

STATE OF MINNESOTA

SEVENTY-SECOND SESSION - 1981

FORTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, TUESDAY, MAY 5, 1981

The House of Representatives convened at 1:00 p.m. and was called to order by Harry A. Sieben, Jr., Speaker of the House.

Prayer was offered by Pastor Paul R. Sutterer, Redeemer Lutheran Church, Robbinsdale, Minnesota.

The roll was called and the following members were present:

Aasness	Esau	Kalis	Nysether	Sherman
Ainley	Evans	Kelly	O'Connor	Sherwood
Anderson, B.	Ewald	Knickerbocker	Ogren	Sieben, M.
Anderson, G.	Fjoslien	Kostohryz	Olsen	Simoneau
Anderson, I.	Forsythe	Kvam	Osthoff	Skoglund
Anderson, R.	Friedrich	Laidig	Otis	Stadum
Battaglia	Greenfield	Lehto	Peterson, B.	Staten
Begich	Gruenes	Lemen	Peterson, D.	Stowell
Berkelman	Gustafson	Levi	Piepho	Stumpf
Blatz	Halberg	Long	Pogemiller	Sviggun
Brandl	Hanson	Ludeman	Redalen	Swanson
Brinkman	Harens	Luknic	Reding	Tomlinson
Byrne	Hauge	Marsh	Rees	Valan
Carlson, D.	Haukoos	McCarron	Reif	Valento
Carlson, L.	Heap	McDonald	Rice	Vanasek
Clark, J.	Heinitz	McEachern	Rodriguez, C.	Vellenga
Clark, K.	Himle	Mehrkens	Rodriguez, F.	Voss
Clawson	Hoberg	Metzen	Rose	Weaver
Dahlvang	Hokanson	Minne	Rothenberg	Welch
Dempsey	Jacobs	Munger	Samuelson	Welker
Den Ouden	Jennings	Murphy	Sarna	Wenzel
Drew	Johnson, C.	Nelsen, B.	Schafer	Wieser
Eken	Johnson, D.	Nelson, K.	Schoenfeld	Wigley
Elioff	Jude	Niehaus	Schreiber	Wynia
Ellingson	Kahn	Norton	Searles	Zubay
Erickson	Kaley	Novak	Shea	Spkr. Sieben, H.

A quorum was present.

Hokr was excused. Dean and Onnen were excused until 4:00 p.m. Mann was excused until 7:30 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. Laidig moved that further reading of the Journal be dis-

pensed 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 H. F. Nos. 1143, 1160, 616 and 586 and S. F. Nos. 393, 445, 1247, 560 and 876 have been placed in the members' files.

S. F. No. 876 and H. F. No. 892, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Simoneau moved that the rules be so far suspended that S. F. No. 876 be substituted for H. F. No. 892 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 694 and H. F. No. 933, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Rees moved that the rules be so far suspended that S. F. No. 694 be substituted for H. F. No. 933 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 470 and H. F. No. 931, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Ellingson moved that the rules be so far suspended that S. F. No. 470 be substituted for H. F. No. 931 and that the House File be indefinitely postponed. The motion prevailed.

PETITIONS AND COMMUNICATIONS

The following communication was received:

STATE OF MINNESOTA
OFFICE OF THE GOVERNOR
SAINT PAUL 55155

May 4, 1981

The Honorable Harry A. Sieben, Jr.
Speaker of the House
State of Minnesota

Dear Speaker Sieben:

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

H. F. No. 876, relating to employment; authorizing the commissioner of economic security to make certain summer youth employment advances;

H. F. No. 480, relating to agriculture; changing the name of the joint legislative committee on agricultural land preservation;

H. F. No. 569, relating to housing; providing new standards and procedures for disclosing conflicts of interest for commissioners and employees of housing and redevelopment authorities; establishing penalties; proposing new law coded in Minnesota Statutes, Chapter 462; repealing Minnesota Statutes 1980, Section 462.431.

H. F. No. 339, relating to towns; providing for the opening of cartways under certain circumstances; providing a method for determining whether to open or maintain certain town roads;

H. F. No. 708, relating to public improvements; permitting deferral of special assessments in instances of hardship;

H. F. No. 1178, relating to the board of medical examiners; allowing temporary suspension of physicians' licenses without a hearing under certain conditions;

H. F. No. 1237, relating to the city of Blaine; permitting all council members to serve on the housing and redevelopment authority.

H. F. No. 1269, relating to energy; providing for the confidentiality of certain energy data; changing the duties of Minnesota energy agency; subdivision regulations; providing for certain inspections; extending biomass plan deadline;

H. F. No. 847, relating to highway traffic regulations; providing for the designation and undesignation of routes to carry certain gross weights;

Sincerely,

ALBERT H. QUIE
Governor

REPORTS OF STANDING COMMITTEES

Anderson, I., from the Committee on Taxes to which was referred:

H. F. No. 1189, A bill for an act relating to taxation; providing for the distribution and division of the proceeds of the taconite production tax; appropriating money; providing for certain tax credits; amending Minnesota Statutes 1980, Sections 298.225; 298.24, Subdivision 3; 298.28, Subdivisions 1 and 2; repealing Minnesota Statutes 1980, Section 273.135, Subdivision 4.

Reported the same back with the following amendments:

Page 1, after line 10, insert:

"Section 1. Minnesota Statutes 1980, Section 298.031, Subdivision 2, is amended to read:

Subd. 2. [VALUE OF CERTAIN ORE; HOW ASCERTAINED.] (1) The taxpayer shall be given a credit in each taxable year upon the occupation tax assessed in such year under Minnesota Statutes 1957, Chapter 298, against a given mine after credit for labor credits has been given, in an amount equal to the occupation tax under said chapter 298 upon an amount produced by multiplying the number of tons of ore sold at a discount by the amount of such discount.

(2) The aggregate amount of all credits allowed under this section to all mines shall not exceed one percent of the aggregate amount of all occupation taxes imposed under section 298.01, subdivision 1, assessed against all mines (, EXCEPT TACONITE AND SEMI-TACONITE MINES,) in the state for said year prior to the deduction of the credit allowed by this section.

(3) The amount of the foregoing subtraction shall be ascertained and determined by the commissioner.

Sec. 2. Minnesota Statutes 1980, Section 298.031, Subdivision 3, is amended to read:

Subd. 3. [CREDIT, APPLICATION.] The credit provided by this section shall not be applicable with respect to any mine operated by a mining company or an operating agent.

(a) if the net marketable tonnage of iron ores, exclusive of taconite and semi-taconite, produced from all mines operated by such mining company or operating agent exceeds (SEVEN) *one and one-half* percent of the net marketable tonnage of iron ores (, EXCLUSIVE OF TACONITE AND SEMI-TACONITE,) produced in this state during the year for which the tax is being determined, or

(b) if such mining company or operating agent is also engaged in the manufacture of steel, or

(c) if any company manufacturing steel has an interest, either directly or indirectly, through stock ownership in such mining company or operating agent.

The taxpayer shall have the burden of proving its right to the credit provided by this section."

Renumber the sections

Page 2, line 19, strike "heretofore"

Page 2, line 23, strike "heretofore"

Page 9, after line 7, insert:

"Sec. 8. [EFFECTIVE DATE.]

Sections 1 and 2 are effective for iron ore produced after December 31, 1980."

Amend the title as follows:

Page 1, line 2, after "taxation," insert "clarifying the credit available in computing occupation taxes;"

Page 1, line 6, after "Sections" insert "298.031, Subdivisions 2 and 3;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Sieben, M., from the Committee on Appropriations to which was referred:

H. F. No. 1376, A bill for an act relating to appropriations; appropriating funds to the public utilities commission for a report on natural gas rate averaging; directing the averaging of rates in a certain geographic area.

