearing examiners shall be in the classified service except that the chief hearing examiner shall be in the unclassified service, but may be removed from his position only for cause. Additionally, all hearing examiners shall have demonstrated knowledge of administrative procedures and shall be free of any political or economic association that would impair their ability to function officially in a fair and objective manner.

Sec. 27. Minnesota Statutes 1978, Section 15.052, Subdivision 2, is amended to read:

Subd. 2. When regularly appointed hearing examiners are not available, the chief hearing examiner may contract with qualified individuals to serve as hearing examiners (FOR SPECIFIC ASSIGNMENTS). Such temporary hearing examiners shall not be employees of the state (AND SHALL BE REMUNERATED FOR THEIR SERVICE AT A RATE NOT TO EXCEED \$150 PER DAY).

Sec. 28. Minnesota Statutes 1978, Section 15.052, Subdivision 3, is amended to read:

Subd. 3. All hearings of state agencies required to be conducted under this chapter shall be conducted by a hearing examiner assigned by the chief hearing examiner. In assigning hearing examiners to conduct such hearings, the chief hearing examiner shall attempt to utilize personnel having expertise in the subject to be dealt with in the hearing. Only hearing examiners learned in the law shall be assigned to contested case

hearings. It shall be the duty of the hearing examiner to: (1) advise an agency as to the location at which and time during which a hearing should be held so as to allow for participation by all affected interests; (2) conduct only hearings for which proper notice has been given; (3) see to it that all hearings are conducted in a fair and imparital manner; and (4) make a report on each proposed agency action in which the hearing examiner functioned in an official capacity, stating his findings of fact and his conclusions and recommendations, taking notice of the degree to which the agency has (i) documented its statutory authority to take the proposed action, (ii) fulfilled all relevant substantive and procedural requirements of law or rule, and (iii) *in rulemaking proceedings*, demonstrated the need for and reasonableness of its proposed action with an affirmative presentation of facts.

Sec. 29. Minnesota Statutes 1978, Section 15.052, Subdivision 4, is amended to read:

Subd. 4. The chief hearing examiner shall promulgate rules to govern the procedural conduct of all hearings, relating to both rule adoption, amendment, suspension or repeal hearings and contested case hearings. Such procedural rules for hearings shall be binding upon all agencies and shall supersede any other agency procedural rules with which they may be in conflict. The procedural rules for hearings shall include in addition to normal procedural matters provisions relating to recessing and reconvening new hearings when the proposed final rule of an agency is substantially different from that which was proposed at the public hearing. The procedural rules shall establish a procedure whereby the proposed final rule of an agency shall be reviewed by the chief hearing examiner to determine whether or not a new hearing is required because of substantial changes or failure of the agency to meet the requirements of section 15.0412, (SUBDIVISION 4) *subdivisions 4 through 4f*. Upon his own initiative or upon written request of an interested party, the Chief hearing examiner may issue a subpoena for the attendance of a witness or the production of such books, papers, records or other documents as are material to the matter being heard. The subpoenas shall be enforceable through the district court in the district in which the subpoena is issued.

Sec. 30. Minnesota Statutes 1978, Section 15.052, Subdivision 5, is amended to read:

Subd. 5. The office of (HEARING EXAMINERS) *administrative hearings* may maintain a court reporter system and in addition to or in lieu thereof may contract with non-governmental sources for court reporter services. The court reporters may additionally be utilized as the chief hearing examiner directs. Unless the chief hearing examiner determines that the use of a court reporter is more appropriate, an audio magnetic

recording device shall be used to keep a record at any hearing which takes place under this chapter.

Court reporters serving in the court reporter system of the office of (HEARING EXAMINERS) *administrative hearings* shall be in the classified service. *Notwithstanding the provisions of section 15.17, subdivision 4, copies of transcriptions of hearings conducted pursuant to this section may be obtained only through the office of administrative hearings.*

Sec. 31. Minnesota Statutes 1978, Section 15.052, Subdivision 7, is amended to read:

Subd. 7. A state office of (HEARING EXAMINER) *administrative hearings* account is hereby created in the state treasury. All receipts from services rendered by the state office of (HEARING EXAMINER) *administrative hearings* shall be deposited in the account, and all funds in the account shall be annually appropriated to the state office of (HEARING EXAMINER) *administrative hearings* for carrying out the duties specified in this section.

Sec. 32. Minnesota Statutes 1978, Section 15.052, Subdivision 8, is amended to read:

Subd. 8. The chief hearing examiner may enter into contracts with political subdivisions of the state and such political subdivisions of the state may contract with the chief hearing examiner for the purpose of providing hearing examiners and reporters for administrative proceedings. *The contract may define the scope of the hearing examiner's duties, which may include the preparation of findings, conclusions, or a recommendation for action by the political subdivision.* For such services there shall be an assessment in the manner provided in subdivision 6.

Sec. 33. Minnesota Statutes 1978, Section 15.052, Subdivision 9, is amended to read:

Subd. 9. In consultation and agreement with the chief hearing examiner, the commissioner of administration shall, pursuant to authority vested in him by section 16.13, transfer from state agencies, such employees as he deems necessary to the state office of (HEARING EXAMINERS) *administrative hearings*. Such action shall include the transfer of any state employee currently employed as a hearing examiner, if the employee qualifies under this section.

Sec. 34. Minnesota Statutes 1978, Section 15.1691, Subdivision 3, is amended to read:

Subd. 3. [INVESTIGATIVE DATA.] *Data on persons including data on vendors of services, which is collected, maintained, used or disseminated by the welfare system in an investi-*

gation, authorized by statute and relating to the enforcement of rules or law, is confidential pursuant to section 15.162, subdivision 2a, and shall not be disclosed except:

- (a) Pursuant to section 15.163;
- (b) Pursuant to statute or valid court order;
- (c) To a party named in a civil or criminal proceeding, administrative or judicial, for preparation of defense.

(AFTER PRESENTATION IN COURT, THE DATA SHALL BE PUBLIC DATA ON INDIVIDUALS TO THE EXTENT REFLECTED IN COURT RECORDS.)

The data referred to in this subdivision shall be classified as public data upon its submission to a hearing examiner or court in an administrative or judicial proceeding.

Sec. 35. Minnesota Statutes, Section 179.71, Subdivision 5, is amended to read:

Subd. 5. In addition to all other duties imposed by this section, the director shall:

- (a) retain mediation jurisdiction over the parties for purposes of this subdivision until such time as the parties reach agreement; provided, however, he may continue to assist parties after the parties have submitted their final positions as provided or required under section 179.72, subdivision 6; or section 179.69, subdivision 6;
- (b) issue notices, subpoenas and orders as may be required by law to carry out his duties under sections 179.61 to 179.77. Issuance of orders shall include those orders of the Minnesota public employment relations board;
- (c) certify to the Minnesota public employment relations board those items of dispute between parties to be subject to the action of the Minnesota public employment relations board under section 179.69, subdivision 3;
- (d) assist the parties in formulating petitions, notices, and other papers required to be filed with the director or the board;
- (e) certify the final results of any election or other voting procedure conducted pursuant to sections 179.61 to 179.77;
- (f) furnish clerical and administrative services to the Minnesota public employment relations board as may be required;

(g) adopt reasonable and proper rules (AND REGULATIONS) relative to and regulating the forms of petitions, notices, orders and the conduct of hearings and elections (SUBJECT TO FINAL APPROVAL OF THE MINNESOTA PUBLIC EMPLOYMENT RELATIONS BOARD). (SUCH RULES AND REGULATIONS SHALL BE PRINTED AND MADE AVAILABLE TO THE PUBLIC AND A COPY DELIVERED WITH EACH NOTICE OF HEARING; PROVIDED, THAT EVERY SUCH RULE OR REGULATION SHALL BE FILED WITH THE SECRETARY OF STATE, AND ANY CHANGE THEREIN OR ADDITIONS THERETO SHALL NOT TAKE EFFECT UNTIL 20 DAYS AFTER SUCH FILING;)

(h) receive, catalogue and file in a logical manner all orders and decisions of the Minnesota public employment relations board and all arbitration panels authorized by sections 179.61 to 179.77 as well as all grievance arbitration decisions and the director's own orders and decisions. All orders and decisions catalogued and filed shall be made readily available to the public;

(i) promulgate a grievance procedure to effectuate the purposes of section 179.70, subdivision 1. Such grievance procedures shall not provide for the services of the bureau of mediation services. The exercise of authority granted by this clause shall be subject to the provisions of chapter 15; said grievance procedure to be available to any public employee employed in a unit not covered by a negotiated grievance procedure as contained in section 179.70, subdivision 1;

(j) conduct elections.

Sec. 36. Minnesota Statutes 1978, Section 179.72, Subdivision 3, is amended to read:

Subd. 3. In addition to the other powers and duties given it by law, the board has the following powers and duties:

(a) to hear and decide issues relating to the meaning of the terms "supervisory employee", "confidential employee", "essential employee" or "professional employee", as defined by section 179.63;

(b) to hear and decide appeals from determinations of the director relating to the appropriateness of a unit under section 179.67;

((C) TO APPROVE OR DISAPPROVE THE RULES AND REGULATIONS PROMULGATED BY THE DIRECTOR UNDER SECTION 179.71, SUBDIVISION 5, CLAUSE (G);)

((D)) (c) to hear and decide on the record from determinations of the director relating to a fair share fee challenge decided under section 179.71, subdivision 2.

Sec. 37. Minnesota Statutes 1978, Section 268.12, Subdivision 3, is amended to read:

Subd. 3. [RULES, REGULATIONS.] Notwithstanding any inconsistent provision of law the commissioner is hereby authorized to adopt, amend, or rescind regulations as may be necessary for the administration of sections 268.03 to 268.24. Each proposed regulation, excepting those relating solely to the internal operation of the department, shall be (PUBLISHED IN ONE OR MORE NEWSPAPERS OF GENERAL CIRCULATION IN THIS STATE AND BE FILED WITH THE SECRETARY OF STATE PRIOR TO THE TIME OF PUBLICATION. ANY PERSON OR ASSOCIATION DESIRING A COPY OF ANY PROPOSED REGULATIONS SHALL FILE WITH THE COMMISSIONER A WRITTEN REQUEST THEREFOR, CONTAINING HIS OR ITS NAME AND ADDRESS. FOR A PERIOD OF TWO YEARS AFTER THE FILING OF SUCH REQUEST THE COMMISSIONER, AT OR PRIOR TO THE TIME OF ANY PUBLICATION, SHALL MAIL TO SUCH PERSON OR ASSOCIATION A COPY OF SUCH PROPOSED REGULATIONS. EACH SUCH PROPOSED REGULATION, IF THERETOFORE APPROVED BY THE ATTORNEY GENERAL AS TO FORM AND LEGALITY, SHALL BECOME FINAL AND EFFECTIVE 30 DAYS AFTER THE PUBLICATION THEREOF. ANY EMPLOYER, EMPLOYEE, OR OTHER PERSON WHOSE INTEREST IS OR MAY BE AFFECTED THEREBY MAY OBJECT TO ANY SUCH PROPOSED REGULATION WITHIN TEN DAYS AFTER PUBLICATION THEREOF BY FILING WITH THE COMMISSIONER A PETITION SETTING FORTH THE GROUNDS OF OBJECTION TO THE PROPOSED REGULATION AND REQUEST A HEARING THEREON, WHEREUPON A HEARING SHALL THEREAFTER BE HAD BEFORE THE COMMISSIONER OR HIS DULY AUTHORIZED REPRESENTATIVE AT A TIME AND PLACE DESIGNATED BY THE COMMISSIONER OR SUCH REPRESENTATIVE AFTER DUE NOTICE OF SAID HEARING HAS BEEN SERVED BY CERTIFIED MAIL, UPON THE OBJECTING PARTY OR PARTIES NOT LESS THAN TEN DAYS BEFORE SAID HEARING. IN THE EVENT THAT THE COMMISSIONER ELECTS TO AMEND SUCH REGULATION AFTER SUCH HEARING, THEN SUCH AMENDED REGULATION SHALL BE FILED WITH THE SECRETARY OF STATE AND A COPY THEREOF MAILED TO EACH OF THE PERSONS AND ASSOCIATIONS WHO HAVE FILED A REQUEST FOR COPIES OF PROPOSED REGULATIONS AS PROVIDED HEREIN, AND SUCH AMENDED REGULATION SHALL BECOME EFFECTIVE FIVE DAYS AFTER SUCH FILING AND MAILING. JUDICIAL NOTICE OF ANY RULE, REGULATION OR ORDER DULY FILED OR PUBLISHED UNDER THE PROVISIONS OF THIS SUBDIVISION SHALL BE TAKEN). *adopted pursuant to the provisions of chapter 15.*

Sec. 38. Minnesota Statutes 1978, Section 299A.03, Subdivision 8, is amended to read:

Subd. 8. [DISTRIBUTION OF GRANTS; APPROPRIATION.] The crime control planning board shall distribute money given to it for distribution for law enforcement or criminal justice purposes. All moneys received by the state from the federal government or any other sources for distribution by the crime control planning board are appropriated to the board. The board shall distribute money to state, regional and local agencies consistent with procedures (, CRITERIA AND PRIORITIES) which are promulgated by rule. To the extent that moneys to be distributed are federal moneys, the procedures (, CRITERIA AND PRIORITIES) shall be consistent with federal crime control acts and guidelines in respect to distribution of federal money. Before distributing money to a regional or local agency, the crime control planning board shall have determined that the activities to be funded will not be contrary to the statewide comprehensive plan. Individual activities may be funded by the board, or it may elect to distribute money in a block grant to an agency for use in more than one approved activity. The board shall not fund an activity until it has approved a procedure for evaluation of the recipient agency's use of the money.

Sec. 39. Minnesota Statutes 1978, Section 15.0412, Subdivision 1, is amended to read:

15.0412 [RULES, PROCEDURES.] Subdivision 1. Each agency shall adopt, amend, suspend or repeal its rules in accordance with the procedures specified in sections 15.0411 to 15.052, and only pursuant to authority delegated by law and in full compliance with its duties and obligations. Except as provided in subdivision 3, sections 15.0411 to 15.052 shall not be authority for an agency to adopt, amend, suspend or repeal rules. No agency shall adopt a rule which duplicates language contained in Minnesota Statutes unless the hearing examiner determines that duplication of the language is crucial to the ability of a person affected by a rule to comprehend its meaning and effect. *When presented with a rule for endorsement pursuant to section 40, the revisor of statutes should indicate in the endorsement that the rule duplicates statutory language.*

Sec. 40. Minnesota Statutes 1978, Section 15.0412, Subdivision 2a, as added by section 5, is further amended to read:

Subd. 2a. (THE REVISOR OF STATUTES MAY UPON REQUEST, PROVIDE TECHNICAL AND LEGAL ASSISTANCE TO STATE AGENCIES IN DRAFTING RULES.) *No procedure to adopt a rule, temporary rule, or emergency rule, shall be initiated by any agency until the agency presents it to the revisor of statutes and the revisor endorses on the rule that its form is approved. The revisor may assist in drafting rules as provided by section 57.*

Sec. 41. Minnesota Statutes 1978, Section 15.0412, Subdivision 3, is amended to read:

Subd. 3. Each agency shall adopt rules, *in the form prescribed by the revisor of statutes*, setting forth the nature and requirements of all formal and informal procedures related to the administration of official agency duties to the extent that those procedures directly affect the rights of or procedures available to the public.