Reported the same back with the following amendments:

Page 1, line 11, after "required," insert "to be available until June 30, 1982,"

Page 2, line 3, delete "30 days" and insert "the day"

With the recommendation that when so amended the bill pass.

The report was adopted.

Norton from the Committee on Governmental Operations to which was referred:

H. F. No. 1429, A bill for an act relating to state departments; creating a department of state and community resources; transferring all the functions of the state planning agency, energy agency, and department of economic development, and the staff of the crime control planning board, to the department of state and community resources; abolishing the state planning agency, energy agency, and department of economic development; amending Minnesota Statutes 1980, Sections 3.922, Subdivision 1; 4.10; 4.11, Subdivisions 4 and 5; 4.12; 4.125; 4.13; 4.17; 4.18, Subdivision 2; 4.191; 4.26; 4.27; 4.29; 4.35; 4.36, Subdivisions 2, 3, 4, and 5; 15.01; 15.057; 15.50, Subdivision 2; 15A.081, Subdivision 1; 16.014, Subdivision 1; 16.084; 16.086, Subdivisions 1 and 2; 16.125, Subdivision 2; 16.756, Subdivision 1; 18.023, Subdivision 11; 18.024, Subdivision 1; 43.09, Subdivision 2a; 84.028, Subdivision 2; 84.54; 85.016; 85.017; 86.72, Subdivision 3; 86A.06; 86A.09, Subdivisions 1, 2, 3, and 4; 92.35; 92.36; 92.37; 104.03, Subdivision 1; 104.35, Subdivisions 2 and 3; 105.484; 105.485, Subdivision 3; 114A.03, Subdivision 1; 115A.07, Subdivision 1; 115A.12, Subdivision 2; 115A.15, Subdivision 5; 116C.03, Subdivisions 2, 3, and 4; 116H.05; 116H.06; 116H.07; 116H.08; 116H.085; 116H.087; 116H.088, Subdivision 1; 116H.089; 116H.09, Subdivisions 1, 4, and 5; 116H.10; 116H.11; 116H.12, Subdivisions 1, 1b, 2, 4, 5, 6, and 9; 116H.121, Subdivisions 1 and 2; 116H.122; 116H.123; 116H.124; 116H.126; 116H.127; 116H.128; 116H.129, Subdivisions 1, 4, 5, 6, and 8; 116H.13; 116H.14; 116H.15, Subdivision 2; 116H.17; 116H.18; 116H.19, Subdivision 1; 116H.23; 120.78, Subdivision 1; 124.225, Subdivision 4a; 126.111, Subdivision 2; 137.31, Subdivision 6; 138.93, Subdivision 4; 145.834; 145.835, Subdivision 1; 145.836, Subdivision 1; 145.837, Subdivision 1; 145.845; 145.912, Subdivision 15; 160.262, Subdivisions 1 and 3; 160.265, Subdivision 1; 174.03, Subdivision 7; 204.06, Subdivision 1b; 216B.241, Subdivision 2; 222.62; 222.65; 245.783, Subdivision 2; 268.014; 273.74, Subdivisions 2 and 5; 275.53, Subdivisions 1, 3, and 4; 290.06, Subdivision 14; 298.48, Subdivision 4; 299A.03, Subdivision 5; 299A.04; 301.75; 301.77, Subdivision 1; 301A.01, Subdivision 1; 301A.05; 301A.07, Subdivision 1; 325F.19, Subdivision 3; 325F.19, Subdivision 6; 325F.20, Subdivision 1; 325F.21, Subdivision 2; 325F.23, Subdivision 1; 325F.24, Subdivision 3a; 362.12, Subdivision 1; 362.13; 362.132; 362.40, Subdivisions 8, 9, and 10; 362.41, Subdivision 5; 362.42; 362.51, Subdivisions 8 and 10; 362A.06; 402.045; 402.062, Subdivision 1; 402.095; 451.09, Subdivision 2; 462.375; 462.384, Subdivision 7; 462.385, Subdivisions 1 and 3; 462.386; 462.387; 462.39, Subdivisions 2 and 3; 462.391, Subdivisions 2, 3, and 4; 462.395; 462.396, Subdivision 1; 462.398; 462.421, Subdivision 21; 462A.-

05, Subdivision 15b; 473.204, Subdivision 2; 473.411, Subdivision 1; 473.857, Subdivision 2; 473H.06, Subdivision 5; 474.01, Subdivisions 6, 7, and 8; 641.24; proposing new law coded as Minnesota Statutes, Chapter 116J; repealing Minnesota Statutes 1980, Sections 4.11, Subdivisions 1, 2, 3, 6, 7, and 8; 4.15; 4.16; 16.014, Subdivision 3; 115A.08, Subdivisions 1, 2, and 3; 116H.001; 116H.02, Subdivisions 2 and 4; 116H.03; 116H.09, Subdivisions 2 and 3; 116H.12, Subdivision 3b; 126.52, Subdivision 12; 254A.06; 362.07; 362.08; 362.09; 362.10; 362.11; 362.12, Subdivisions 2 and 3; 362.121; 362.125; 362.15; 362.17; 362.18; 362.19; 362.23; 462.711; and 473.571, Subdivisions 2, 3, and 4.

Reported the same back with the following amendments:

Page 2, line 28, to page 125, line 5, delete "*state and community resources*" wherever it appears and insert "*economic development and planning*"

Page 2, line 41, before "*All*" insert "*Upon qualification of the council for the handicapped to obtain federal funds, all powers, duties, and functions previously vested in or imposed on the state planning agency relating to developmental disabilities planning are transferred to the council for the handicapped.*"

Page 2, line 41, after "*All*" insert "*other*"

Page 3, delete lines 2 to 10

Renumber the subdivisions

Page 3, line 21, delete "*, energy agency,*" and insert "*and*"

Page 3, line 22, delete "*and crime control planning board*"

Page 3, line 26, delete "*the*" and insert "*another*"

Page 3, lines 26 and 27, delete "*of state and community resources*" and insert "*or council*"

Page 3, lines 27 and 28, delete "*of state and community resources*" and insert "*or council receiving the new responsibilities*"

Page 3, lines 31 and 32, delete "*, the energy agency,*" and insert "*and*"

Page 3, lines 32 and 33, delete "*the crime control planning board,*"

Page 3, lines 34 and 35, delete "*commissioner of state and community resources*" and insert "*agency receiving the new responsibilities*"

Page 3, line 36, after the period insert "*The commissioner of finance shall allocate any unexpended appropriation to the agencies affected.*"

Page 4, lines 1 and 2, delete "*, the director of the energy agency,*" and insert "*and*"

Page 4, lines 3 and 4, delete "*, and the chairperson of the crime control planning board*"

Page 4, lines 4 and 5, delete "*commissioner of state and community resources*" and insert "*agency receiving the new responsibilities*"

Page 4, line 10, delete "*was undertaken*" and insert "*involved*" and after "*or*" insert "*was*"

Page 4, lines 11 and 12, delete "*, the director of the energy agency,*"

Page 4, lines 13 and 14, delete "*commissioner of state and community resources*" and insert "*agency receiving the new responsibilities*"

Page 4, line 15, after "*it*" insert "*involved or*"

Page 4, line 16, delete "*undertaken or*"

Page 4, line 19, delete everything before "*regarding*" and insert "*agencies receiving new responsibilities*"

Page 4, line 20, delete "*commissioner*" and insert "*agencies*"

Page 4, lines 29 and 30, delete "*to the commissioner of state and community resources*"

Page 4, line 33, delete "*, energy agency,*"

Page 4, line 35, delete "*the*" and insert "*another*"

Page 4, line 35, delete "*of state and community resources*" and insert "*or council*"

Page 4, line 36, delete everything after the period

Page 5, line 1, delete "*control planning board are abolished.*"

Page 5, line 8, delete "116H.01 to 116H.23; 299A.03; 299A.04;"

Page 24, line 35 to page 25, line 1, reinstate the stricken language

Page 25, lines 11 and 12, reinstate the stricken language

Pages 29 to 31, delete Sections 30 to 33

Page 33, lines 2 and 3, reinstate the stricken language

Page 37, lines 14 and 15, strike "director of the"

Page 44, lines 25 and 26, reinstate "the director of the energy agency;"

Pages 44 and 45, delete Section 56

Page 45, line 19, reinstate "the director of the Minnesota energy agency,"

Page 45, line 31, after "The" insert "governor"

Page 45, line 32, delete "*commissioner of state and community resources*", strike "be the" and insert "*by January 15 of each odd-numbered year, designate one member of the board to serve as*"

Page 45, line 33, after "board" insert "*for a term of two years*"

Pages 46 to 73, delete Sections 60 to 100

Page 75, delete Section 102

Page 83, delete Section 114

Page 84, delete Section 116

Page 85, line 19, reinstate "the energy agency" and after "agency" insert a comma

Pages 89 to 93, delete Section 126

Page 93, lines 23 and 24, delete "*commissioner shall be the*" and reinstate the stricken language

Page 93, lines 25 to 28, reinstate the stricken language

Page 93, line 28, delete the comma

Page 93, line 30, strike "all" and insert "*five other professional*"

Page 93, line 31, reinstate the stricken language

Page 93, line 32, reinstate "state department of" and after "of" insert "*economic development and planning*" and reinstate "shall provide the crime"

Page 93, lines 33 to 35, reinstate the stricken language

Pages 93 and 94, delete Section 129

Pages 99 to 101, delete Sections 135 to 140

Page 111, delete Section 155

Pages 118 and 119, delete Section 171

Page 124, line 15, delete "115A.08,"

Page 124, delete line 16

Page 124, line 17, delete "4; 116H.03;"

Page 124, after line 25, insert :

"Sec. 123. [TRANSITION.]

Prior to January 1, 1982, and at least 60 days prior to notifying the commissioner of administration that the department is ready to begin operation, the commissioner of economic development and planning shall submit a plan to the legislative advisory commission. The plan shall explain how the functions of the department of economic development and state planning agency will be organized in the new department, and shall also describe the transition process for reaching the new organizational structure. The legislative advisory commission may make recommendations, which shall be advisory only."

Renumber the sections

Page 125, line 1, delete "section 181" and insert "sections 122 and 124"

Page 125, line 2, delete "180" and insert "121" and delete "182" and insert "124" and after "effective" insert "March 1, 1982, or"

Page 125, line 5, after "operation" insert ", whichever comes first"

Amend the title as follows:

Page 1, line 3, delete "state and community resources" and insert "economic development and planning"

Page 1, line 4, delete ", energy agency,"

Page 1, line 5, delete ", and the staff"

Page 1, line 6, delete "of the crime control planning board,"

Page 1, line 7, delete "state and community resources" and insert "economic development and planning"

Page 1, line 8, delete ", energy agency,"

Page 1, delete line 16

Page 1, line 17, delete everything before "43.09"

Page 1, line 24, delete "115A.15, Subdivision 5;"

Page 1, line 25, delete everything after "4;"

Page 1, delete lines 26 to 32

Page 1, line 33, delete everything before "124.225,"

Page 1, line 34, delete "126.111, Subdivision 2;"

Page 1, line 39, delete "174.03, Subd. 7."

Page 1, line 40, delete "216B.241, Subd. 2;"

Page 1, line 43, delete "290.06, Subdivision 14;"

Page 1, line 44, delete "299A.04;"

Page 1, line 46, delete "325F.19, Subdivision 3;"

Page 2, delete lines 1 and 2

Page 2, line 3, delete "325F.24, Subdivision 3a;"

Page 2, line 4, delete comma after "362.10" and insert semicolon

Page 2, line 7, delete "451.09, Subd. 2;"

Page 2, line 12, delete "462A.05, Subd. 15b;"

Page 2, line 18, delete "115A.08,"

Page 2, delete line 19

Page 2, line 20, delete "Subdivisions 2 and 4; 116H.03;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Sieben, M., from the Committee on Appropriations to which was referred:

S. F. No. 359, A bill for an act relating to workers' compensation; expressing the intent of the legislature with respect to chapter 176; transferring compensation judges from the workers' compensation division to a separate division within the office of administrative hearings; making the workers' compensation court of appeals a separate and independent agency with appellate review powers; providing for a discount assumption with respect to calculating reserves for claims of insurance companies; authorizing the commissioner of insurance to initiate a rate hearing; permitting benefit payment amounts to be rounded to whole dollars; clarifying certain provisions with respect to the Minnesota workers' compensation reinsurance association; redefining the maximum reinsurance liability limitation as a prefunded limit; providing for a survey of closed compensation claims and an examination of insurer reserving practices; removing the exemption of political subdivisions from the definitions of insurer and insurance in chapter 79; providing for the design and implementation of an improved records and information system in the department of labor and industry; providing for the addition of rehabilitation and computer support personnel in the department of labor and industry; permitting the commissioner of labor and industry to negotiate with his counterparts in other states in jurisdictional disputes; establishing a preponderance of the evidence standard in factual determinations under chapter 176; granting subrogation rights to the special compensation fund in third party actions; providing for lump sum permanent partial disability payments on return to work and weekly payments if an employee could but does not return to work; limiting attorneys' fees to only disputed portions of claims; providing a procedure for settlement offers by any litigant in a disputed claim proceeding; requiring claimants' attorneys to provide their clients with written information regarding fees under chapter 176; providing a penalty for attorneys who violate the fee provisions of chapter 176; providing a ten year limitation on death benefits to dependents; providing rehabilitation opportunities for dependent surviving spouses; requiring the commissioner of labor and industry to adopt disability degree schedules; prohibiting combined workers' compensation and government survivor benefits from exceeding the limit provided in chapter 176; providing a new formula for determining assessments against employers and insurers for the special compensation fund; providing for payment of attorneys' fees in disputes over supplementary benefits; requiring the commissioner of labor and industry to utilize a medical fee schedule; requiring the commissioner to review the quality of care and other aspects of medical delivery under workers' compensation; establishing a medical panel to resolve disputes over medical disability; providing for payment of wage replacement or disability payments by a group insurer under appropriate provisions pending resolution of liability dispute over com-