Sec. 42. Minnesota Statutes 1978, Section 15.0412, Subdivision 4, as amended by section 6, is further amended to read:

Subd. 4. No rule shall be adopted by any agency unless the agency first holds a public hearing thereon, affording all affected interests an opportunity to participate. Each agency shall maintain a list of all persons who have registered with the agency for the purpose of receiving notice of rule hearings. The agency may inquire as to whether those persons on the list wish to maintain their names thereon and may remove names for which there is a negative reply or no reply within 60 days. The agency shall, at least 30 days prior to the date set for the hearing, give notice of its intention to hold a hearing by United States mail to all persons on its list, and by publication in the state register. Each agency may, at its own discretion, also contact persons not on its list and may give notice of its intention to hold a hearing in newsletters, newspapers or other publications or through other means of communication. The notice in the state register shall include the full text of the rule proposed for adoption and, when amending existing rules, whatever portion of the existing rules is necessary to provide adequate notice of the nature of the proposed action. When an entire rule is proposed to be repealed (OR RENUMBERED), the agency need only publish that fact, giving the exact citation to the rule to be repealed (OR RENUMBERED) in the notice.

Sec. 43. Minnesota Statutes 1978, Section 15.0412, Subdivision 4a, as amended by section 6, is further amended to read:

Subd. 4a. (WITH THE APPROVAL OF THE CHIEF HEARING EXAMINER, THE AGENCY MAY INCORPORATE BY REFERENCE PROVISIONS OF FEDERAL LAW OR RULE OR OTHER MATERIALS FROM SOURCES WHICH THE CHIEF HEARING EXAMINER DETERMINES ARE CONVENIENTLY AVAILABLE FOR VIEWING, COPYING AND ACQUISITION BY INTERESTED PERSONS. THE CHIEF HEARING EXAMINER SHALL NOT APPROVE INCORPORATION BY REFERENCE OF FEDERAL LAW OR RULE OR OTHER MATERIALS WHICH ARE LESS THAN 3000 WORDS IN LENGTH OR WHICH WOULD REQUIRE LESS THAN FIVE PAGES OF PUBLICATION IN THE STATE REGISTER.) *An agency may incorporate by reference into its rules text from the Minnesota Statutes, the United States*

Statutes at Large, the United States Code, the Laws of Minnesota, the Code of Federal Regulations, the Federal Register, and other publications which are determined by the revisor of statutes, after consultation with the chief hearing examiner, to be conveniently available to the public.

Sec. 44. Minnesota Statutes 1978, Section 15.0412, Subdivision 4e, as amended by section 6, is further amended to read:

Subd. 4e. If the agency adopts the rule as recommended by the hearing examiner, it shall be submitted with the complete hearing record to the attorney general, who shall review the rule as to (FORM AND) *its legality and its form to the extent the form relates to legality*. If the chief hearing examiner determines that the proposed final rule of the agency is substantially different from that which was proposed at the public hearing, he shall advise the agency of actions which will correct the defects, and the agency shall not adopt the rule until the chief hearing examiner determines that the defects have been corrected. If the agency, the chief hearing examiner or the attorney general requests, the hearing examiner shall cause a transcript to be prepared of the hearing. The agency shall give notice to all persons who requested to be informed that the hearing record has been submitted to the attorney general. This notice shall be given on the same day that the record is submitted. The attorney general shall, within 20 days, either approve or disapprove the rule. If he approves the rule, he shall promptly file *two copies* of it in the office of the secretary of state. If he disapproves the rule, he shall state in writing his reasons therefor, and the rule shall not be filed in the office of the secretary, nor published. *The secretary of state shall forward one copy of each rule filed to the revisor of statutes.*

Sec. 45. Minnesota Statutes 1978, Section 15.0412, Subdivision 4f, as amended by section 6, is further amended to read:

Subd. 4f. A rule shall become effective after it has been subjected to all requirements described in subdivisions 4 through (4F) *4g* and five working days after publication in the state register, as hereinafter provided, unless a later date is required by statutes or specified in the rule. If the rule as adopted does not differ from the proposed rule as published in the state register, publication may be made by publishing notice in the state register that the rule has been adopted as proposed and by publishing a citation to the prior publication. If the rule as adopted differs from the proposed rule, the adopted rule or subdivisions thereof which differ from the proposed rule shall be published together with a citation to the prior state register publication of the remainder of the proposed rule.

Sec. 46. Minnesota Statutes 1978, Section 15.0412, is amended by adding a subdivision to read:

Subd. 4g. No rule shall be filed with the secretary of state or published in the state register unless the revisor of statutes has endorsed on the rule that it is approved as to form.

Sec. 47. Minnesota Statutes 1978, Section 15.0412, Subdivision 4g, as added by section 7, is further amended to read:

Subd. (4G) 4h. When an agency determines that its proposed adoption, amendment, suspension or repeal of a rule will be noncontroversial in nature, it may utilize the provisions herein in lieu of the provisions of subdivisions 4 through (4F) 4g. The agency shall publish a notice of its intent to adopt the rule without public hearing, together with the proposed rule, in the state register, and shall give the same notice by United States mail to persons who have registered their names with the agency pursuant to subdivision 4. When an entire rule is proposed to be repealed (OR RENUMBERED), the agency need only publish that fact, giving the exact citation to the rule to be repealed (OR RENUMBERED) in the notice. The notice shall include a statement advising the public:

- (1) that they have 30 days in which to submit comment on the proposed rule;
- (2) that no public hearing will be held unless seven or more persons make a written request for a hearing within the 30 day comment period;
- (3) of the manner in which persons shall request a hearing on rules proposed pursuant to this subdivision; and
- (4) that the rule may be modified if modifications are supported by the data and views submitted.

Before the date of the notice, the agency shall prepare a statement of need and reasonableness which shall be available to the public. For at least 30 days following the notice, the agency shall afford all interested persons an opportunity to object to the lack of a hearing and to submit data and views on the proposed rule in writing. The proposed rule may be modified if the modifications are supported by the data and views submitted to the agency and do not result in a substantial change. If, during the 30 day period allowed for comment, seven or more persons submit to the agency a written request for a hearing of the proposed rule, the agency shall proceed under the provisions of subdivisions 4 through (4F) 4g. In the event that a hearing is required, a citation in the state register to the prior publication of the proposed rule may be substituted for republication unless the agency has modified the proposed rule. If no hearing is required, the agency shall submit to the attorney general the proposed rule and notice as published, the rule as proposed for adoption, any written comments received by the

agency, and a statement of need and reasonableness for the rule. The agency shall give notice to all persons who requested to be informed that these materials have been submitted to the attorney general. This notice shall be given on the same day that the record is submitted. The attorney general shall approve or disapprove the rule as to (FORM AND) *its legality and its form to the extent the form relates to legality*, including the issue of substantial change, within 14 days. If he approves the rule, he shall promptly file *two copies* of it in the office of the secretary of state. If he disapproves the rule, he shall state in writing his reasons therefor, and the rule shall not be filed in the office of the secretary of state, nor published. The rule shall become effective upon publication in the state register in the same manner as provided for adopted rules in subdivision 4f. *The secretary of state shall forward one copy of each rule to the revisor of statutes.*

No rule shall be filed with the secretary of state or published in the state register unless the revisor of statutes has endorsed on the rule that it is approved as to form.

Sec. 48. Minnesota Statutes 1978, Section 15.0412, Subdivision 5, as amended by section 9, is further amended to read:

Subd. 5. When an agency is directed by statute, federal law or court order to adopt, amend, suspend or repeal a rule in a manner that does not allow for compliance with subdivisions 4 through (4G) *4h*, or if an agency is expressly required or authorized by statute to adopt temporary rules, the agency shall adopt temporary rules in accordance with this subdivision. The proposed temporary rule shall be published in the state register (AND). For at least 20 days (THEREAFTER) *after publication* the agency shall afford all interested persons an opportunity to submit data and views on the proposed temporary rule in writing. The proposed temporary rule may be modified if the modifications are supported by the data and views submitted to the agency. The agency shall submit to the attorney general the proposed temporary rule as published, with any proposed modifications. The attorney general shall review the proposed temporary rule as to (FORM AND) *its legality and its form to the extent the form relates to legality* and shall approve or disapprove the proposed temporary rule and any proposed modifications within five working days. The temporary rule shall take effect upon approval of the attorney general. *The attorney general shall file two copies of the approved rule with the secretary of state.* Failure of the attorney general to approve or disapprove within five working days shall be deemed approval. As soon as practicable notice of the attorney general's decision shall be published in the state register and the adopted rule shall be published in the manner as provided for adopted rules in subdivision 4. Temporary rules adopted under this subdivision shall be effective for not longer than 90 days and may be re-issued or continued in effect for an additional 90 days, but may

not immediately be reissued thereafter without following the procedure of *either* subdivisions 4 through 4g or 4h. *The secretary of state shall forward one copy of each approved and filed temporary rule to the revisor of statutes.*

No approved temporary rule shall be filed with the secretary of state or published in the state register unless the revisor of statutes has endorsed on the rule that it is approved as to form.

Sec. 49. Minnesota Statutes 1978, Section 15.0412, Subdivision 9, as added by section 11, is further amended to read:

Subd. 9. The agency shall, within six months after issuance of the hearing examiner's report, either withdraw the proposed rules or publish its adopted final action in the state register. If the agency has not *both filed the rules with the secretary of state and published its adopted final action in the state register* within six months, it shall not proceed to adopt the subject rules without rehearing the rules pursuant to all the procedures of this section, and it shall report to the appropriate committees of the legislature and to the governor its failure to adopt rules and the reasons for that failure.

Sec. 50. Minnesota Statutes 1978, Section 15.0412, is amended by adding a subdivision to read:

Subd. 10. For the purpose of obtaining the revisor's approval of the form of a rule prior to filing the rule with the secretary of state, a copy of the rule shall be submitted to the revisor at the same time it is submitted to the attorney general as required by subdivisions 4d, 4e, and 5. Within five days the revisor shall notify the attorney general and the agency of whether he or she will approve the form of the rule when it is presented for his or her endorsement.

Sec. 51. Minnesota Statutes 1978, Section 15.0413, Subdivision 1, as amended by section 12, is further amended to read:

15.0413 [EFFECT OF ADOPTION OF RULES; PUBLICATION; APPROPRIATION.] Subdivision 1. Every rule approved by the attorney general and filed in the office of the secretary of state as provided in section 15.0412 shall have the force and effect of law five working days after its publication in the state register unless a later date is required by statute or specified in the rule. The secretary of state shall keep a permanent record of rules filed with that office open to public inspection. (SHOULD A DISCREPANCY EXIST BETWEEN THE RULES PUBLISHED IN THE STATE REGISTER AND THE RULES ON FILE WITH THE SECRETARY OF STATE, THE RULES ON FILE WITH THE SECRETARY OF STATE SHALL HAVE EFFECT.)

Sec. 52. Minnesota Statutes 1978, Section 15.05, is amended to read:

15.05 [PUBLICATION ACCOUNT.] (AN ADMINISTRATIVE RULES AND) A state register publication account is created in the state treasury. All receipts from the sale of (RULES AND) the state register shall be deposited in the account. All funds in the (ADMINISTRATIVE RULES AND) state register publication account in the state treasury are appropriated annually to the commissioner of administration to carry out the provisions of (SECTIONS 15.047 AND) section 15.051.

Sec. 53. Minnesota Statutes 1978, Section 15.051, Subdivision 1, is amended to read:

15.051 [STATE REGISTER.] Subdivision 1. [PURPOSE.] The commissioner of administration shall publish a state register containing all notices for hearings concerning rules, giving time, place and purpose of the hearing and the full text of the action being proposed. Further, the register shall contain all rules, amendments, suspensions, or repeals thereof, pursuant to the provisions of this chapter. The commissioner shall further publish any executive order issued by the governor which shall become effective 15 days after publication except as provided in section 4.035, subdivision 2. The commissioner shall further publish any official notices in the register which a state agency requests him to publish. Such notices shall include, but shall not be limited to, the date on which a new agency becomes operational, the assumption of a new function by an existing state agency, or the appointment of commissioners. The commissioner may prescribe the form, *excluding the form of the rules*, and manner in which agencies submit any material for publication in the state register, and he may withhold publication of any material not submitted according to the form or procedures he has prescribed.

The commissioner of administration may organize and distribute the contents of the register according to such categories as will provide economic publication and distribution and will offer easy access to information by any interested party.

Sec. 54. Minnesota Statutes 1978, Section 15.051, Subdivision 3, is amended to read:

Subd. 3. [SUBMISSION OF ITEMS FOR PUBLICATION.] Any state agency which desires to publish a notice of hearing, rule or regulation or change thereof shall submit a copy of the entire document, including dates when adopted, and filed with the secretary of state, to the commissioner of administration in addition to any other copies which may be required to be filed with the commissioner by other law.

The revisor of statutes shall provide assistance to the commissioner if requested. Alternatively, the commissioner may designate a contract compositor to whom the assistance is to be supplied. The assistance, in either case, shall consist of furnishing a machine readable computer tape, or similar services, for rules which are available in the revisor's computer data base and for which a written copy has been submitted by an agency to the commissioner for publication in the state register.

Sec. 55. Minnesota Statutes 1978, Section 648.31, is amended by adding a subdivision to read:

Subd. 6. [AGENCY RULES.] The revisor may integrate agency rules adopted pursuant to Minnesota Statutes, Section 15.0412, Subdivisions 4, 4a to 4h, and 5, into the Minnesota Statutes, or publish the rules as an adjunct to the Minnesota Statutes, or coordinate publication of the rules with the Minnesota Statutes.

Sec. 56. Minnesota Statutes 1978, Section 648.43, is amended to read:

648.43 [PAMPHLETS AUTHORIZED.] The (COMMISSIONER OF ADMINISTRATION IS REQUIRED TO) revisor of statutes shall compose, print and deliver (IN PAMPHLET FORM SUCH EDITIONS OR) pamphlets containing parts of the Minnesota Statutes, parts of Minnesota Rules, or combinations of parts of the Statutes and Rules as may be necessary for the use of public officers and departments, the cost thereof to be borne by the office or department requesting the (SAME) pamphlets. (SUCH) The printing shall be (DISCRETIONARY,) limited to actual needs as shown by experience or other competent proof. The revisor shall use a standard form for the pamphlets.