pensability; providing for early payment of benefits and a penalty for delay; requiring benefit payments to be made by immediately negotiable instrument; providing that notices of discontinuance of benefit payments be sent directly to claimant by insurer; providing that division legal assistance employees be transferred to the attorney general; delaying first benefit adjustment under chapter 176 for 52 weeks from date of injury; mandating an insurance rate reduction by an amount reflecting cost savings due to benefit and administrative changes; providing penalties; appropriating money; amending Minnesota Statutes 1980, Sections 10A.01, Subdivision 18; 15.052, Subdivisions 1, 2, 3, 4, and 5; 15A.083, by adding a subdivision; 43.064; 60A.15, Subdivision 1; 60C.04; 60C.09, Subdivision 2; 79.01, Subdivisions 2 and 3; 79.071, Subdivision 1, and by adding subdivisions; 79.34, Subdivisions 1 and 2; 79.35; 79.36; 175.007; 175.11, Subdivision 1; 175.14; 175.17; 176.021, Subdivisions 1 and 3, and by adding subdivisions; 176.041, by adding a subdivision; 176.061, Subdivisions 1, 3, 4, 5, 6 and 7; 176.081, Subdivisions 1, 2, 3, 4, and 6, and by adding subdivisions; 176.101, Subdivision 3; 176.102, by adding a subdivision; 176.105, Subdivision 1; 176.111, Subdivisions 6, 7, 8, 10 and 21, and by adding a subdivision; 176.131, Subdivision 10; 176.132, Subdivision 2; 176.133; 176.136; 176.161, Subdivision 1; 176.181, Subdivisions 2 and 3, and by adding a subdivision; 176.191; 176.221; 176.225, by adding a subdivision; 176.231, Subdivisions 2 and 7; 176.241, Subdivisions 1, 2 and 3; 176.261; 176.291; 176.301, Subdivision 1; 176.305; 176.311; 176.331; 176.341, Subdivision 1; 176.351; 176.371; 176.381; 176.391; 176.401; 176.411, Subdivisions 1 and 2; 176.421, Subdivisions 1, 4, 5, 6 and 7; 176.431, Subdivision 1; 176.441, Subdivision 1; 176.461; 176.471, Subdivisions 3, 5, 6 and 8; 176.491; 176.511, Subdivision 1; 176.521, Subdivisions 1 and 2; 176.531, Subdivision 3; 176.645; and 179.74, Subdivision 4; proposing new law coded as Minnesota Statutes, Chapter 175A; and proposing new law coded in Minnesota Statutes, Chapters 79 and 176; repealing Minnesota Statutes 1980, Sections 79.071, Subdivisions 1, 2, 3, 4, 5, 6, and 7; 79.072; 79.073; 79.074, Subdivision 1; 79.075 to 79.09; 79.11 to 79.21; 79.22, Subdivision 1; 79.221 to 79.33; 175.006, Subdivisions 1a and 2; 175.0061; 175.09; 176.111, Subdivision 11; and 176.441, Subdivision 2; re-enacting Laws 1980, Chapter 556, Section 12.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1980, Section 10A.01, Subdivision 18, is amended to read:

Subd. 18. "Public official" means any:

(a) Member of the legislature;

(b) Constitutional officer in the executive branch and his chief administrative deputy;

(c) Member, chief administrative officer or deputy chief administrative officer of a state board or commission which has at least one of the following powers: (i) the power to adopt, amend or repeal rules, or (ii) the power to adjudicate contested cases or appeals;

(d) Commissioner, deputy commissioner or assistant commissioner of any state department as designated pursuant to section 15.01;

(e) Individual employed in the executive branch who is authorized to adopt, amend or repeal rules or adjudicate contested cases;

(f) Executive director of the state board of investment;

(g) Executive director of the Indian affairs intertribal board;

(h) Commissioner of the iron range resources and rehabilitation board;

(i) Director of mediation services;

(j) Deputy of any official listed in clauses (e) to (i);

(k) Judge of *the workers' compensation court of appeals*;

(l) Hearing examiner or *compensation judge* in the state office of administrative hearings or *hearing examiner* in the department of economic security;

(m) Solicitor general or deputy, assistant or special assistant attorney general;

(n) Individual employed by the legislature as secretary of the senate, legislative auditor, chief clerk of the house, revisor of statutes, or researcher or attorney in the office of senate research, senate counsel, or house research; or

(o) Member or chief administrative officer of the metropolitan council, metropolitan transit commission, metropolitan waste control commission, metropolitan parks and open spaces commission, metropolitan airports commission or metropolitan sports facilities commission.

Sec. 2. Minnesota Statutes 1980, Section 15.052, Subdivision 1, is amended to read:

Subdivision 1. A state office of 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 *and compensation judges* to serve in his office as necessary to fulfill the duties prescribed in this section. All hearing examiners *and compensation judges* 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. *All workers' compensation judges shall be learned in the law, shall have demonstrated knowledge of workers' compensation laws 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. 3. Minnesota Statutes 1980, Section 15.052, Subdivision 2, is amended to read:

Subd. 2. When regularly appointed hearing examiners *or compensation judges* are not available, the chief hearing examiner may contract with qualified individuals to serve as hearing examiners *or compensation judges*. Such temporary hearing examiners *or compensation judges* shall not be employees of the state.

Sec. 4. Minnesota Statutes 1980, 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. *All hearings required to be conducted under chapter 176 shall be conducted by a compensation judge assigned by the chief hearing examiner.* In assigning hearing examiners *or compensation judges* 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. *Only compensation judges shall be assigned to workers' compensation matters.* 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 impartial manner (; AND (4)). *Except in the case of workers' compensation hearings involving claims for compensation it shall also be the duty of the chief hearing examiner to 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. 5. Minnesota Statutes 1980, Section 15.052, Subdivision 4, is amended to read:

Subd. 4. The chief hearing examiner shall (PROMULGATE) *adopt* rules to govern the procedural conduct of all hearings, relating to both rule adoption, amendment, suspension or repeal hearings (AND), contested case hearings, *and workers' compensation hearings. Temporary rule-making authority is granted to the chief hearing examiner for the purpose of implementing sections 2 to 6, 84, 85 to 100, 105 to 113, and 118.* (SUCH) The 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, subdivisions 4 to 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. 6. Minnesota Statutes 1980, Section 15.052, Subdivision 5, is amended to read:

Subd. 5. The office of 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 *or under chapter 176. In cases arising under chapter 176, the chief*

hearing examiner, in consultation with the compensation judge, shall decide the method of recording.

Court reporters serving in the court reporter system of the office of 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. 7. Minnesota Statutes 1980, Section 15A.083, is amended by adding a subdivision to read:

Subd. 7. [WORKERS' COMPENSATION COURT OF APPEALS AND COMPENSATION JUDGES.] Salaries of judges of the workers' compensation court of appeals shall be 90 percent of the salary for district judges as provided in subdivision 1. Salaries of compensation judges shall be 75 percent of the salary of district court judges as provided in subdivision 1.

Sec. 8. Minnesota Statutes 1980, Section 43.064, is amended to read:

43.064 [OTHER SALARIES SET BY COMMISSIONER OF EMPLOYEE RELATIONS.]

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), (4), and (5) and for classified hearing examiners in the office of administrative hearings 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 the subsequent act that the provisions of this section shall not be applicable or shall be superseded, amended, or repealed.

Sec. 9. Minnesota Statutes 1980, Section 60A.15, Subdivision 1, is amended to read:

Subdivision 1. [DOMESTIC AND FOREIGN COMPANIES OTHER THAN TOWN AND FARMERS' MUTUAL AND DOMESTIC MUTUALS OTHER THAN LIFE.] On or before April 15, June 15, (SEPTEMBER 15) and December 15 of each year following December 31, 1971, every domestic and foreign company, except town and farmers' mutual insurance companies and domestic mutual insurance companies other than life, shall pay to the state treasurer through the commissioner of insurance (QUARTERLY) installments *equal to one-third* of the insurer's total estimated tax for the current year based on a sum equal to two percent of the gross premiums less return premiums on all direct business received by it in this state, or by its agents for it, in cash or otherwise, during such year, excepting premiums written for marine insurance as specified in subdivision 6. If unpaid by such dates penalties of ten percent shall accrue thereon, and thereafter such sum and penalties shall draw interest at the rate of one percent per month until paid. Failure of a company to make (QUARTERLY) payments of at least (ONE-FOURTH) *one-third* of either (a) the total tax paid during the previous calendar year or (b) 80 percent of the actual tax for the current calendar year shall subject the company to the penalty and interest provided in this subdivision.

Sec. 10. Minnesota Statutes 1980, Section 79.01, Subdivision 2, is amended to read:

Subd. 2. [INSURER.] The word "insurer" means any insurance carrier authorized by license issued by the commissioner of insurance to transact the business of workers' compensation insurance in this state (. FOR PURPOSES OF THIS SUBDIVISION "INSURER" DOES NOT INCLUDE) *and includes* a political subdivision providing self insurance or establishing a pool under section 471.981, subdivision 3.