Sec. 57. [648.50] [COMPILATION AND DRAFTING OF ADMINISTRATIVE RULES.] Subdivision 1. The revisor of statutes shall:

(a) formulate a plan for the compilation of all permanent agency rules and, to the extent practicable, temporary agency rules, including their order, classification, arrangement, form, and indexing, and any appropriate tables, annotations, cross references, citations to applicable statutes, explanatory notes, and other appropriate material to facilitate use of the rules by the public, and for the compilation's composition, printing, binding and distribution;

(b) publish the compilation of agency rules which shall be called "Minnesota Rules" for the year of the compilation's publication;

(c) periodically either publish a supplement or a new compilation, which includes all rules adopted since the last supplement or compilation was published and removes rules incorporated in prior compilations or supplements which are no longer effective;

(d) periodically prepare and submit to the appropriate agency those revisions of the rules, which will, if adopted by the agency, in accordance with section 15.0412, subdivisions 4a to 4g, clarify, modernize or simplify the text of the rule without substantive alteration;

(e) maintain an agency rules drafting department to draft or aid in the drafting of rules or amendments to rules for any agency in accordance with the objective or other instructions which the agency shall give the revisor;

(f) prepare and publish an agency rules drafting guide which shall set out the form and method for drafting rules and amendments to rules, and to which all rules shall comply; and

(g) copyright any compilations and or supplements in the name of the state of Minnesota.

Subd. 2. The revisor of statutes shall file with the secretary of state one copy of each compilation or supplement which is published. The copy shall contain the revisor's certificate that the rules contained in the compilation or supplement have been compared to the original rules filed with the secretary of state and are correctly incorporated into the compilation.

Subd. 3. Any compilation or supplement published by the revisor and containing his certificate is prima facie evidence of the administrative rules in all courts and proceedings. A compilation or supplement shall not be construed as repealing an unpublished rule. If there is any inconsistency through omission or otherwise between a compilation or supplement, the state register, and a rule filed with the secretary of state, the rule filed with the secretary shall prevail.

Subd. 4. In preparing a compilation or supplement, the revisor shall not alter the sense, meaning or effect of any rule, but may renumber rules, paragraphs, clauses or other parts of a rule; combine or divide rules, paragraphs, clauses or other parts of a rule; rearrange the order of rules, paragraphs, clauses, or other parts of a rule; move paragraphs, clauses, or other parts of a rule to another rule; change reference numbers to agree with renumbered rules, paragraphs, clauses or other parts of a rule; substitute the proper rule, paragraph, clause, or other part of a rule for the term "this rule", "the preceding rule" and the like; substitute numbers for written words and written words for numbers; substitute the date on which the rule becomes effective for the words "the effective date of this rule", and the like; change

capitalization for the purpose of uniformity; correct manifest clerical or typographical errors; correct all misspelled words; and correct manifest grammatical and punctuation errors.

The revisor shall provide headnotes as catch words to rules and, if appropriate, to paragraphs, clauses, or other parts of a rule. The headnotes are not part of the rule even if included with the rule when it is adopted. The revisor shall change headnotes to clearly indicate the subject matter of the rules.

Subd. 5. Insofar as economically feasible, the revisor shall utilize the same equipment, computer assistance and procedures for drafting agency rules and publishing compilations and supplements as for preparing bill drafts and statutory publications.

Subd. 6. In determining the form of rules the revisor shall:

- (a) minimize duplication of statutory language;
- (b) not permit incorporations into the rules by reference of publications which are not conveniently available to the public;
- (c) to the extent practicable, use plain language in rules and avoid technical language; and
- (d) amend rules by showing the text of the rule, paragraph, clause, or other part of a rule being amended, as it is shown in the latest compilation or supplement, or, if not yet published in a compilation or supplement, then as the text is shown in the state register, with changes shown by striking and underlining words.

Subd. 7. Any compilation, reissue, or supplement published by the revisor shall be sold by the revisor for a reasonable fee and its proceeds deposited in the general fund. An agency shall purchase from the revisor the number of copies of the compilation or supplement needed by the agency. The revisor shall provide one copy of any compilation or supplement to all Minnesota county libraries and to any public library upon its request.

Sec. 58. [648.51] [PUBLICATION OF MINNESOTA RULES.] Notwithstanding any provision of law to the contrary, the revisor of statutes may obtain competitive bids from and enter into contracts with the lowest responsible bidder for compiling, editing, indexing, composition, printing, binding, distribution, or other services, if the work either cannot be performed by the revisor or it is uneconomical for the revisor to do so.

Sec. 59. The department of administration may not, as part of publishing the Minnesota Code of Agency Rules, renumber rules or compile them in a form different from that adopted by

an agency. This limitation does not restrict an agency from re-numbering or recompiling its own rules in accordance with the procedures of chapter 15. If it is determined by the commissioner of administration and the revisor of statutes that the product will be compatible with work to be done by the revisor under sections 50 to 69, the department may complete any work currently in progress to create a computer data base of agency rules. If completed, a computer tape of the completed data base and a printed copy shall be delivered to the revisor of statutes.

Sec. 60. *In the next and subsequent editions of Minnesota Statutes the revisor of statutes shall substitute the term "office of administrative hearings" for "office of hearing examiners" in every place where the latter term is used.*

Sec. 61. [REPEALER.] *Minnesota Statutes 1978, Sections 5.21, and 15.0423 are repealed.*

Sec. 62. [REPEALER.] *Minnesota Statutes 1978, Section 15.047, is repealed.*

Sec. 63. [EFFECTIVE DATE.] *Sections 1, 2, 5, 24, and 34 are effective the day after final enactment. Section 3 is effective on August 1, 1981. Section 7 is effective on September 1, 1980. Section 8 is effective on July 1, 1980. Any variance to a rule granted by an agency prior to the effective date of section 3 is valid notwithstanding the fact that the agency had not promulgated a rule governing the granting of variances at the time the variance was granted. Sections 39 to 51 and 53 to 59 are effective July 1, 1981, except that section 57, subdivision 1, clause (a) is effective July 1, 1980. Sections 52 and 62 are effective July 1, 1982.*

Sec. 64. *A law enacted at the 1980 regular session styled as H. F. No. 1121, Article XII, Section 9, is amended to read:*

Sec. 9. [CONTESTED CLAIMS PROCEDURE.] *Subdivision 1. If a claimant agency (, EXCEPT FOR A PUBLIC AGENCY RESPONSIBLE FOR CHILD SUPPORT ENFORCEMENT,) receives written notice of a debtor's intention to contest at hearing the claim upon which the intended set-off is based, it shall initiate a hearing according to contested case procedures established in the state administrative procedure act not later than 30 days after receipt of the debtor's request for a hearing. (THE PUBLIC AGENCY RESPONSIBLE FOR CHILD SUPPORT ENFORCEMENT SHALL PROVIDE FOR HEARING IN THE MANNER PRESCRIBED BY MINNESOTA STATUTES, SECTION 256.045.)*

This amendment is effective notwithstanding that H. F. No. 1121 may be approved or effective at a time later than this section. This section is effective the day after final enactment."

Delete the title and insert

"A bill for an act relating to state government; changing certain administrative procedures; providing for the compilation of agency rules and their publication by the revisor of statutes; amending Minnesota Statutes 1978, Sections 3.965; 15.0412, Subdivisions 1, 2, 3, 4, 5, and by adding subdivisions; 15.0413, Subdivisions 1 and 2; 15.0418; 15.0419, Subdivisions 1, 2 and 4; 15.0422; 15.0424, Subdivisions 1, 2 and 6; 15.0425; 15.0426; 15.047, Subdivision 2; 15.05; 15.051, Subdivisions 1, 2 and 3; 15.052, Subdivisions 1, 2, 3, 4, 5, 7, 8 and 9; 15.1691, Subdivision 3; 179.71, Subdivision 5; 179.72, Subdivision 3; 268.12, Subdivision 3; 299A.03, Subdivision 8; 648.31, by adding a subdivision; 648.43; and Minnesota Statutes, 1979 Supplement, Section 15.0411, Subdivision 2; and Chapter 648, by adding a section; repealing Minnesota Statutes 1978, Sections 5.21; 15.0423; and 15.047."

We request adoption of this report and repassage of the bill.

House Conferees: CARL W. KROENING, JAMES R. CASSERLY and WILLIAM A. CRANDALL.

Senate Conferees: DAVID D. SCHAFF and JOHN B. KEEFE.

Kroening moved that the report of the Conference Committee on H. F. No. 874 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 874, A bill for an act relating to state government; changing certain administrative procedures; amending Minnesota Statutes 1978, Sections 15.0411, Subdivision 2; 15.0412, Subdivisions 2, 4, 5, and by adding subdivisions; 15.0413, Subdivisions 1 and 2; 15.0418; 15.0419, Subdivisions 1 and 4; 15.0422; 15.0424, Subdivision 6; and 15.052, Subdivisions 1, 2, 5, 7, 8 and 9; repealing Minnesota Statutes 1978, Sections 5.21, and 15.0423.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called. There were 133 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Aasness	Anderson, G.	Berkelman	Carlson, L.	Dean
Adams	Anderson, I.	Biersdorf	Casserly	Dempsey
Ainley	Anderson, R.	Blatz	Clark	Den Ouden
Albrecht	Battaglia	Brinkman	Clawson	Drew
Anderson, B.	Begich	Byrne	Corbid	Eken
Anderson, D.	Berglin	Carlson, D.	Crandall	Elioff

Ellingson	Johnson, C.	McEachern	Piepho	Stowell
Erickson	Johnson, D.	Mehrkens	Pleasant	Sviggum
Esau	Jude	Metzen	Prahl	Swanson
Evans	Kahn	Minne	Redalen	Thiede
Ewald	Kaley	Moe	Reding	Tomlinson
Faricy	Kalis	Munger	Rees	Valan
Fjoslien	Kelly	Murphy	Reif	Valento
Forsythe	Kempe	Nelsen, B.	Rice	Vanasek
Friedrich	Knickerbocker	Nelsen, M.	Rodriguez	Voss
Fritz	Kostohryz	Niehaus	Rose	Waldorf
Fudro	Kroening	Norman	Rothenberg	Weaver
Greenfield	Kvam	Novak	Sarna	Welch
Halberg	Laidig	Nysether	Schreiber	Welker
Haukoos	Lehto	Olsen	Searle	Wenzel
Heap	Levi	Onnen	Searles	Wieser
Heinitz	Long	Osthoff	Sherwood	Wigley
Hoberg	Ludeman	Otis	Sieben, H.	Wynia
Hokanson	Luknic	Patton	Sieben, M.	Zubay
Jacobs	Mann	Pehler	Simoneau	Spkr. Norton
Jaros	McCarron	Peterson, B.	Stadum	
Jennings	McDonald	Peterson, D.	Stoa	

The bill was repassed, as amended by Conference, and its title agreed to.

MESSAGES FROM THE SENATE, Continued

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. 1507, A bill for an act relating to appropriations; converting certain standing appropriations to direct appropriations; abolishing other standing appropriations; appropriating money; amending Minnesota Statutes 1978, Sections 9.061, Subdivision 5; 97.482, Subdivision 2; and 638.08; repealing Minnesota Statutes 1978, Section 7.07.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Laidig moved that the House concur in the Senate amendments to H. F. No. 1507 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1507, A bill for an act relating to appropriations; abolishing certain standing appropriations; amending Minnesota Statutes 1978, Sections 9.061, Subdivision 5; 97.482, Subdivision 2; and 638.08; repealing Minnesota Statutes 1978, Section 7.07.

The bill was read for the third time, as amended by the Senate, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

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

There were 129 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Aasness	Drew	Kahn	Nelsen, M.	Searles
Adams	Eken	Kaley	Niehaus	Sherwood
Ainley	Elioff	Kalis	Norman	Sieben, H.
Albrecht	Ellingson	Kelly	Novak	Sieben, M.
Anderson, B.	Erickson	Kempe	Nysether	Simoneau
Anderson, D.	Esau	Knickerbocker	Olsen	Stadum
Anderson, G.	Evans	Kostohryz	Onnen	Stoa
Anderson, I.	Ewald	Kroening	Osthoff	Stowell
Anderson, R.	Faricy	Kvam	Otis	Sviggum
Battaglia	Fjoslien	Laidig	Patton	Swanson
Begich	Forsythe	Lehto	Pehler	Thiede
Berglin	Friedrich	Levi	Peterson, B.	Tomlinson
Berkelman	Fritz	Long	Peterson, D.	Valan
Biersdorf	Fudro	Ludeman	Piepho	Valento
Blatz	Greenfield	Luknic	Pleasant	Vanasek
Brinkman	Haukoos	Mann	Prahl	Voss
Byrne	Heap	McCarron	Redalen	Waldorf
Carlson, D.	Heinitz	McDonald	Reding	Weaver
Carlson, L.	Hoberg	McEachern	Rees	Welch
Casserly	Hokanson	Mehrkens	Reif	Welker
Clark	Jacobs	Metzen	Rice	Wenzel
Clawson	Jaros	Minne	Rodriguez	Wieser
Crandall	Jennings	Moe	Rose	Wigley
Dean	Johnson, C.	Munger	Rothenberg	Wynia
Dempsey	Johnson, D.	Murphy	Sarna	Spkr. Norton
Den Ouden	Jude	Nelsen, B.	Schreiber	

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 File, herewith transmitted.

S. F. No. 2419.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 2419, A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results and technical errors of a noncontroversial nature; amending Minnesota Stat-

utes, 1979 Supplement, Section 204A.23; Laws 1980, Chapters 341, Section 8; 345, Section 17; 357, Section 21; 358, Section 2; 361, Section 6; and 373, by adding a section; amending laws enacted at the 1980 regular session styled as S. F. No. 1865, by adding a section; S. F. No. 2117, Sections 1 and 2; H. F. No. 1710, Section 15; H. F. No. 1878, Section 8; and H. F. No. 1942, Section 3.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Faricy moved that the rule therein be suspended and an urgency be declared so that S. F. No. 2419 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Faricy moved that the rules of the House be so far suspended that S. F. No. 2419 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 2419 was read for the second time.

Faricy moved to amend S. F. No. 2419, the second engrossment, as follows:

Page 9, line 29 to page 10, line 11, delete section 10 relating to Laws 1980, Chapter 373, from the bill.

Renumber the sections accordingly

Further, amend the title as follows:

Lines 14 and 15, delete "373, by adding a section;"

The motion prevailed and the amendment was adopted.