Sec. 11. Minnesota Statutes 1980, Section 79.01, Subdivision 3, is amended to read:

Subd. 3. [INSURANCE.] The word "insurance" means workers' compensation insurance and insurance covering any part of the liability of an employer exempted from insuring his liability for compensation, as provided in section 176.181 (.) *and includes* a program of self insurance, self insurance revolving fund or pool established under section 471.981 (IS NOT INSURANCE FOR PURPOSES OF THIS SUBDIVISION).

Sec. 12. Minnesota Statutes 1980, Section 79.071, is amended by adding a subdivision to read:

Subd. 1a. If the legislature enacts amendments to the workers' compensation laws of this state which indicate a re-

duction in the schedule of rates, or the commissioner determines that the loss experience of Minnesota workers' compensation insurers indicates a change in the existing schedule of rates, the commissioner may, in his discretion, order a change in the schedule of rates or order a hearing to determine whether and by what percentage the schedule of rates should be changed. A hearing held pursuant to this subdivision is not subject to the contested case proceeding requirements of sections 79.071 and 79.072, notwithstanding section 79.076.

Sec. 13. Minnesota Statutes 1980, Section 79.071, is amended by adding subdivisions to read:

Subd. 8. When an insurer's estimate of amounts required to be reserved is based in any part on the operation of section 176.645, any assumption as to reserves required due to the operation of section 176.645, shall, for the purposes of determining rates, be offset by an assumption that the amount initially reserved shall be invested and yield a return equal to the annual percentage increase in the statewide average weekly wage. With respect to other reserved amounts, the commissioner shall, in determining rates, cause those rates to fully reflect the investment earnings of insurers which arise from revenues derived from the sale of workers' compensation insurance, either by use of a discount rate of no less than six percent in determining the reserves necessary for all claims, or by the use of an alternative methodology which the commissioner finds is more appropriate. Insurers shall provide the commissioner with any information which he deems necessary to arrive at the determination required by this subdivision.

Subd. 9. In no case shall more than one insurer reserve amounts in anticipation of losses on a single claim, nor shall an insurer reserve amounts in anticipation of losses which are the responsibility of the reinsurance association.

Sec. 14. Minnesota Statutes 1980, Section 79.34, Subdivision 1, is amended to read:

Subdivision 1. A nonprofit association known as the workers' compensation reinsurance association is created, which may be incorporated under chapter 317 with all the powers of a corporation formed under that chapter, except that if the provisions of that chapter are inconsistent with sections 79.34 to 79.42 or any amendments thereto, sections 79.34 to 79.42 shall govern. Each insurer as defined by section 79.01, subdivision 2, shall as a condition of its authority to transact workers' compensation insurance in this state, be a member of the reinsurance association and shall be bound by the plan of operation of the reinsurance association; provided, that all affiliated insurers within a holding company system as defined in sections 60D.01 to 60D.13 shall be considered a single entity for purposes of the exercise of all rights and duties of membership in the reinsur-

ance association. Each self-insurer approved pursuant to section 176.181 and each political subdivision which self-insures shall, as a condition of its authority to self-insure workers' compensation liability in this state, be a member of the reinsurance association and shall be bound by its plan of operation; provided, that (a) all affiliated companies within a holding company system, as determined by the commissioner in a manner consistent with the standards and definitions in sections 60D.01 to 60D.13, shall be considered a single entity for purposes of the exercise of all rights and duties of membership in the reinsurance association, and (b) all group self-insurers granted authority to self-insure pursuant to section 176.181 shall be considered a single entity for purposes of the exercise of all the rights and duties of membership in the reinsurance association. The reinsurance association shall not be deemed a state agency. Actions of the reinsurance association and its board of directors and actions of the commissioner of insurance with respect to the reinsurance association shall not be subject to chapter 15. The reinsurance association shall be exempt from taxation under the laws of this state and all property owned by the association shall be exempt from taxation. The reinsurance association shall not be obligated to make any payments or pay any assessments to any funds or pools established pursuant to this chapter or chapter 176 or any other law.

Sec. 15. Minnesota Statutes 1980, Section 79.34, Subdivision 2, is amended to read:

Subd. 2. The reinsurance association shall provide and each member shall accept indemnification for 100 percent of the amount of ultimate loss sustained in each loss occurrence relating to one or more claims arising out of a single compensable event, including aggregate losses related to a single event or occurrence which constitutes a single loss occurrence, under chapter 176 on and after October 1, 1979, in excess of \$300,000 or \$100,000 retention limit, at the option of the member. In case of occupational disease causing disablement on and after October 1, 1979, each person suffering such disablement shall be considered to be involved in a separate loss occurrence. (EACH) The lesser retention limit shall be increased to the nearest \$10,000, on January 1, (1981) 1982 and on each January 1 thereafter by the percentage increase in the statewide average weekly wage, as determined in accordance with section 176.011, subdivision 20. On January 1, 1982 and on each January 1 thereafter, the greater retention limit shall be increased by the amount necessary to retain a \$200,000 difference between the two retention limits. Ultimate loss as used in this section means the actual loss amount which a member is obligated to pay and which is paid by the member for workers' compensation benefits payable under chapter 176 and shall not include claim expenses, assessments, damages or penalties. A loss is incurred by the reinsurance association on the date on which the accident or other compensable event giving rise to the loss occurs, and

a member is liable for a loss up to its retention limit in effect at the time that the loss was incurred, except that members which are determined by the reinsurance association to be controlled by or under common control with another member, and which are liable for claims from one or more employees entitled to compensation for a single compensable event, including aggregate losses relating to a single loss occurrence, may aggregate their losses and obtain indemnification from the reinsurance association for the aggregate losses in excess of the higher retention limit in effect at the time the loss was incurred. Each member is liable for payment of its ultimate loss and shall be entitled to indemnification from the reinsurance association for the ultimate loss in excess of the member's retention limit in effect at the time of the loss occurrence.

A member that chooses the higher retention limit shall retain the liability for all losses below the higher retention limit itself and shall not transfer the liability to any other entity or reinsure or otherwise contract for reimbursement or indemnification for losses below its retention limit, except in the following cases: (a) when the reinsurance or contract is with another member which, directly or indirectly, through one or more intermediaries, control or are controlled by or are under common control with the members; (b) when the reinsurance or contract provides for reimbursement or indemnification of a member if and only if the total of all claims which the member pays or incurs, but which are not reimbursable or subject to indemnification by the reinsurance association for a given period of time, exceeds a dollar value or percentage of premium written or earned and stated in the reinsurance agreement or contract; (c) when the reinsurance or contract is a pooling arrangement with other insurers where liability of the member to pay claims pursuant to chapter 176 is incidental to participation in the pool and not as a result of providing workers' compensation insurance to employers on a direct basis under chapter 176; (OR (D) ANY OTHER REINSURANCE OR CONTRACT APPROVED BY THE COMMISSIONER UPON HIS DETERMINATION THAT THE REINSURANCE OR CONTRACT IS NOT INCONSISTENT WITH THE BASES FOR EXCEPTION PROVIDED UNDER CLAUSES (A), (B) AND (C) ABOVE) (d) *when the reinsurance or contract is limited to all the claims of a specific insured of a member which are reimbursed or indemnified by a reinsurer which, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the insured of the member so long as any subsequent contract or reinsurance of the reinsurer relating to the claims of the insured of a member is not inconsistent with the bases of exception provided under clauses (a), (b) and (c) above; or (e) when the reinsurance or contract is limited to all claims of a specific self-insurer member which are reimbursed or indemnified by a reinsurer which, directly or indirectly, through one or more intermediaries, controls or is controlled by or is under common control with the self-insurer member so long as any sub-*

sequent contract or reinsurance of the reinsurer relating to the claims of the self-insurer member are not inconsistent with the bases for exception provided under clauses (a), (b) and (c) above.

Whenever it appears to the commissioner that any member that chooses the higher retention limit has participated in the transfer of liability to any other entity or reinsured or otherwise contracted for reimbursement or indemnification of losses below its retention limit in a manner inconsistent with the bases for exception provided under clauses (a), (b), (c), (d), and (e), the commissioner may, after giving notice and an opportunity to be heard, order the member to pay to the state of Minnesota an amount not to exceed twice the difference between the reinsurance premium for the higher and lower retention limit applicable to the member for each year in which the prohibited reinsurance or contract was in effect. Any member subject to this penalty provision shall continue to be bound by its selection of the higher retention limit for purposes of membership in the reinsurance association.

Sec. 16. Minnesota Statutes 1980, Section 79.35, is amended to read:

79.35 [DUTIES; RESPONSIBILITIES; POWERS.]

The reinsurance association shall do the following on behalf of its members:

(a) Assume 100 percent of the liability as provided in section 79.34;

(b) Establish procedures by which members shall promptly report to the reinsurance association each claim which, on the basis of the injury sustained, may reasonably be anticipated to involve liability to the reinsurance association if the member is held liable under chapter 176. Solely for the purpose of reporting claims, the member shall in all instances consider itself legally liable for the injury. The member shall advise the reinsurance association of subsequent developments likely to materially affect the interest of the reinsurance association in the claim;

(c) Maintain relevant loss and expense data relative to all liabilities of the reinsurance association and require each member to furnish statistics in connection with liabilities of the reinsurance association at the times and in the form and detail as may be required by the plan of operation;

(d) Calculate and charge to members a total premium sufficient to cover the expected liability which the reinsurance association will incur in excess of the higher retention limit but

less than (\$500,000) *the prefunded limit*, together with incurred or estimated to be incurred operating and administrative expenses *for the period to which this premium applies and actual claim payments to be made by members, during the period to which this premium applies*, for claims in excess of (\$500,000 **FOR THE PERIOD TO WHICH THIS PREMIUM IS APPLICABLE**) *the prefunded limit in effect at the time the loss was incurred. The prefunded limit shall be \$2,500,000 on and after October 1, 1979, provided that the prefunded limit shall be increased on January 1, 1983 and on each January 1 thereafter by the percentage increase in the statewide average weekly wage, to the nearest \$100,000, as determined in accordance with section 176.011, subdivision 20.* Each member shall be charged a proportion of the total premium in an amount equal to its proportion of the total standard earned premium of all members during the period to which the reinsurance association premium will apply, as determined by the commissioner. Each member exercising the lower retention option shall also be charged a premium established by the board as sufficient to cover incurred or estimated to be incurred claims for the liability the reinsurance association is likely to incur between the lower and higher retention limits for the period to which the premium applies. Each (MEMBER'S PREMIUM) member shall (INCLUDE AN AMOUNT) *also be charged a premium determined by the board to equitably distribute excess or deficient premiums from previous periods including any excess or deficient premiums resulting from a retroactive change in the prefunded limit.* An equitable basis for determining standard earned premium for self-insurers shall be established by the commissioner. The premiums charged to members shall not be unfairly discriminatory as defined in section 79.074. All premiums shall be approved by the commissioner;

(e) Require and accept the payment of premiums from members of the reinsurance association;

(f) Receive and distribute all sums required by the operation of the reinsurance association;

(g) Establish procedures for reviewing claims procedures and practices of members of the reinsurance association. If the claims procedures or practices of a member are considered inadequate to properly service the liabilities of the reinsurance association, the reinsurance association may undertake, or may contract with another person, including another member, to adjust or assist in the adjustment of claims which create a potential liability to the association and may charge the cost of the adjustment to the member; and

(h) Provide each member of the reinsurance association with an annual report of the operations of the reinsurance association in a form the board of directors may specify.

Sec. 17. Minnesota Statutes 1980, Section 79.36, is amended to read:

79.36 [ADDITIONAL POWERS.]

In addition to the powers granted in section 79.35, the reinsurance association may do the following:

(a) Sue and be sued. A judgment against the reinsurance association shall not create any direct liability against the individual members of the reinsurance association. The reinsurance association shall provide in the plan of operation for the indemnification, to the extent provided in the plan of operation, of the members, members of the board of directors of the reinsurance association, and officers, employees and other persons lawfully acting on behalf of the reinsurance association;

(b) Reinsure all or any portion of its potential liability, including potential liability in excess of (\$500,000) *the prefunded limit*, with reinsurers licensed to transact insurance in this state or otherwise approved by the commissioner;

(c) Provide for appropriate housing, equipment, and personnel as may be necessary to assure the efficient operation of the reinsurance association;

(d) Contract for goods and services, including but not limited to independent claims management, actuarial, investment, and legal services from others within or without this state to assure the efficient operation of the reinsurance association;

(e) Adopt operating rules, consistent with the plan of operation, for the administration of the reinsurance association, enforce those operating rules, and delegate authority as necessary to assure the proper administration and operation of the reinsurance association;

(f) Intervene in or prosecute at any time, including but not limited to intervention or prosecution as subrogee to the member's rights in a third party action, any proceeding under this chapter or chapter 176 in which liability of the reinsurance association may, in the opinion of the board of directors of the reinsurance association or its designee, be establish, or the reinsurance association affected in any other way;

(g) The net proceeds derived from intervention or prosecution of any subrogation interest, or other recovery, shall first be used to reimburse the reinsurance association for amounts paid or payable pursuant to this chapter, together with any expenses of recovery, including attorney's fees, and any excess shall be paid to the member or other person entitled thereto, as deter-

mined by the board of directors of the reinsurance association, unless otherwise ordered by a court.

(h) Hear and determine complaints of a company or other interested party concerning the operation of the reinsurance association; and

(i) Perform other acts not specifically enumerated in this section which are necessary or proper to accomplish the purposes of the reinsurance association and which are not inconsistent with sections 79.34 to 79.42 or the plan of operation.

Sec. 18. [79.50] [PURPOSES.]

The purposes of chapter 79 are to:

(a) *Promote public welfare by regulating insurance rates so that premiums are not excessive, inadequate, or unfairly discriminatory;*

(b) *Promote quality and integrity in the data bases used in workers' compensation insurance ratemaking;*

(c) *Prohibit price fixing agreements and anticompetitive behavior by insurers;*

(d) *Promote price competition and provide rates that are responsive to competitive market conditions;*

(e) *Provide a means of establishment of proper rates if competition is not effective;*

(f) *Define the function and scope of activities of data service organizations; and*

(g) *Provide for an orderly transition from regulated rates to competitive market conditions.*

Sec. 19. [79.51] [RULES.]

Subdivision 1. [ADOPTION; WHEN.] The commissioner shall adopt rules to implement provisions of chapter 79. The rules shall be finally adopted after May 1, 1982. By January 15, 1982, the commissioner shall provide the legislature a description and explanation of the intent and anticipated effect of the rules on the various factors of the rating system.

Subd. 2. [TRANSITION PERIOD; RULES GOVERN.] Insurance rates from July 1, 1983, to December 31, 1985, shall be determined in accordance with rules adopted by the commissioner. The rules shall require (1) that a hearing be held pursu-

ant to the provisions of section 79.071 to consider any petition requesting modification of rates and (2) that following the hearing the commissioner shall adopt a schedule of rates.

Subd. 3. [RULES; SUBJECT MATTER.] (a) The commissioner in issuing rules shall consider:

(1) Data reporting requirements, including types of data reported, such as loss and expense data;

(2) Experience rating plans;

(3) Retrospective rating plans;

(4) General expenses and related expense provisions;

(5) Minimum premiums;

(6) Classification systems and assignment of risks to classifications;

(7) Loss development and trend factors;

(8) The workers' compensation reinsurance association;

(9) Restrictions, prohibitions, and requirements with respect to the activities of the workers' compensation insurers rating association of Minnesota during the period from July 1, 1983 to January 1, 1986;

(10) Requiring substantial compliance with the rules mandated by this section as a condition of workers' compensation carrier licensure;

(11) Imposing limitations on the functions of workers' compensation data service organizations consistent with the introduction of competition;

(12) The rules contained in the workers' compensation rating manual adopted by the workers' compensation insurers rating association; and

(13) Any other factors that the commissioner deems relevant to achieve the purposes of sections 1 through 18.