S. F. No. 2419, A bill for an act relating to legislative enactments; providing for the correction of miscellaneous oversights, inconsistencies, ambiguities, unintended results and technical errors of a noncontroversial nature; amending Minnesota Statutes, 1979 Supplement, Section 204A.23; Laws 1980, Chapters 341, Section 8; 345, Section 17; 357, Section 21; 358, Section 2; 361, Section 6; and 373, by adding a section; amending laws enacted at the 1980 regular session styled as S. F. No. 1865, by adding a section; S. F. No. 2117, Sections 1 and 2; H. F. No. 1710, Section 15; H. F. No. 1878, Section 8; and H. F. No. 1942, Section 3.

The bill was read for the third time, as amended, and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called.

Sieben, H., moved that those not voting be excused from voting. The motion prevailed.

There were 131 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Aasness	Drew	Kaley	Niehaus	Sieben, H.
Adams	Eken	Kalis	Norman	Sieben, M.
Ainley	Elioff	Kelly	Novak	Stadum
Albrecht	Ellingson	Kempe	Nysether	Stoa
Anderson, B.	Erickson	Knickerbocker	Olsen	Stowell
Anderson, D.	Esau	Kostohryz	Onnen	Sviggunn
Anderson, G.	Evans	Kroening	Osthoff	Swanson
Anderson, I.	Ewald	Kvam	Otis	Thiede
Anderson, R.	Faricy	Laidig	Patton	Tomlinson
Battaglia	Fjoslien	Lehto	Pehler	Valan
Begich	Forsythe	Levi	Peterson, B.	Valento
Berglin	Friedrich	Long	Peterson, D.	Vanasek
Berkelman	Fritz	Ludeman	Piepho	Voss
Biersdorf	Fudro	Luknic	Pleasant	Waldorf
Blatz	Greenfield	Mann	Prahl	Weaver
Brinkman	Halberg	McCarron	Redalen	Welch
Byrne	Haukoos	McDonald	Reding	Welker
Carlson, D.	Heap	McEachern	Rees	Wenzel
Carlson, L.	Heinitz	Mehrkens	Reif	Wieser
Casserly	Hoberg	Metzen	Rice	Wigley
Clark	Hokanson	Minne	Rodriguez	Wynia
Clawson	Jacobs	Moe	Rose	Zubay
Corbid	Jennings	Munger	Sarna	Sprk. Norton
Crandall	Johnson, C.	Murphy	Schreiber	
Dean	Johnson, D.	Nelsen, B.	Searle	
Dempsey	Jude	Nelsen, M.	Searles	
Den Ouden	Kahn	Nelson	Sherwood	

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

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 2304

A bill for an act relating to initiative; proposing an amendment to the Minnesota Constitution, Article VII by adding a section; authorizing initiative on laws; providing a statute implementing the amendment; providing for the manner of petitioning and voting on initiative measures; providing for disclosure of campaign costs on ballot issues; providing that expenditures to promote or defeat a measure may not be taken as a deduction or credit against income taxes; providing for judicial review; providing penalties; amending Minnesota Statutes 1978, Sections 10A.01, Subdivision 15; 10A.20, by adding a subdivision; 203A.31, Subdivisions 2 and 3; 204A.24; 204A.40, Subdivision 2; 204A.53, Subdivision 3; 290.09, Subdivision 2; 290.21, Subdivision 3; and 645.02.

April 11, 1980

The Honorable Fred C. Norton
Speaker of the House of Representatives

The Honorable Edward J. Gearty
President of the Senate

We, the undersigned conferees for H. F. No. 2304, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 2304 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE I

INITIATIVE AND REFERENDUM

Section 1. Subdivision 1. An amendment to the Minnesota Constitution is proposed to the people. If the amendment is adopted, a new section shall be added to Article IV, which shall read:

Sec. 27. [INITIATIVE AND REFERENDUM.] A law may be initiated or referred for repeal upon petition by eligible voters. An initiative or referendum measure shall be placed on the ballot at a general election if petitions for the measure are signed by eligible voters in each congressional district of the state in a number not less than five percent of the number of persons who voted at the last general election in that congressional district. An initiative or referendum measure shall be adopted upon the affirmative vote of a majority of those voting on the question. The voters may not initiate or refer for repeal a constitutional amendment, an appropriation or a special law.

The governor shall have no power to approve or veto an initiative or referendum measure adopted by the voters.

No law adopted by initiative shall be amended or repealed and no law repealed by referendum shall be reenacted by the legislature until another general election has intervened.

The sponsors of an initiative or referendum measure, if the legislature enacts a law with a similar scope and purpose, may elect to place the measure on the ballot or to abandon the measure. If the measure is not abandoned, the legislature may submit the law which it has enacted to a vote of the people in the same manner as an initiative or referendum measure at the election at which the initiative or referendum measure is submitted. If a law enacted by the legislature is submitted to the people at the same election as an initiative or referendum measure, it shall not be subject to veto by the governor and it shall not be effective unless approved by a majority of those voting on the question.

The legislature shall implement the provisions of this section by law.

This section expires January 1, 1985.

Sec. 2. The amendment proposed in section 1 shall be submitted to the people at the 1980 general election. The question submitted shall be:

"Shall the Minnesota Constitution be amended to provide for initiative and referendum?"

Yes

No

Sec. 3. [3B.01] [CITATION.] *Sections 3 to 30 may be cited as "The Initiative and Referendum Implementation Act".*

Sec. 4. [3B.02] [DEFINITIONS.] *Subdivision 1. The words defined by this section shall, when used in sections 3 to 30, have the meanings given them.*

Subd. 2. *"General election" is as defined in section 200.02, subdivision 2.*

Subd. 3. *"Measure" means the proposed law in an initiative petition or the law proposed to be repealed in a referendum petition.*

Subd. 4. *"Petition drive" means the organized process by which the sponsors and their authorized agents solicit eligible voters to sign initiative or referendum petitions.*

Subd. 5. *"Eligible voter" has the meaning provided in section 200.02, subdivision 25.*

Subd. 6. *"Sponsors" means the persons specified by section 5, subdivision 2, clause (a).*

Sec. 5. [3B.03] [PREPARATION FOR PETITIONING ON AN INITIATIVE OR REFERENDUM MEASURE.] *Subdivision 1. Before circulation of any petitions to have an initiative or referendum measure placed on the ballot, the sponsors shall file a declaration with the secretary of state not later than March 1 of an odd numbered year.*

Subd. 2. *The declaration shall:*

(a) *State the names, mailing addresses and any business or residential phone numbers of not less than 50 eligible voters with an indication of who is the chairman and who is the treasurer;*

(b) State the name and mailing address of all committees, groups or organizations known to the sponsors who intend to support the petition drive on the measure or otherwise aid the sponsors;

(c) Give a description of the intent or purpose of an initiative or referendum measure;

(d) For a referendum measure, give a precise citation of the law, or portion of a law, which the sponsors seek to have referred. The citation shall be to the Laws of Minnesota, by chapter and, if appropriate, section number, or to the chapter, section or subdivision of the latest edition of Minnesota Statutes;

(e) State a short title by which the sponsors want the initiative or referendum measure to be identified and which is not misleading; and

(f) State the name, address and phone number of a person who is generally available to work on the final form and wording of the measure and is authorized to approve its final form and wording.

Subd. 3. The secretary of state shall provide a sample declaration form.

Subd. 4. The sponsors shall pay to the secretary of state a filing fee of \$200 which shall be deposited in the general fund.

Sec. 6. [3B.04] [ADVICE BY REVISOR OF STATUTES.]

Subdivision 1. The secretary of state shall immediately forward one copy of each declaration provided for in section 5 to the revisor of statutes. The secretary of state shall also advise the sponsors to consult with the revisor.

Subd. 2. The revisor of statutes shall, within 42 days after the filing of the declaration, prepare a final draft of an initiative or referendum measure. The intent and purpose may be amplified or refined by the sponsor authorized in the declaration to approve the form and wording of the measure. The revisor shall advise that sponsor as to the measure's constitutionality, and the best form of the measure to accomplish the sponsors' intent and purpose. However, if the revisor and the sponsors disagree as to the best form and content of the measure to accomplish the sponsors' intent and purpose, or disagree as to constitutionality, the directions of the sponsors shall prevail. All discussions by the revisor with the sponsors shall be treated by the revisor as confidential. If, after consulting with the revisor, the sponsors do not desire the revisor's assistance, they shall sign a written waiver of assistance. The waiver shall then be filed with the secretary of state and the revisor, together with a final draft of the initiative or referendum measure prepared by the sponsors. Together with the final draft prepared by the revisor, or within

seven days after receiving the waiver and final draft prepared by the sponsors, the revisor shall furnish the sponsors and the secretary of state with a summary of the measure to be proposed to the people.

Subd. 3. The form of initiative and referendum measures shall conform to the form of bills considered by the legislature. The enacting clause shall be "BE IT ENACTED BY THE PEOPLE OF THE STATE OF MINNESOTA". No initiative or referendum measure shall embrace more than one subject. The measure may not provide for the form of the ballot question by which it would be submitted to the electors.

Subd. 4. If the sponsors, within 63 days after filing their declaration have not filed with the secretary of state either the revisor's final draft of the measure or their waiver of assistance from the revisor and a final draft of the measure prepared by them, the petition drive shall be deemed abandoned.

Sec. 7. [3B.05] [PETITIONS FOR INITIATIVE OR REFERENDUM.] Subdivision 1. Each initiative or referendum petition shall consist of as many copies as the sponsors print, each of which shall be not more than one sheet of paper and contain the following on the front:

(a) In not less than 24 point bold type on a 30 point body at the top of the front page, the printed words "OFFICIAL INITIATIVE (OR REFERENDUM) PETITION";

(b) The short title by which the initiative or referendum measure is to be identified and the chairman of the sponsors;

(c) The summary of the measure prepared by the revisor;

(d) A statement that a verbatim copy of the initiative or referendum measure is available for public examination at the office of the secretary of state or any county auditor; and

(e) Space for eligible voters to sign the petition including space for the signature, printed name, telephone number, mailing address, county and congressional district of residence and an indication of status as eligible voter.

Subd. 2. On the front or back of each petition shall be an affidavit for the person circulating the petition which shall include his name, mailing address, and phone number; indicate that he circulated the petition; indicate that to the best of his knowledge each of the signers is an eligible voter and resident in the county and congressional district indicated; identify the sponsors on whose behalf the petition was circulated; and state the period during which it was circulated.

Subd. 3. At the time the final draft of the initiative or referendum measure is filed with the secretary of state, as provided by section 6 the sponsors shall also file a copy of the petition with the secretary of state. Within seven days the secretary shall examine the petition and determine whether it complies with this section. If the petition complies, the secretary shall approve it and notify the sponsors. If the secretary finds that the form of the petition is not in compliance, he shall disapprove it and order it redrafted. The secretary shall notify the sponsors that the petition is not in compliance with the law and specify what changes are necessary to bring it into compliance. Failure to refile a new petition drafted in accordance with the secretary's instructions not later than seven days after the secretary's notice constitutes abandonment of the petition drive. Upon refiling, the secretary shall again examine the petition for its compliance with this section and approve it or again reject it within seven days after the refiling. The petition may subsequently be refiled until it is found to comply with the law and rules.

Subd. 4. The secretary of state shall, within seven calendar days after approving the initiative or referendum petition, send to the county auditor in each county a verbatim copy of the initiative or referendum measure as on file in his office.

Sec. 8. [3B.06] [TIME OF CIRCULATION OF INITIATIVE OR REFERENDUM PETITIONS; VOLUNTARY ABANDONMENT.] *Subdivision. 1. Initiative and referendum petitions may only be circulated on those days of odd numbered years which are more than eight calendar days after the date of the secretary of state's approval of the petition. This limitation shall not prevent the sponsors from undertaking organizational activity or completing the procedures of sections 5, 6 or 7 prior to the time petitions are circulated.*

Subd. 2. The sponsors may voluntarily abandon the petition drive any time before December 31 of the year in which the petitions are filed or the date on which the petition is certified by the secretary of state as provided in section 14, whichever occurs first. To abandon the drive, a declaration to that effect shall be filed with the secretary of state. The filing of the declaration shall not prevent other sponsors from beginning a similar or identical petition drive. All petitions signed prior to the declaration are invalid upon the filing of the declaration and may not subsequently be utilized by the new sponsors.

Subd. 3. Petitions which are signed but never filed, or which are filed but the number of signatures is later determined to be insufficient, are invalid on June 1 after the year in which they were signed. The petitions may not be used for similar or identical petition circulation efforts in subsequent years.

Sec. 9. [3B.07] [AMOUNT OF SIGNATURES FOR INITIATIVE OR REFERENDUM.] An initiative or referendum measure shall be placed on the ballot if petitions for the measure

are signed by eligible voters in each congressional district of the state in a number not less than five percent of the number of persons who voted at the last general election in that congressional district. For the purpose of determining the number of persons who voted at the last general election, when an election precinct contains more than one congressional district the number of persons voting at the last general election in each district in that precinct shall be the number of persons who voted for the office of representative in congress in that portion of the precinct.

Sec. 10. [3B.08] [FILING OF PETITIONS.] The sponsors shall file the signed petitions with the secretary of state not later than October 1 of the year in which the petitions were circulated. Before filing the signed petitions the sponsors shall securely bind them together.

Only the sponsors, or those authorized in writing by the sponsors, may file petitions.

Sec. 11. [3B.09] [PETITIONS RECEIVED BY SECRETARY OF STATE AND SIGNATURES COUNTED.] The secretary of state shall determine the total number of signatures on the petitions filed and shall, not later than October 10, give written notification to the sponsors of the number of signatures in each congressional district. If the number of signatures filed is less than the minimum number of signatures required in a congressional district, petitions for additional signatures may be circulated for one additional period of 21 days commencing from the date of notification.

Sec. 12. [3B.10] [VERIFICATION OF PETITIONS.] Subdivision 1. Not later than December 31 of the year in which the petitions were signed the secretary of state shall determine whether a sufficient number of valid signatures has been obtained. The secretary may verify signatures by the random sampling method provided in section 13. County auditors shall assist the secretary in verifying signatures, at the secretary's request. Any eligible voter may challenge the number or validity of signatures on the petition. The secretary of state shall determine the contest of the number or validity of signatures by an eligible voter.

Subd. 2. A signature is valid when:

- (a) It is signed by the person named;
- (b) It is voluntarily signed;
- (c) The signatory is an eligible voter;
- (d) The signatory is a resident of the congressional district indicated on the petition; and,

(e) *The signature is identifiable.*

Subd. 3. An eligible voter contesting the sufficiency or validity of signatures shall file a protest within the time provided in subdivision 1 for the secretary of state to verify the petitions or within seven days of the determination of the secretary of state under subdivision 1, whichever occurs earlier. The protest shall include a brief statement of the evidence of insufficiency or invalidity. If an eligible voter contests the sufficiency or validity of signatures in bad faith, he may be assessed costs of the contest up to a maximum of \$200. The secretary of state shall hear evidence and determine contests within 21 days after the protest is filed.

Subd. 4. If the secretary of state determines that the number of valid signatures is less than the number required, he shall so notify the sponsors and petitions for additional signatures may be circulated for an additional period of 21 days, in the case of a determination of an actual number deficiency, or 35 days, in the case of an estimated number deficiency, commencing from the date of notification. The secretary shall verify a random sample of the additional signatures within 10 days of receiving them. If the verification from the random sample of the additional signatures does not show that the total number of valid signatures on the additional petitions is 100 percent or more of the deficiency, the secretary shall notify the sponsors. No further action shall then be taken on the petitions.

Sec. 13. [3B.11] [RANDOM SAMPLING METHOD OF SIGNATURE VERIFICATION.] *Subdivision 1. A sample of signatures to be verified shall be drawn in such a manner that every signature filed with the secretary of state shall be given an equal opportunity to be included in the sample. The sample shall include five percent of the signatures.*

Subd. 2. If the verification from the statistical sample shows that the total number of valid signatures on all the petitions is 100 percent or more of the minimum number of signatures needed to declare the number of petition signatures to be sufficient for each congressional district, the secretary of state shall determine the number of valid signatures to be sufficient. The number of valid signatures shall be determined by taking the total number of signatures filed in each congressional district and multiplying it by the percentage of signatures in the statistical sample which were found to be valid. In calculating the number of valid signatures, any fractions shall be rounded up to one.

Subd. 3. If the verification from the statistical sample shows that the number of valid signatures is less than 100 percent of the minimum number of signatures needed to declare the number of petition signatures to be sufficient for each congressional district, the secretary of state shall determine that the number of

petition signatures is insufficient. The secretary shall give the sponsors written notice of what percentage of the signatures is valid.

Sec. 14. [3B.12] [CERTIFICATION BY SECRETARY OF STATE.] *If the number of petition signatures from each congressional district meets the minimum number required, the secretary of state shall certify the sufficiency of the initiative or referendum petitions to the sponsors and all county auditors. The question of adoption of a proposed law in an initiative petition or of repeal of a law in a referendum petition shall then be placed on the ballot for the general election. The secretary of state's certificate shall state the wording of the question to be placed on the ballot. The executive council shall recommend to the secretary of state a wording for the question. The ballot question shall be a true and impartial statement of the intent and purpose of the initiative or referendum measure. It shall be in similar form as a ballot question for a legislative proposal of a constitutional amendment.*

Sec. 15. [3B.13] [ABANDONMENT OF INITIATIVE OR REFERENDUM.] *The sponsors of an initiative or referendum measure may abandon the measure after the sufficiency and validity of the petition is certified by the secretary of state and before June 1 of the even numbered year after the petition is filed, if the legislature has enacted a law with a similar scope and purpose during that period. The measure is abandoned if four-fifths of the sponsors sign a written declaration abandoning the measure and the declaration is filed with the secretary of state. If an initiative or referendum measure is abandoned as provided in this section it shall not be placed on the ballot and the petition shall not be effective to initiate any other proposed law or refer any other existing law.*

Sec. 16. [3B.14] [PLACEMENT OF LAW ON BALLOT.] *If an initiative or referendum petition has been certified so that an initiative or referendum measure will appear on the ballot at the next general election and the legislature enacts a law with a scope and purpose similar to that of the initiative or referendum measure during its regular session in that general election year, the legislature may place that law on the ballot in the manner provided for an initiative or referendum measure under section 14. The law shall appear on the ballot as provided by the legislature unless the initiative or referendum measure is abandoned as provided in section 15.*

Sec. 17. [3B.15] [NUMBERING OF BALLOT MEASURES.] *The secretary of state shall number in consecutive order each initiative or referendum ballot measure with the wording "BALLOT QUESTION . . .". Ballot questions shall be numbered sequentially starting from the number one for the first ballot question certified to be placed on the ballot after the*

effective date of this section. Ballot questions which are certified to appear on the ballot in general elections in subsequent years shall be numbered sequentially beginning with the first number after the number of the last ballot question at the last general election. The order shall be assigned by the secretary of state in the order that it is finally determined that each question will be placed on the statewide ballot at the next general election.

Sec. 18. [3B.16] [BALLOTS, VOTING AND CANVASSING OF INITIATIVE OR REFERENDUM QUESTIONS.] *On all initiative and referendum measures, the ballots shall be prepared, voting conducted, results canvassed, contests conducted and results certified as provided by chapters 200 to 209.*

Sec. 19. [3B.17] [TIME OF ELECTION ON INITIATIVE AND REFERENDUM QUESTIONS.] *Voting upon initiative or referendum questions shall be held only at a general election.*

Sec. 20. [3B.18] [SIMULTANEOUS PETITIONS FOR INITIATIVE MEASURES.] *Nothing shall prevent multiple simultaneous petition drives involving identical initiative or referendum measures whether by the same or different sponsors. However, the first determination by the secretary of state of the sufficiency of the signatures for one measure shall automatically constitute abandonment of the other petition drives as of the date of the secretary's determination.*

Sec. 21. [3B.19] [COSTS OF COUNTY AUDITORS TO VERIFY SIGNATURES.] *Subdivision 1. The state of Minnesota shall reimburse all county auditors for all reasonable costs of assisting in the verification of signatures on initiative or referendum petitions.*

Subd. 2. Each year prior to May 1, each auditor shall submit to the secretary of state a verified statement of expenditures incurred in the previous calendar year. The statement shall specify how all costs were incurred.

Subd. 3. The secretary of state shall, within 30 days after receipt of each auditor's statement, pay to each county auditor the costs which the secretary determines are reasonable.

Subd. 4. The secretary of state shall, by rule, provide for the standards of what costs will be reimbursed by the state.

Sec. 22. [3B.20] [RESOLUTION OF CONFLICTS BETWEEN INITIATIVE OR REFERENDUM MEASURES.] *Subdivision 1. Nothing shall prevent petitioning for measures which are apparently in substantial conflict.*

Subd. 2. If two or more measures which substantially conflict are adopted by a vote of the people, including a measure

placed on the ballot by the legislature, the one receiving the highest number of affirmative votes shall be effective. In the event that it is finally determined that the measures received an equal number of affirmative votes, neither measure shall become effective, but they shall again be placed on the ballot at the next general election.

Subd. 3. A petition may be filed with the district court by any eligible voter alleging that two or more adopted measures substantially conflict. A copy of the petition shall be served upon the sponsors and upon the attorney general. The district court shall issue its findings and conclusions within 60 days of the filing of the petition.

Subd. 4. The district court shall find that two or more measures substantially conflict when any material provision in one measure is irreconcilable with a material provision in another measure. Upon a finding that any provisions of measures substantially conflict, the district court shall find that the entire measures conflict and state which measure prevails under the provisions of subdivision 2.

Sec. 23. [3B.21] [PUBLICATION OF ADOPTED INITIATIVE MATTERS.] Subdivision 1. Initiative or referendum measures which are adopted by the people shall be published by the revisor of statutes in the laws of Minnesota for the legislative session for the year subsequent to the year of the election at which the law is adopted. Initiative and referendum measures shall be placed in a separate section of the Laws of Minnesota and given chapter numbers by the revisor of statutes distinctive from the chapter numbers given legislative enactments by the secretary of state.

Subd. 2. If an initiative or referendum measure is adopted by the people, the revisor of statutes may incorporate it into the next edition of the Minnesota Statutes or the supplement to the Minnesota Statutes in the same manner as for legislative enactments.

Sec. 24. [3B.22] [LITERATURE MUST INCLUDE NAMES.] Any person or committee who shall publish, issue, post, circulate, or cause to be published, issued, posted, circulated, other than in a newspaper as provided in section 25, any literature, campaign material, or any publication, including cards, pamphlets, flyers, signs, banners, leaflets, announcements, or other material tending to influence desire to sign or refusal to sign an initiative or referendum petition or the voting at an election on a ballot issue, which fails to prominently display the name and mailing address of the author, the name of the person or committee in whose behalf the same is published, issued, posted, or circulated, and the name and mailing address of any other person or committee causing the same to be pub-

lished, issued, posted, circulated, or broadcasted shall be guilty of a misdemeanor.

Sec. 25. [3B.23] [PAID ADVERTISEMENTS IN NEWS.]

Subdivision 1. No publisher of a newspaper, periodical, or magazine shall insert in that newspaper, magazine, or periodical, and no radio or television station shall broadcast any matter paid or to be paid for which tends or is intended to influence directly or indirectly the desire to sign or refusal to sign an initiative or referendum petition or any voting at an election on a ballot issue unless it is prominently indicated that it is a paid advertisement. There shall also be a statement of the amount paid or to be paid, or a statement that the same is to be paid at regular advertising rates, the name of the person or committee in whose behalf the matter is inserted or broadcast and of any other person or the names of the officer and the committee authorizing the publication.

Subd. 2. To the extent that any person sells either advertising space or broadcast time used on behalf of any measure, the charges made shall not exceed the charges made for any other comparable purpose or use according to the seller's rate schedule.

Sec. 26. [3B.24] [DISCLOSURE TO ETHICAL PRACTICES BOARD.] *For the purpose of section 10A.01, subdivision 15, "political committee" includes any association organized to promote or defeat a ballot question, including the sponsors of a petition as defined by section 4, subdivision 6, and any association that gives implicit or explicit consent for any other person to receive contributions or make expenditures to promote or defeat a ballot question.*

Sec. 27. [3B.25] [PROHIBITIONS.] *Subdivision 1. No person shall:*

(a) Be paid compensation for signing an initiative or referendum petition;

(b) Willfully refuse to file a statement of expenses regarding an initiative or referendum measure when required by law;

(c) Publish any literature, campaign material or any publication including cards, pamphlets, flyers, signs, banners, leaflets, or other material or any radio or television broadcast regarding an initiative or referendum measure which does not bear the identification required by law;

(d) Publish in any newspaper, periodical or magazine any paid advertising matter relating to an initiative or referendum measure which does not contain the identification required by law;

(e) *File a petition for an initiative or referendum measure with the secretary of state without the written authorization of the sponsors;*

(f) *Induce a person to sign a petition by fraud, force or the threat of force;*

(g) *Pay compensation for signing an initiative or referendum petition;*

(h) *Publish or broadcast any information regarding an initiative or referendum measure with knowledge that it is false and which tends to substantially affect adoption or rejection of the measure when the publication or broadcast is undertaken primarily for the purpose of influencing adoption or rejection;*

(i) *Sign a petition with a name other than his own name; or*

(j) *Intentionally sign the same petition more than once.*

Subd. 2. Any person violating any provision of subdivision 1, clauses (a), (b), (c), (d) or (e) is guilty of a misdemeanor. Any person violating any provision of subdivision 1, clauses (f), (g), (h), (i) or (j) is guilty of a gross misdemeanor.

Sec. 28. [3B.26] [ACTION BY AND NOTIFICATIONS TO SPONSORS.] *Subdivision 1. Only sponsors, or those authorized by them in writing, may file any required document or statement regarding initiative or referendum petitions, measures or campaigns including election contests or petition signature count or validity contests.*

Subd. 2. The signature of the chairman, of the sponsors, or a person authorized in writing by the chairman, is sufficient to authorize the filing of any statement or document required by law. If the chairman authorizes another person to file any statement or document, a copy of the authorization shall be attached to the filed statement or document.

Subd. 3. If notice is required to be given to the sponsors, it shall be given to those persons provided in subdivision 2 who may authorize any filing.

Sec. 29. [3B.27] [DATES OF ACTIONS.] *Subdivision 1. In sections 3 to 30, whenever an action is required to be taken on a specified date or by the end of an elapsed number of days, and that day is a Saturday, Sunday or a legal holiday, the action shall be accomplished on the next day which is not a Saturday, Sunday or a legal holiday.*

Subd. 2. In sections 3 to 30, whenever a document is required to be filed or received, only physical deposit of the document

with the indicated person constitutes filing or receipt. A mailing date within the time period is not sufficient.

Sec. 30. [3B.28] [JUDICIAL REVIEW OF INITIATIVE OR REFERENDUM MATTERS.] *Subdivision 1. The district court shall have original jurisdiction of any suit involving:*

(a) the sufficiency of the number or validity of signatures on petitions after the administrative determinations, by the secretary of state have been exhausted; or,

(b) resolution of conflicts between initiative or referendum measures as provided by section 22; or,

(c) any suit alleging the unconstitutionality of an adopted initiative or referendum measure.

Subd. 2. Venue for all suits and criminal prosecutions involving initiative or referendum matters shall be in the district court in Ramsey County.

Subd. 3. Suits contesting a final administrative determination of the number or validity of signatures on petitions shall be filed not later than 10 calendar days after the final determination.

Suits involving conflicts between initiative or referendum measures shall be filed prior to the effective date of the initiative or referendum measures.

Subd. 4. A court may defer the effective date of an adopted initiative or referendum measure when a deferral, in the discretion of the court, is found to be in the interest of justice.

Sec. 31. Minnesota Statutes 1978, Section 10A.20, is amended by adding a subdivision to read:

Subd. 2a. In addition to the reports required by subdivision 2, a political committee organized to promote or defeat a ballot question shall also file reports not later than five days after a petition to place the question on the ballot is certified pursuant to section 14.

Sec. 32. Minnesota Statutes 1978, Section 203A.31, Subdivision 2, is amended to read:

Subd. 2. [STATE PINK AND BLUE BALLOTS.] *There shall be one ballot on pink paper, hereinafter called the "pink ballot," upon which all (PROPOSITIONS AND QUESTIONS) constitutional amendments to be voted upon throughout the state shall be printed so that the voters may indicate by a mark (X) either a negative or affirmative vote. All initiative or referendum ballot questions shall be on one blue ballot. The order of*

the questions shall be in the order of their sequential numbers assigned pursuant to section 17. In preparing the pink (BALLOT) and blue ballots the secretary of state shall apply an appropriate title to each proposition and question, which title shall be approved by the attorney general, and shall consist of not more than one printed line above the proposition or question to which it refers. (AT THE HEAD OF THE BALLOT OR IN SOME OTHER PROMINENT PLACE ON THE BALLOT THERE SHALL BE PRINTED CONSPICUOUSLY) After each question on a constitutional amendment shall be printed a notice stating in substance that a voter's failure to vote on a constitutional amendment has the effect of a negative vote. The pink ballots shall be deposited in a separate pink ballot box. The blue ballots shall be deposited in a separate blue ballot box. They shall be counted, canvassed and returned as in the case of white ballots, and the tally books and return blanks shall provide suitable columns and spaces therefor. The total of the "yes" votes, the total of the "no" votes, and the total number of votes cast shall be reported in the returns.