(b) The rules shall provide for the following:

(1) Competition in workers' compensation insurance rates in such a way that the advantages of competition are introduced with a minimum of employer hardship during the transition period;

(2) *Adequate safeguards against excessive or discriminatory rates in workers' compensation during the transition period;*

(3) *Encouragement of workers' compensation insurance rates which are as low as reasonably necessary, but shall make provision against inadequate rates, insolvencies and unpaid benefits;*

(4) *Assurances that employers are not unfairly relegated to the assigned risk pool;*

(5) *Requiring all appropriate data and other information from insurers for the purpose of issuing rules and making legislative recommendations pursuant to this section; and*

(6) *Preserving a framework for risk classification, data collection, and other appropriate joint insurer services where these will not impede the introduction of competition in premium rates.*

(c) *The rules shall expire on January 1, 1986.*

Subd. 4. [ADVISORY COMMITTEE.] *The commissioner shall appoint an advisory committee which shall offer recommendations regarding rulemaking under this section. The advisory committee shall include representatives of insurers, employers, and employees.*

Sec. 20. [79.52] [DEFINITIONS.]

Subdivision 1. [GENERALLY.] *The following words or phrases shall have the meanings ascribed to them for the purposes of sections 1 to 14, unless the context clearly indicates that a different meaning is intended.*

Subd. 2. [MARKET.] *"Market" means any reasonable grouping or classification of employers.*

Subd. 3. [DATA SERVICE ORGANIZATION.] *"Data service organization" means any entity which has ten or more members or is controlled directly or indirectly by ten or more insurers and is engaged in collecting data for use in insurance ratemaking or other activities permitted by chapter 79. Affiliated members or insurers shall be counted as a single unit for the purpose of this definition. The workers' compensation insurers rating association of Minnesota shall be considered a data service organization.*

Subd. 4. [CLASSIFICATION PLAN; CLASSIFICATION.] *"Classification plan" or "classification" means the plan, system, or arrangement for rating insurance policyholders.*

Subd. 5. [RATES.] "*Rates*" means the cost of insurance per exposure base unit.

Subd. 6. [BASE PREMIUM.] "*Base premium*" means the amount of premium which an employer would pay for insurance derived by applying rates to an exposure base prior to the application of any merit rating or discount factors.

Subd. 7. [PREMIUM.] "*Premium*" means the price charged to an insured for insurance for a specified period of time, regardless of the timing of actual payments.

Subd. 8. [DISCOUNT FACTOR.] "*Discount factor*" means any factor which is applied to the base premium and which is based upon insurer expenses or other factors not related to the risk of loss.

Subd. 9. [MERIT RATING.] "*Merit rating*" means a system or form of rating by which base premium is modified on the basis of loss experience or other factors which are reasonably related to loss or risk of loss and which may be reasonably affected by the action or activities of the insured. The sensitivity of a merit rating system to loss experience may vary by the size of risk. Merit rating shall include both prospective and retrospective methods for modifying base premium.

Subd. 10. [LOSS DEVELOPMENT FACTORS.] "*Loss development factors*" means factors applied to recorded incurred losses to estimate the amount of ultimate loss payments that will have been made for losses during the applicable period when all claims are paid.

Subd. 11. [TREND OR TRENDING.] "*Trend*" or "*trending*" means any procedure employing data for the purpose of projecting or forecasting the future value of that data or other data, or the factors resulting from such a procedure.

Subd. 12. [INTERESTED PARTY.] "*Interested party*" means any person, or association acting on behalf of its members, directly affected by a change in the schedule of rates and includes the staff of the insurance division.

Subd. 13. [INSURER.] "*Insurer*" means any insurer licensed to transact the business of workers' compensation insurance in this state.

Subd. 14. [INSURANCE.] "*Insurance*" means workers' compensation insurance.

Subd. 15. [RATING PLAN.] "*Rating plan*" means every manual, and every other rule including discount factors and merit rating necessary for the calculation of an insured's pre-

mium from an insurer's rates. An insurer may choose to adopt for use the rating plan of the data service organization in which it maintains membership.

Sec. 21. [79.53] [PREMIUM CALCULATION.]

Each insurer shall establish premiums to be paid by an employer according to its filed rates and rating plan as follows:

Rates shall be applied to an exposure base to yield a base premium which may be further modified by merit rating, premium discounts, and other appropriate factors contained in the rating plan of an insurer to produce premium. Nothing in this chapter shall be deemed to prohibit the use of any premium, provided the premium is not excessive, inadequate or unfairly discriminatory.

Sec. 22. [79.54] [COMPETITIVE MARKET PRESUMPTION.]

A competitive market is presumed to exist until the commissioner, after a hearing on the record, determines that a reasonable degree of competition does not exist and issues an order to that effect. The order shall include the conditions and procedures under which a determination of insufficient competition shall expire.

Sec. 23. [79.55] [STANDARDS FOR RATES.]

Subdivision 1. [GENERAL STANDARDS.] Premiums shall not be excessive, inadequate, or unfairly discriminatory.

Subd. 2. [EXCESSIVENESS.] No premium is excessive in a competitive market. In the absence of a competitive market, premiums are excessive if the expected underwriting profit, together with expected income from invested reserves for the market in question, that would accrue to an insurer would be unreasonably high in relation to the risk undertaken by the insurer in transacting the business.

Subd. 3. [INADEQUACY.] Premiums are inadequate if, together with the investment income associated with an insurer's Minnesota workers' compensation insurance business, they are clearly insufficient to sustain projected losses and expenses of the insurer and (a) if their continued use could lead to an insolvent situation for the insurer; or (b) if their use destroys or lessens competition or is likely to destroy or lessen competition.

Subd. 4. [UNFAIR DISCRIMINATION.] Premiums are unfairly discriminatory if differentials for insureds fail to reasonably reflect the differences in expected losses and expenses to the insurer attributable to the insureds. Rates are not un-

fairly discriminatory solely because different premiums result for insureds with like loss exposures but different expense factors, or like expense factors but different loss exposures, provided that rates reflect the differences with reasonable accuracy.

Sec. 24. [79.56] [FILING RATES AND RATING INFORMATION.]

Subdivision 1. [AFTER EFFECTIVE DATE.] Each insurer shall file with the commissioner a complete copy of its rates and rating plan, and all changes and amendments thereto, within 15 days after their effective dates. An insurer need not file a rating plan if it uses a rating plan filed by a data service organization. If an insurer uses a rating plan of a data service organization but deviates from it, then all deviations must be filed by the insurer.

Subd. 2. [BEFORE EFFECTIVE DATE.] The commissioner may order an insurer to file rates at least 30 days before the effective date of the rates (a) if the commissioner determines, based upon reasonable evidence, that an order is appropriate because of the insurer's financial condition or (b) due to a prior finding of unfairly discriminatory rating practices; or (c) due to a prior finding of inadequate rates. The order may require that supplementary rate and supporting information be included in a filing.

Subd. 3. [PENALTIES.] Any insurer using a rate or a rating plan which has not been filed shall be subject to a fine of up to \$100 for each day the failure to file continues. The commissioner may, after a hearing on the record, find that the failure is willful. A willful failure to meet filing requirements shall be punishable by a fine of up to \$500 for each day during which a willful failure continues. These penalties shall be in addition to any other penalties provided by law.