Sec. 33. Minnesota Statutes 1978, Section 203A.31, Subdivision 3, is amended to read:

Subd. 3. [PREPARATION; PINK AND BLUE BALLOT.] The pink ballot *and the blue ballot* shall be prepared under the direction of the secretary of state and bound in blocks of 50, and a sufficient number thereof to enable the clerks to comply with the provisions of section 203A.11, subdivision 2 shall be forwarded by him by express to the auditor of each county at least 15 days before the general election, and receipts taken therefor, stating the number and date when received. Four weeks before the general election the secretary of state shall file sample copies of the pink *and blue* ballots in his office for public inspection, and three weeks before the election the secretary shall mail to the auditor of each county sample copies of the pink *and blue* ballots.

Sec. 34. Minnesota Statutes 1978, Section 204A.24, is amended to read:

204A.24 [EXPENSES.] The compensation prescribed in section 204A.23, clause (a), the cost of printing the white, *blue*, and pink ballots, and all necessary expenses incurred by the secretary of state in connection with elections, shall be paid by the state out of moneys not otherwise appropriated. The compensation prescribed in section 204A.23, clauses (b) and (c), the cost of printing the county and district canary ballots, all necessary expenses incurred by auditors in connection with elections, and the expenses of special county elections, shall be paid by the respective counties. The compensation prescribed in section 204A.23, clauses (d) and (e), the cost of printing the municipal light green ballots, of providing ballot boxes and polling places, and equipping the same, and all necessary expenses of the clerks of

municipalities on account of elections, except special county elections, shall be paid by the respective towns or cities where the elections are held. All disbursements hereunder shall be presented, audited, and paid as in the case of other public expenses.

Sec. 35. Minnesota Statutes 1978, Section 204A.40, Subdivision 2, is amended to read:

Subd. 2. [BALLOTS, ORDER OF CANVASS.] The ballot boxes shall be opened, the votes counted, and the results declared, one box at a time in the following order: the white box, the pink box, the *blue box*, the canary box, the light green box, and other kinds of ballots voted at the election except that if sufficient judges are available to provide counting teams of four or more judges evenly divided between the political parties for each box, an additional box or boxes may be opened and counted. The returns may not be finally prepared until the votes in all the boxes have been counted so as to allow corrections in case any errors have occurred by reason of the deposit of ballots in the wrong boxes.

Sec. 36. Minnesota Statutes, 1979 Supplement, Section 204A.53, Subdivision 3, is amended to read:

Subd. 3. [STATE CANVASS, GENERAL ELECTION.] After the general election, the canvassing board shall canvass the certified copies of the statements made by the county canvassing boards, and they shall prepare therefrom a statement of the following information:

(a) A statement of the whole number of votes counted for candidates for state offices, congressional offices, and such other candidates as shall be voted for in more than one county, specifying the several counties in which they were cast;

(b) The names of the persons receiving the votes and the number received by each, specifying the several counties in which they were cast; (AND)

(c) The number of votes counted for and against each constitutional amendment, specifying the several counties in which they were cast; and

(d) *The number of votes counted for and against each initiative or referendum ballot measure.*

If the difference between the votes of a candidate for legislative office who would otherwise be declared elected by the state canvassing board and the votes of any other candidate for that office is 100 or less, the board shall recount the votes. A recount shall not delay any other part of the canvass and the results shall

be certified as soon as possible. Time for notice of a contest of an election which is recounted shall begin to run upon completion of the recount and canvass for that office. A losing candidate may waive the recount required pursuant to this subdivision by filing a written notice of waiver with the canvassing board.

In case of a tie vote for any office, the result of which is to be certified by the state canvassing board, the board shall determine the tie by lot.

Sec. 37. Minnesota Statutes 1978, Section 290.09, Subdivision 2, is amended to read:

Subd. 2. [TRADE OR BUSINESS EXPENSES; EXPENSES FOR PRODUCTION OF INCOME.] (a) In General. There shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year in carrying on any trade or business, including

(1) A reasonable allowance for salaries or other compensation for personal services actually rendered;

(2) Traveling expenses (including the entire amount expended for meals and lodging) while away from home in the pursuit of a trade or business; and

(3) Rentals or other payments required to be made as a condition to the continued use or possession, for purposes of the trade or business, of property to which the taxpayer has not taken or is not taking title or in which he has no equity. For purposes of the preceding sentence, the place of residence of a member of congress within the state shall be considered his home, but amounts expended by such members within each taxable year for living expenses shall not be deductible for income tax purposes in excess of \$3,000.

(b) Expenses for Production of Income. In the case of an individual, there shall be allowed as a deduction all the ordinary and necessary expenses paid or incurred during the taxable year.

(1) For the production or collection of income;

(2) For the management, conservation, or maintenance of property held for the production of income; or

(3) In connection with the determination, collection, or refund of any tax.

(c) Campaign expenditures in an amount not to exceed the limits set out in section 210A.22, not subsequently reimbursed,

which have been personally paid by a candidate for public office if the candidate has complied with the expenditure limitations set out in section 210A.22:

(No deduction shall be allowed under this clause for any contribution or gift which would be allowable as a credit under section 290.21 were it not for the percentage limitations set forth in such section);

(d) All expense money paid by the legislature to legislators;

(e) The provisions of section 280A (disallowing certain expenses in connection with the business use of the home and rental of vacation homes) of the Internal Revenue Code of 1954, as amended through December 31, 1976, shall be applicable in determining the availability of any deduction under this subdivision.

(f) No deduction shall be allowed under this subdivision to a corporation for expenditures to promote or defeat the certification of an initiative or referendum proposal or the passage of an initiative or referendum measure which has qualified for the general election ballot, including a proposal or measure which materially affects the property, business, or assets of a corporation; nor shall a deduction be allowed to a corporation for contributions or payments made to an individual, organization, association, corporation, or committee any part of whose activities include efforts to promote or defeat the certification of an initiative or referendum proposal or the passage of an initiative or referendum measure which has qualified for the general election ballot, including a proposal or measure which materially affects the property, business, or assets of a corporation.

Sec. 38. Minnesota Statutes, 1979 Supplement, Section 290.-21, Subdivision 3, is amended to read:

Subd. 3. An amount for contribution or gifts made within the taxable year:

(a) to or for the use of the state of Minnesota, or any of its political subdivisions for exclusively public purposes,

(b) to or for the use of any community chest, corporation, organization, trust, fund, association, or foundation located in and carrying on substantially all of its activities within this state, organized and operating exclusively for religious, charitable, public cemetery, scientific, literary, artistic, or educational purposes, or for the prevention of cruelty to children or animals, no part of the net earnings of which inures to the benefit of any private stockholder or individual,

(c) to a fraternal society, order, or association, operating under the lodge system located in and carrying on substantially all of their activities within this state if such contributions or gifts are to be used exclusively for the purposes specified in subdivision 3(b), or for or to posts or organizations of war veterans or auxiliary units or societies of such posts or organizations, if they are within the state and no part of their net income inures to the benefit of any private shareholder or individual, or to an employee stock ownership trust as defined in section 290.01, subdivision 25. Where the beneficiaries of a stock ownership trust include the transferor, his spouse, children, grandchildren, parents, siblings or their children, the amount of the deduction shall be reduced by the product of multiplying said amount by their percentage interest in the trust,

(d) to or for the use of the United States of America for exclusively public purposes, and to or for the use of any community chest, corporation, trust, fund, association, or foundation, organized and operated exclusively for any of the purposes specified in subdivision 3(b) and (c) no part of the net earnings of which inures to the benefit of any private shareholder or individual, but not carrying on substantially all of their activities within this state, in an amount equal to the ratio of Minnesota taxable net income to total net income, provided, however, that for an individual taxpayer, the credit shall be allowed in an amount equal to the ratio of the taxpayer's gross income assignable to Minnesota to the taxpayer's gross income from all sources,

(e) to a political party, as defined in section 200.02, subdivision 7, or a political candidate, as defined in section 210A.01, or a political cause when sponsored by any party or association or committee, as defined in section 210A.01, in a maximum amount not to exceed the following:

(1) contributions made by individual natural persons, \$100,

(2) contributions made by a national committeeman, national committeewoman, state chairman, or state chairwoman of a political party, as defined in section 200.02, subdivision 7, \$1,000,

(3) contributions made by a congressional district committeeman or committeewoman of a political party, as defined in section 200.02, subdivision 7, \$350,

(4) contributions made by a county chairman or a county chairwoman of a political party, as defined in section 200.02, subdivision 7, \$150;

(f) in the case of an individual, the total credit against taxable net income allowable hereunder shall not exceed 30 percent of the taxpayer's Minnesota gross income as follows:

(i) the aggregate of contributions made to organizations specified in (a), (b) and (d) shall not exceed ten percent of the taxpayer's Minnesota gross income,

(ii) the total credits under this subparagraph for any taxable year shall not exceed 20 percent of the taxpayer's Minnesota gross income. For purposes of this subparagraph, the credits under this section shall be computed without regard to any deduction allowed under subparagraph (i) but shall take into account any contributions described in subparagraph (i) which are in excess of the amount allowable as a credit under subparagraph (i);

(g) in the case of a corporation, the total credit against net income hereunder shall not exceed 15 percent of the taxpayer's taxable net income less the credits allowable under this section other than those for contributions or gifts,

Provided that no credit shall be allowed to a corporation for contributions or gifts to any individual, association, corporation, committee, trust, fund, foundation, community chest, fraternal society, or organization for use in efforts to promote or defeat the certification of an initiative or referendum proposal or the passage of an initiative or referendum measure which has qualified for the general election ballot,

(h) in the case of a corporation reporting its taxable income on the accrual basis, if: (A) the board of directors authorizes a charitable contribution during any taxable year, and (B) payment of such contribution is made after the close of such taxable year and on or before the fifteenth day of the third month following the close of such taxable year; then the taxpayer may elect to treat such contribution as paid during such taxable year. The election may be made only at the time of the filing of the return for such taxable year, and shall be signified in such manner as the commissioner shall by regulations prescribe;

(i) in the case of a contribution or property placed in trust as described in section 170(f)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1976, a credit shall be allowed under this subdivision to the extent that a deduction is allowable for federal income tax purposes.

Sec. 39. Minnesota Statutes 1978, Section 645.02, is amended to read:

645.02 [EFFECTIVE DATE AND TIME OF LAWS.] *Subdivision 1.* Each act, except one making appropriations, enacted finally at any session of the legislature takes effect on August 1 next following its final enactment, unless a different date is specified in the act.

Subd. 2. A special law required to be approved by the local government unit affected before it goes into effect becomes effective as to the approving unit the day following the day on which the certificate of approval prescribed by section 645.021, subdivision 1, is filed with the secretary of state, unless a later date is specified in the act. When approval of such a special law is required by two or more local government units before it may become effective, the day after the day when the last of the required certificates is filed is the effective date, unless a later date is specified in the act.

Subd. 3. An appropriation act or an act having appropriation items enacted finally at any session of the legislature takes effect at the beginning of the first day of July next following its final enactment, unless a different date is specified in the act.

Subd. 4. Any initiative or referendum measure adopted by the voters shall be effective on December 31 following the general election at which the initiative or referendum measure is adopted.

Subd. 5. Each (ACT) law takes effect at 12:01 a.m. on the day it becomes effective, unless a different time is specified in the act.

If a constitutional amendment is ratified at an election, the governor shall announce by proclamation that the amendment became effective 12:01 a.m. on the day after the election at which it was approved.

Sec. 40. [APPROPRIATION.] *The sum of \$25,000 is appropriated from the general fund to the secretary of state to carry out her duties under law. This appropriation is available December 1, 1980, if the amendment proposed by section 1 of this article is adopted as provided in the Minnesota Constitution and shall be available until June 30, 1981.*

Sec. 41. [EFFECTIVE DATE.] *Sections 3 to 39 are effective upon ratification of the amendment proposed in section 1 of this article as provided in the Minnesota Constitution and shall expire January 1, 1985.*

ARTICLE II

CONTRIBUTIONS AND EXPENDITURES IN BALLOT QUESTION CAMPAIGNS

Section 1. Minnesota Statutes 1978, Section 10A.01, Subdivision 7, is amended to read:

Subd. 7. "Contribution" means a transfer of funds or a donation in kind.

Contribution includes any loan or advance of credit to a political committee, political fund, or principal campaign committee, which loan or advance of credit is (a) forgiven, or (b) paid by an entity other than the political committee, political fund, or principal campaign committee to which the loan or advance of credit is made. If an advance of credit or a loan is forgiven or paid as provided in this subdivision, it is a contribution in the year in which the loan or advance of credit is made.

A contribution made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate.

Contribution does not include services provided without compensation by an individual volunteering his time on behalf of a candidate, *ballot question*, political committee or political fund, or the publishing or broadcasting of news items or editorial comments by the news media.

Sec. 2. Minnesota Statutes 1978, Section 10A.01, Subdivision 7a, is amended to read:

Subd. 7a. "Transfer of funds" or "transfer" means money or negotiable instruments given by an individual or association to a political committee, political fund, or principal campaign committee for the purpose of influencing the nomination or election of a candidate *or for the purpose of promoting or defeating a ballot question*.

Sec. 3. Minnesota Statutes 1978, Section 10A.01, Subdivision 7b, is amended to read:

Subd. 7b. "Donation in kind" means anything of value other than money or negotiable instruments given by an individual or association to a political committee, political fund, or principal campaign committee for the purpose of influencing the nomination or election of a candidate *or for the purpose of promoting or defeating a ballot question*. Donation in kind includes an approved expenditure.

Sec. 4. Minnesota Statutes 1978, Section 10A.01, Subdivision 10, is amended to read:

Subd. 10. "Campaign expenditure" or "expenditure" means a purchase or payment of money or anything of value, or an advance of credit, made or incurred for the purpose of influencing the nomination or election of a candidate *or for the purpose of promoting or defeating a ballot question*.

An expenditure is considered to be made in the year in which the goods or services for which it was made are used or consumed.

An expenditure made for the purpose of defeating a candidate is considered made for the purpose of influencing the nomination or election of that candidate or any opponent of that candidate.

Except as provided in clause (a), expenditure includes the dollar value of a donation in kind.

Expenditure does not include:

(a) Noncampaign disbursements as defined in subdivision 10c;

(b) Transfers as defined in subdivision 7a;

(c) Services provided without compensation by an individual volunteering his time on behalf of a candidate, *ballot question*, political committee, or political fund; or

(d) The publishing or broadcasting of news items or editorial comments by the news media.

Sec. 5. Minnesota Statutes 1978, Section 10A.01, Subdivision 15, is amended to read:

Subd. 15. "Political committee" means any association as defined in subdivision 3 whose major purpose is to influence the nomination or election of a candidate *or to promote or defeat a ballot question*.

"Political committee" includes a major political party as defined in subdivision 12, a minor political party as defined in subdivision 13, and any principal campaign committee formed pursuant to section 10A.19.

Sec. 6. Minnesota Statutes 1978, Section 10A.01, Subdivision 16, is amended to read:

Subd. 16. "Political fund" means any accumulation of dues or voluntary contributions by an association other than a political committee, which accumulation is collected or expended for the purpose of influencing the nomination or election of a candidate *or for the purpose of promoting or defeating a ballot question*.

Sec. 7. Minnesota Statutes 1978, Section 10A.01, is amended by adding a subdivision to read:

Subd. 23. "*Ballot question*" means a question or proposition which is placed on the ballot and which may be voted on by all voters of the state. "*Promoting or defeating a ballot question*"

includes activities related to qualifying the question for placement on the ballot.

Sec. 8. Minnesota Statutes 1978, Section 10A.12, Subdivision 1, is amended to read:

10A.12 [POLITICAL FUNDS.] Subdivision 1. No association other than a political committee shall transfer more than \$100 in aggregate in any one year to candidates or political committees or make any approved or independent expenditure *or expenditure to promote or defeat a ballot question* unless the transfer or expenditure is made from a political fund.

Sec. 9. Minnesota Statutes 1978, Section 10A.20, Subdivision 3, is amended to read:

Subd. 3. Each report under this section shall disclose:

(a) The amount of liquid assets on hand at the beginning of the reporting period;

(b) The name, address and employer, or occupation if self-employed, of each individual, political committee or political fund who within the year has made one or more transfers or donations in kind to the political committee or political fund, including the purchase of tickets for all fund raising efforts, which in aggregate exceed \$50 for legislative candidates or \$100 for statewide candidates *or ballot questions*, together with the amount and date of each transfer or donation in kind, and the aggregate amount of transfers and donations in kind within the year from each source so disclosed. A donation in kind shall be disclosed at its fair market value. An approved expenditure is listed as a donation in kind. A donation in kind is considered consumed in the reporting period in which it is received. The names of contributors shall be listed in alphabetical order;

(c) The sum of contributions to the political committee or political fund during the reporting period;

(d) Each loan made or received by the political committee or political fund within the year in aggregate in excess of \$100, continuously reported until repaid or forgiven, together with the name, address, occupation and the principal place of business, if any, of the lender and any endorser and the date and amount of the loan. If any loan made to the principal campaign committee of a candidate is forgiven at any time or repaid by any entity other than that principal campaign committee, it shall be reported as a contribution for the year in which the loan was made;

(e) Each receipt in excess of \$100 not otherwise listed under clauses (b) to (d);

(f) The sum of all receipts of the political committee or political fund during the reporting period;

(g) The name and address of each individual or association to whom aggregate expenditures, including approved expenditures, have been made by or on behalf of the political committee or political fund within the year in excess of \$100, together with the amount, date and purpose of each expenditure and the name and address of, and office sought by, each candidate on whose behalf the expenditure was made, *identification of the ballot question which the expenditure is intended to promote or defeat*, and (,) in the case of independent expenditures made in opposition to a candidate, the name, address and office sought for each such candidate;

(h) The sum of all expenditures made by or on behalf of the political committee or political fund during the reporting period;

(i) The amount and nature of any advance of credit incurred by the political committee or political fund, continuously reported until paid or forgiven. If any advance of credit incurred by the principal campaign committee of a candidate is forgiven at any time by the creditor or paid by any entity other than that principal campaign committee, it shall be reported as a donation in kind for the year in which the advance of credit was incurred;

(j) The name and address of each political committee, political fund, or principal campaign committee to which aggregate transfers in excess of \$100 have been made within the year, together with the amount and date of each transfer;

(k) The sum of all transfers made by the political committee, political fund, or principal campaign committee during the reporting period;

(l) For principal campaign committees only, the sum of non-campaign disbursements made in each category listed in section (10 OF THIS ACT) 10A.01, *subdivision 10c* during the reporting period; and

(m) The sum of all noncampaign disbursements made by the political committee, political fund, or principal campaign committee during the reporting period.

Sec. 10. Minnesota Statutes 1978, Section 10A.20, Subdivision 6, is amended to read:

Subd. 6. Every candidate who does not designate and cause to be formed a principal campaign committee, and any individual who makes independent expenditures or expenditures ex-

pressly advocating the approval or defect of a ballot question in aggregate in excess of \$100 in any year, shall file with the board a report containing the information required by subdivision 3. Reports required by this subdivision shall be filed on the dates on which reports by committees and funds are filed.

Sec. 11. Minnesota Statutes 1978, Section 210A.26, Subdivision 3, is amended to read:

Subd. 3. [STATEMENTS OF POLITICAL COMMITTEES.] Statements shall also be made by any political committee showing the total amount of receipts and disbursements, and for what purpose such disbursements were made. Such statement shall be filed within 30 days after any primary, municipal, or general election:

(a) When the committee is organized to support a candidate for a federal office with the filing officer of such candidate;

(b) When the committee is organized to support a candidate for a judicial district or county office with the auditor of the county in which such committee has its headquarters;

(c) (WHEN THE COMMITTEE IS ORGANIZED TO SUPPORT OR OPPOSE ANY CONSTITUTIONAL AMENDMENT WITH THE SECRETARY OF STATE,)

((D)) When the committee is organized to support a candidate for municipal office in municipalities having more than 20,000 population (OR TO SUPPORT OR OPPOSE PROPOSITIONS IN ELECTIONS IN SUCH MUNICIPALITIES) with the filing officer of the municipality.

Sec. 12. Minnesota Statutes 1978, Section 210A.26, is amended by adding a subdivision to read:

Subd. 6. [BALLOT QUESTIONS.] *Any individual, political committee, association or corporation that makes any contribution or expenditure to promote or defeat a ballot question shall file reports as required by this subdivision. Reports shall be filed at the times required for filing financial statements under subdivision 1. Reports shall be filed with the official responsible for placing the question on the ballot. Each report shall show the following information, covering the period from the last report to seven days before the filing date:*

(a) *The name and address of each committee, individual, or other person to whom aggregate contributions or expenditures in excess of \$100 have been made to promote or defeat a ballot question, together with the amount, date and purpose of the contribution or expenditure;*

(b) *The total amount of contributions and expenditures made to promote or defeat a ballot question; and*

(c) *Identification of the ballot question which the individual, political committee, association or corporation seeks to promote or defeat.*

The secretary of state shall prescribe the form for reports required under this subdivision and may do so without adopting rules pursuant to chapter 15.

For the purpose of this subdivision:

(1) *"Ballot question" means a question or proposition, other than a ballot question as defined in section 10A.01, subdivision 23, which is placed on the ballot and which may be voted on by the voters of one or more political subdivisions of the state; and*

(2) *A contribution or expenditure for activities related to qualifying a question for placement on the ballot is a contribution or expenditure to promote or defeat the ballot question.*

Sec. 13. Minnesota Statutes 1978, Section 210A.34, Subdivision 1, is amended to read:

210A.34 [CORPORATIONS NOT TO CONTRIBUTE TO POLITICAL CAMPAIGN; PERMITTED ACTIVITIES; REPORTS; PENALTIES.] Subdivision 1. It shall be unlawful for any corporation doing business in this state to (PAY OR CONTRIBUTE OR) *make any contribution or to offer, consent or agree to (PAY OR CONTRIBUTE) make any contribution, directly or indirectly, of any money, property, free service of its officers or employees or thing of value to any political party, organization, committee or individual (FOR ANY POLITICAL PURPOSE WHATSOEVER, OR) to promote or defeat the candidacy of any person for nomination, election, or appointment to any political office. For the purpose of this subdivision, "contribution" includes an expenditure to promote or defeat the election or nomination of any candidate to any political office which is made with the authorization or expressed or implied consent of, or in cooperation or in concert with, or at the request or suggestion of a candidate, his principal campaign committee or his agent.*

Sec. 14. Minnesota Statutes 1978, Section 210A.34, is amended by adding a subdivision to read:

Subd. 1a. *It shall be unlawful for any corporation doing business in this state to make any independent expenditure or to offer, consent or agree to make any independent expenditure to promote or defeat the candidacy of any person for nomination, election or appointment to any political office. For the purpose*

of this subdivision, "independent expenditure" means an expenditure which is not made with the authorization or expressed or implied consent of, or in cooperation or concert with, or at the request or suggestion of, a candidate, his principal campaign committee or his agent.

Sec. 15. Minnesota Statutes 1978, Section 210A.34, is amended by adding a subdivision to read:

Subd. 1b. A corporation doing business in this state may make contributions or expenditures to promote or defeat a ballot question, to qualify a question for placement on the ballot unless otherwise prohibited by law, or to express its views on issues of public concern. But no such contribution shall be made to any candidate for nomination, election or appointment to a political office or to any committee organized wholly or partly to promote or defeat such a candidate.

Sec. 16. Minnesota Statutes 1978, Section 210A.34, is amended by adding a subdivision to read:

Subd. 1c. Nothing in this section shall be construed to prohibit publication or broadcasting of news items or editorial comments by the news media.

Sec. 17. [EFFECTIVE DATE.] Sections 1 to 16 are effective the day following final enactment.

ARTICLE III

CAMPAIGN FINANCING

Section 1. The following amendment to the Minnesota Constitution, Article VII, is proposed to the people. If the amendment is adopted a new section will be added to read as follows:

Sec. 9. [CAMPAIGN SPENDING LIMITS.] The amount that may be spent by candidates for constitutional and legislative offices to campaign for nomination or election shall be limited by law. The legislature shall provide by law for disclosure of contributions and expenditures made to support or oppose candidates for state elective offices.

Sec. 2. The proposed amendment shall be submitted to the people at the 1980 general election. The question submitted shall be:

"Shall the Minnesota Constitution be amended to require campaign spending limits for candidates for executive and legislative offices and public disclosure of campaign spending for all state candidates?"

Yes.....

No....."

Sec. 3. Minnesota Statutes 1978, Chapter 10A, is amended by adding a section to read:

[10A.255] [ADJUSTMENT BY CONSUMER PRICE INDEX.] *Subdivision 1. The dollar amounts provided in section 10A.25, subdivision 2, shall be adjusted for general election year 1984 and subsequent general election years as provided in this section. By June 1 of the general election year, the executive director of the board shall determine the percentage increase in the consumer price index from April of the last general election year to April of the year in which the determination is made. The dollar amounts used for the preceding general election year shall be multiplied by that percentage. The product of the calculation shall be added to each dollar amount to produce the dollar limitations to be in effect for the next general election. The product shall be rounded up to the next highest whole dollar. The index used shall be the revised consumer price index for all urban consumers for the St. Paul-Minneapolis metropolitan area prepared by the United States department of labor with 1967 as a base year.*

Subd. 2. The dollar amounts provided in section 10A.25, subdivision 2, shall be adjusted for 1982 in the manner provided in subdivision 1, except that the percentage increase in the consumer price index shall be determined from April of 1974 to April of 1982 and the adjustment shall be calculated by the executive director by June 1, 1982.

Sec. 4. Minnesota Statutes 1978, Section 10A.31, Subdivision 1, is amended to read:

10A.31 [DESIGNATION OF INCOME TAX PAYMENTS.] *Subdivision 1. Effective with the taxable years beginning after December 31, (1977) 1979, every individual who files a tax return or a renter and homeowner property tax refund return with the commissioner of revenue may designate that (\$1) \$2 shall be paid from the general fund of the state into the state elections campaign fund. If a husband and wife file a joint return, each spouse may designate that (\$1) \$2 shall be paid. An individual who is 18 years of age or older, who is a resident of Minnesota, and who is a dependent of another individual who files a tax return or a renter and homeowner property tax refund return, may designate that (\$1) \$2 shall be paid from the general fund of the state into the state elections campaign fund. No individual shall be allowed to designate (\$1) \$2 more than once in any year.*

Sec. 5. Minnesota Statutes 1978, Section 10A.31, Subdivision 3, is amended to read:

Subd. 3. The commissioner of the department of revenue shall *provide* on the first page of the income tax form and the renter and homeowner property tax refund return (NOTIFY) *a space for* the filing individual and any adult dependent of that individual (OF HIS RIGHT) to *indicate whether or not he wishes to* allocate (\$1) \$2 (((\$2)) \$4 if filing a joint return) from the general fund of the state to finance the election campaigns of state candidates. The form shall also contain language prepared by the commissioner which permits the individual to direct the state to allocate the (\$1) \$2 (or (\$2) \$4 if filing a joint return) to: (i) one of the major political parties; (ii) any minor political party as defined in section 10A.01, subdivision 13, which qualifies under the provisions of subdivision 3a; or (iii) all qualifying candidates as provided by subdivision 7. The dependent on the tax return or the renter and homeowner property tax refund return shall sign a statement which authorizes the designation of (\$1) \$2. The renter and (HOWEOWNER) homeowner property tax refund return shall include instructions that the individual filing the return may designate (\$1) \$2 on the return only if he has not designated (\$1) \$2 on the income tax return.

Sec. 6. Minnesota Statutes 1978, Section 10A.31, Subdivision 5, is amended to read:

Subd. 5. In each calendar year the moneys in each party account and the general account shall be allocated to candidates as follows:

((A)) (1) 21 percent for the offices of governor and lieutenant governor together;

((B)) (2) 3.6 percent for the office of attorney general;

((C)) (3) 1.8 percent each for the offices of secretary of state, state auditor and state treasurer;

((D)) (4) In each calendar year during the period in which state senators serve a four year term, 23 1/3 percent for the office of state senator and 46 2/3 percent for the office of state representative;

((E)) (5) In each calendar year during the period in which state senators serve a two year term, 35 percent each for the offices of state senator and state representative;

((F)) (6) To assure that moneys will be returned to the counties from which they were collected, and to assure that the distribution of those moneys rationally relates to the support for particular parties or for particular candidates within legislative districts, moneys from the party accounts for legislative candidates shall be distributed as follows:

Each candidate for the state senate and state house of representatives whose name is to appear on the ballot in the general election shall receive moneys from his party account set aside for candidates of the state senate or state house of representatives, whichever applies, according to the following formula;

For each county within his district the candidate's share of the dollars allocated in that county to his party account and set aside for that office shall be:

(a) The sum of the votes cast in the last general election in that part of the county in his district for all candidates of his party (i) whose names appeared on the ballot in each voting precinct of the state and (ii) for the state senate and state house of representatives, divided by

(b) The sum of the votes cast in that county in the last general election for all candidates of his party (i) whose names appeared on the ballot in each voting precinct in the state and (ii) for the state senate and state house of representatives, multiplied by

(c) The amount in his party account allocated in that county and set aside for the candidates for the office for which he is a candidate.

The sum of all the county shares calculated in the formula above is the candidate's share of his party account.

In a year in which an election for the state senate occurs, with respect to votes for candidates for the state senate only, "last general election" means the last general election in which an election for the state senate occurred.

For any party under whose name no candidate's name appeared on the ballot in each voting precinct in the state in the last general election, "last general election" means the last general election in which the name of a candidate of that party appeared on the ballot in each voting precinct in the state.

If in a district there was no candidate of a party for the state senate or state house of representatives in the last general election, or if a candidate for the state senate or state house of representatives was unopposed, the vote for that office for that party shall be the average vote of all the remaining candidates of that party in each county of that district whose votes are included in the sums in clauses (a) and (b). The average vote shall be added to the sums in clauses (a) and (b) before the calculation is made for all districts in the county.

(MONEYS) Money from **(ANY)** a party account not distributed to candidates for state senator and representative in any

election year shall be returned to the general fund of the state. *Money from a party account not distributed to candidates for other offices in an election year shall be returned to the party account for reallocation to candidates as provided in clauses (1) to (6) of this subdivision in the following year. Moneys from the general account refused by any candidate shall be distributed to all other qualifying candidates in proportion to their shares as provided in this subdivision.*

Sec. 7. Minnesota Statutes 1978, 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 (ANY) the office of state senator or representative at a general election, the moneys set aside for that office shall be returned to the general fund of the state. If that party does not have a candidate for any other office at a general election the money set aside for that office shall be returned to the general account of the state elections campaign fund for reallocation to candidates as provided in section 10A.31, subdivision 5, clauses (1) to (6).*

Sec. 8. [10A.316] *Minnesota Statutes 1978, Sections 10A.-25, Subdivisions 2, 3, 4, 5, 6, 7 and 10; 10A.28, Subdivision 1; and 10A.32, Subdivisions 3 and 3b, as amended as of the effective date of this section, are repealed. Notwithstanding any law to the contrary, the tax credit provided in Minnesota Statutes, Section 290.06, Subdivision 11, may be allowed for contributions to any candidate as defined in Minnesota Statutes, Section 10A.-01, Subdivision 5, without any agreement by the candidate to limit his campaign expenditures.*

Sec. 9. [EFFECTIVE DATE.] *Subdivision 1. Sections 3 to 7 are effective upon ratification of the amendment to the Minnesota Constitution proposed in section 1 of this article as provided in the constitution.*

Subd. 2. Section 8 is effective December 31, 1981 if the amendment to the Minnesota Constitution proposed in section 1 of this article is not ratified as provided by the constitution."

Delete the title and insert:

"A bill for an act relating to elections; proposing an amendment to the Minnesota Constitution, Article IV, by adding sections, to provide for initiative and referendum; proposing an amendment to the Minnesota Constitution, Article VII, by adding a section, to require certain election campaign expenditures to be limited and disclosed by law; implementing the initiative and referendum process, including the manner of petitioning and voting on initiative and referendum measures and judicial

review; permitting corporations to spend money to promote or defeat ballot questions; requiring disclosure of contributions and expenditures on ballot questions; increasing the campaign spending limits and the income tax check-off or repealing spending limits contingent on adoption or rejection of a constitutional amendment; imposing duties on certain officials; providing penalties; appropriating money; amending Minnesota Statutes 1978, Sections 10A.01, Subdivisions 7, 7a, 7b, 10, 15, 16, and by adding a subdivision; 10A.12, Subdivision 1; 10A.20, Subdivisions 3, 6 and by adding a subdivision; 10A.31, Subdivisions 1, 3 and 5; 10A.32, subdivision 4; 203A.31, Subdivisions 2 and 3; 204A.24; 204A.40, Subdivision 2; 210A.26, Subdivision 3 and by adding a subdivision; 210A.34, Subdivision 1 and by adding subdivisions; 290.09, Subdivision 2; 645.02; Chapter 10A, by adding a section; and Minnesota Statutes, 1979 Supplement, Sections 204A.53, Subdivision 3; and 290.21, Subdivision 3; repealing Minnesota Statutes 1978, Section 10A.25, Subdivisions 2 to 7 and 10; 10A.28, Subdivision 1; and 10A.32, Subdivisions 3 and 3b."

We request adoption of this report and repassage of the bill.

House Conferees: MICHAEL R. SIEBEN, JAMES C. PEHLER and RAYMOND J. KEMPE.

Senate Conferees: BILL MCCUTCHEON and NICHOLAS D. COLEMAN.

Sieben, H., 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.

Pehler moved that the report of the Conference Committee on H. F. No. 2304 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 2304, A bill for an act relating to initiative; proposing an amendment to the Minnesota Constitution, Article VII by adding a section; authorizing initiative on laws; providing a statute implementing the amendment; providing for the manner of petitioning and voting on initiative measures; providing for disclosure of campaign costs on ballot issues; providing that expenditures to promote or defeat a measure may not be taken as a deduction or credit against income taxes; providing for judicial review; providing penalties; amending Minnesota Statutes 1978, Sections 10A.01, Subdivision 15; 10A.20, by adding a subdivision; 203A.31, Subdivisions 2 and 3; 204A.24; 204A.40, Subdivision 2; 204A.53, Subdivision 3; 290.09, Subdivision 2; 290.21, Subdivision 3; and 645.02.

The bill was read for the third time, as amended by Conference, and placed upon its repassage.

The question was taken on the repassage of the bill and the roll was called.

Sieben, H., moved that those not voting be excused from voting. The motion prevailed.

There were 86 yeas and 47 nays as follows:

Those who voted in the affirmative were:

Aasness	Ewald	Knickerbocker	Nysether	Stowell
Ainley	Fjoslien	Kostohryz	Olsen	Svigum
Albrecht	Forsythe	Kvam	Onnen	Swanson
Anderson, B.	Friedrich	Lehto	Pehler	Thiede
Anderson, D.	Fritz	Levi	Peterson, B.	Tomlinson
Anderson, R.	Halberg	Ludeman	Piepho	Valan
Berkelman	Haukoos	Luknic	Redalen	Valento
Biersdorf	Heap	Mann	Reding	Waldorf
Blatz	Heinitz	McCarron	Rees	Weaver
Clawson	Hoberg	McDonald	Reif	Welch
Crandall	Hokanson	McEachern	Rothenberg	Welker
Dean	Jennings	Mehrkens	Sarna	Wenzel
Dempsey	Johnson, C.	Metzen	Schreiber	Wigley
Den Ouden	Johnson, D.	Nelsen, B.	Searles	Zubay
Drew	Jude	Nelsen, M.	Sherwood	
Erickson	Kaley	Niehaus	Sieben, H.	
Esau	Kelly	Norman	Sieben, M.	
Evans	Kempe	Novak	Stadum	

Those who voted in the negative were:

Adams	Casslerly	Jaros	Nelson	Simoneau
Anderson, G.	Clark	Kahn	Osthoff	Stoa
Anderson, I.	Corbid	Kalis	Otis	Vanasek
Battaglia	Eken	Kroening	Patton	Voss
Begich	Elioff	Laidig	Peterson, D.	Wieser
Berglin	Ellingson	Long	Pleasant	Wynia
Brinkman	Faricy	Minne	Prahl	Spkr. Norton
Byrne	Fudro	Moe	Rice	
Carlson, D.	Greenfield	Munger	Rodriguez	
Carlson, L.	Jacobs	Murphy	Rose	

The bill was repassed, as amended by Conference, and its title agreed to.

There being no objection the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 2476, A bill for an act relating to the organization and operation of state government; clarifying, providing for deficiencies in, and supplementing appropriations for the expenses of state government with certain conditions; imposing conditions on the expenditure of public money; creating, abolishing, modifying, and transferring agencies and functions; fixing and limiting fees; altering conditions of public employment; authorizing purchase, sale, and transfer of public lands; authorizing certain public improvements of a capital nature; requiring studies and reports; limiting liability in certain civil actions; exempting certain motor vehicle sales transactions from regulation by the banking commissioner; regulating drainage systems in the metropolitan area; regulating administration of the Nine Mile Creek Watershed District, the Riley-Purgatory Creek Watershed District and the Red Lake Watershed District; authorizing an ad valorem tax for certain purposes; appropriating money; amending Minnesota Statutes 1978, Sections 3A.03, Subdivision 2; 3A.04, Subdivisions 3 and 4; 10A.01, Subdivision 10c; 11.15, Subdivision 4; 15.0597, Subdivisions 3, 4, 5, 6 and 7; 15.50, Subdivisions 1 and 2; 16.02, Subdivision 10; 16.354, Subdivision 1; 16A.131; 16A.67, Subdivision 1; 16A.721; 43.05, Subdivision 2; 43.062, Subdivisions 1 and 2; 43.065; 43.067, Subdivision 2; 43.068; 43.09, Subdivision 2a; 43.323, Subdivision 1; 43.324, Subdivision 2; 43.35; 62D.12, by adding a subdivision; 82.34; 90.195; 94.10, Subdivision 1; 94.16; 97.431; 97.432; 106.471, by adding a subdivision; 116C.63, Subdivision 4; 116D.04, by adding a subdivision; 136.81, Subdivision 1; 145.913, Subdivision 3; 155.14; 168.66, Subdivision 4; 174.03, by adding a subdivision; 197.75, Subdivision 1; 214.06, Subdivision 1; 216.16; 216A.01; 216A.03, Subdivision 3, and by adding a subdivision; 216A.04, Subdivisions 1 and 3, and by adding a subdivision; 216A.05, Subdivisions 4 and 5; 216A.07; 216B.17, Subdivision 1; 216B.19; 216B.54; 216B.62; 216B.64; 237.02; 237.12; 237.295, Subdivisions 1 and 2; 238.08, by adding a subdivision; 245.814; 246.014; 256.73, Subdivision 2; 256D.06, by adding a subdivision; 352.01, Subdivision 2B; 352.04, Subdivision 5; 352.73, Subdivision 3; 352B.25; 352C.04, Subdivision 3; 352C.09, Subdivision 2; 353.83; 354.55, Subdivision 5; 355.46, Subdivision 3; 355.50; 401.02, Subdivision 3; 403.11, Subdivision 3; 462A.05, by adding a subdivision; 462A.21, by adding a subdivision; 473.408, Subdivision 3; 473.435; 473.641, by adding a subdivision; 490.123, Subdivision 1; Chapters 16, by adding sections; 16A, by adding sections; 97, by adding a section; 112, by adding a section; 138, by adding a section; 152, by adding a section; 216A, by adding a section; 246, by adding a section; 253, by adding a section; 256, by adding a section; 259, by adding a section; 326, by adding a section; 544, by adding a section; Minnesota Statutes, 1979 Supplement, Sections 3.005, Subdivision 4; 15A.083, Subdivision 4; 16A.126; 43.062, Subdivision 3; 43.15, Subdivision 1; 43.24; 82.21, Subdivision 1; 174.28, Subdivision 2; 180.03, Subdivision 2; 299D.03, Subdivision 2; 354A.12, Subdivision 2; 422A.101, Subdivision 3; 465.72; Laws 1959, Chapter 690, Section 2, as amended; and Laws 1979, Chapter 332, Article I, Section 115, Subdivision 2; repealing Minne-

nesota Statutes 1978, Sections 3A.11, Subdivision 3; 43.03; 43.06; 216B.62, Subdivision 1; 352.73, Subdivision 4; 354.43, Subdivision 2; 490.025, Subdivision 8; Minnesota Statutes, 1979 Supplement, Sections 16.965 and 43.067, Subdivision 4; Laws 1977, Chapter 454, Section 45; Laws 1979, Chapter 217, Section 11; and a law enacted at the 1980 regular session styled as H. F. No. 1121, Article XIII, Section 1; reenacting Minnesota Statutes, 1979 Supplement, Section 473.446, Subdivision 1.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee. Said House File is herewith returned to the House.

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. 1550.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 1550, A bill for an act proposing an amendment to the Minnesota Constitution, Article V, Section 3; removing the requirement that notaries public be approved by the senate; amending Minnesota Statutes 1978, Section 359.01.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Voss moved that the rule therein be suspended and an urgency be declared so that S. F. No. 1550 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Voss moved that the rules of the House be so far suspended that S. F. No. 1550 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 1550 was read for the second time.

S. F. No. 1550, A bill for an act proposing an amendment to the Minnesota Constitution, Article V, Section 3; removing the requirement that notaries public be approved by the senate; amending Minnesota Statutes 1978, Section 359.01.

The bill was read for the third time and placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 132 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Aasness	Drew	Kahn	Niehaus	Sieben, H.
Adams	Eken	Kaley	Norman	Sieben, M.
Ainley	Elihoff	Kalis	Novak	Simoneau
Albrecht	Ellingson	Kelly	Nysether	Stadum
Anderson, B.	Erickson	Kempe	Olsen	Stoa
Anderson, D.	Esau	Kostohryz	Onnen	Stowell
Anderson, G.	Evans	Kroening	Osthoff	Sviggum
Anderson, I.	Ewald	Kvam	Otis	Swanson
Anderson, R.	Faricy	Laidig	Patton	Thiede
Battaglia	Fjoslien	Lehto	Pehler	Tomlinson
Begich	Forsythe	Levi	Peterson, B.	Valan
Berglin	Friedrich	Long	Peterson, D.	Valento
Berkelman	Fritz	Ludeman	Piepho	Vanasek
Biersdorf	Fudro	Luknic	Prahl	Voss
Blatz	Greenfield	Mann	Redalen	Waldorf
Brinkman	Halberg	McCarron	Reding	Weaver
Byrne	Haukoos	McDonald	Rees	Welch
Carlson, D.	Heap	McEachern	Reif	Welker
Carlson, L.	Heinitz	Mehrkens	Rice	Wenzel
Casserly	Hoberg	Metzen	Rodriguez	Wieser
Clark	Hokanson	Minne	Rose	Wigley
Clawson	Jacobs	Moe	Rothenberg	Wynia
Corbid	Jaros	Munger	Sarna	Zubay
Crandall	Jennings	Murphy	Schreiber	Sprk. Norton
Dean	Johnson, C.	Nelsen, B.	Searle	
Dempsey	Johnson, D.	Nelsen, M.	Searles	
Den Ouden	Jude	Nelson	Sherwood	

Those who voted in the negative were:

Knickerbocker Pleasant

The bill was passed and its title agreed to.

ADJOURNMENT

Sieben, H., moved that when the House adjourns today it adjourn until 10:00 a.m., Saturday, April 12, 1980. The motion prevailed.

Sieben, H., moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 10:00 a.m., Saturday, April 12, 1980.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