Subd. 4. [PUBLIC INSPECTION.] All filings shall be open to public inspection during normal business hours at the offices of the insurance division.

Sec. 25. [79.57] [FILING RATES; NONCOMPETITIVE MARKET.]

Upon making a determination that a market is not competitive, the commissioner shall require rates for use in that market to be filed 30 days prior to their effective date. The filing shall include, in a form prescribed by the commissioner, an explanation of the rates and any data supporting the use of the rates which are not on file with a data service organization.

The commissioner may issue an order for a hearing at any time prior to the effective date of the rates and the rates shall

not become effective until the commissioner has ruled on the rates following the hearing.

The commissioner may disapprove the rates subsequent to their effective date, except that rates so disapproved shall remain effective until the commissioner issues an order following a hearing.

Sec. 26. [79.58] [DISAPPROVAL OF RATES OR RATING PLANS.]

Subdivision 1. [RATES.] A rate filed by an insurer may be disapproved by the commissioner subsequent to its effective date. Following a disapproval and prior to a refiling the insurer shall use the rates from the schedule of rates currently in effect for the assigned risk plan for all new and renewal business unless otherwise directed by order of the commissioner.

The commissioner shall disapprove a rate if, after a hearing on the record, he finds that:

(a) The premium is inadequate or unfairly discriminatory; or

(b) A competitive market for workers' compensation does not exist and rates are excessive; or

(c) The insurer failed to comply with filing requirements.

A rehearing shall be held within 30 days of any disapproval under this section at the request of the insurer whose rates are disapproved.

Subd. 2. [RATING PLANS.] The commissioner may disapprove a rating plan of a data service organization if, after a hearing, the commissioner finds that it is unfairly discriminatory. Any order of disapproval shall require the data service organization to use an alternative rating plan until approval of a rating plan by the commissioner.

Sec. 27. [79.59.] [INSURERS AND DATA SERVICE ORGANIZATIONS; PROHIBITED ACTIVITIES.]

Subdivision 1. [MONOPOLIZATION.] No insurer or data service organization shall attempt to monopolize or combine or conspire with any other person to monopolize the business of insurance.

Subd. 2. [AGREEMENT PROHIBITED.] No insurer shall agree with any other insurer or with a data service organization to adhere to or to use any rate, rating plan, rating schedule, rating rule, or underwriting rule except as specifically au-

thorized by chapter 79 or for the purpose of creating experience modifications for employers with employees in more than one state.

Subd. 3. [TRADE RESTRAINT.] No insurer or data service organization shall make an agreement with any other insurer, data service organization, or other person which has the purpose or the effect of restraining trade or of substantially lessening competition.

Subd. 4. [EXCEPTIONS.] The fact that two or more insurers use the same rates, rating plans, rating schedules, rating rules, underwriting rules, or similar materials shall not alone constitute a violation of subdivision 1 or 2.

Two or more insurers under common ownership or operating under common management or control may act in concert between or among themselves with respect to matters authorized under chapter 79 as if they constituted a single insurer, provided that the rating plan of such insurers shall be considered to be a single plan for the purposes of determining unfair discrimination.

Subd. 5. [ADDITIONAL PROHIBITION.] In addition to other prohibitions contained in this chapter, no data service organization shall:

(a) Refuse to supply any service for which it is licensed or any data, except for data identifiable to an individual insurer, to any insurer authorized to do business in this state which offers to pay the usual compensation for the service or data;

(b) Require the purchase of any specific service as a condition to obtaining any other services sought;

(c) Participate in the development or distribution of rates, rating plans, or rating rules except as specifically authorized by this chapter or by rules adopted pursuant to this chapter; or

(d) Refuse membership to any licensed insurer.

Sec. 28. [79.60] [INSURERS; REQUIRED AND PERMITTED ACTIVITY.]

Subdivision 1. [REQUIRED ACTIVITY.] Each insurer shall perform the following activities:

(a) Maintain membership in and report loss experience data to a licensed data service organization in accordance with the statistical plan and rules of the organization as approved by the commissioner;

(b) *Establish a plan for merit rating which shall be consistently applied to all insureds, provided that members of a data service organization may use merit rating plans developed by that data service organization;*

(c) *Provide an annual report to the commissioner containing the information and prepared in the form required by the commissioner; and*

(d) *Keep a record of the premiums and losses paid under each workers' compensation policy written in Minnesota in the form required by the commissioner.*

Subd. 2. [PERMITTED ACTIVITY.] In addition to any other activities not prohibited by chapter 79, insurers may:

(a) *Through licensed data service organizations, individually, or with insurers commonly owned, managed, or controlled, conduct research and collect statistics to investigate, identify, and classify information relating to causes or prevention of losses;*

(b) *Develop and use classification plans and rates based upon any reasonable factors; and*

(c) *Develop rules for the assignment of risks to classifications.*

Sec. 29. [79.61] [DATA SERVICE ORGANIZATIONS; REQUIRED AND PERMITTED ACTIVITY.]

Subdivision 1. [REQUIRED ACTIVITY.] Any data service organization shall perform the following activities:

(a) *File statistical plans, including classification definitions, amendments to the plans, and definitions, with the commissioner for approval, and assign each compensation risk written by its members to its approved classification for reporting purposes;*

(b) *Establish requirements for data reporting and monitoring methods to maintain a high quality data base;*

(c) *Prepare and distribute a periodic report, in a form prescribed by the commissioner, on ratemaking including, but not limited to the following elements:*

(i) *development factors and alternative derivations;*

(ii) *trend factors and alternative derivations and applications;*

(iii) *pure premium relativities for the approved classification system for which data are reported, provided that the relativities for insureds engaged in similar occupations and presenting substantially similar risks shall, if different, differ by at least ten percent; and*

(iv) *an evaluation of the effects of changes in law on loss data.*

The report shall also include explicit discussion and explanation of methodology, alternatives examined, assumptions adopted, and areas of judgment and reasoning supporting judgments entered into, and the effect of various combinations of these elements on indications for modification of an overall pure premium rate level change. The pure premium relativities and rate level indications shall not include a loading for expenses or profit and no expense or profit data or recommendations relating to expense or profit shall be included in the report or collected by a data service organization;

(d) *Collect, compile, summarize, and distribute data from members or other sources pursuant to a statistical plan approved by the commissioner;*

(e) *Prepare merit rating plan and calculate any variable factors necessary for utilization of the plan. Such a plan may be used by any of its members, at the option of the member provided that the application of a plan shall not result in rates that are unfairly discriminatory;*

(f) *Provide loss data specific to an insured to the insured at a reasonable cost;*

(g) *Distribute information to an insured or interested party that is filed with the commissioner and is open to public inspection; and*

(h) *Assess its members for operating expenses on a fair and equitable basis.*

Subd. 2. [PERMITTED ACTIVITY.] *In addition to any other activities not prohibited by chapter 79, any data service organization may:*

(a) *Collect and analyze data in order to investigate, identify, and classify information relating to causes or prevention of losses;*

(b) *Make inspections for the sole purpose of reporting and maintaining data quality;*

(c) *Contract with another data service organization to fulfill any of the above requirements; and*

(d) *Prepare and file with the commissioner a rating plan for use by any of its members, provided that no member may be required to use any part of the plan.*

Sec. 30. [79.62] [DATA SERVICE ORGANIZATIONS; LICENSING, EXAMINATION.]

Subdivision 1. [LICENSE REQUIRED.] No data service organization shall provide any service and no insurer shall use the services of a data service organization unless the organization is licensed by the commissioner.

Subd. 2. [PROCEDURE; APPLICATION.] A data service organization shall apply for a license in a form and manner prescribed by the commissioner. The application of a data service organization shall include:

(a) *A copy of its constitution, articles of incorporation, by-laws, and other rules pertaining to the conduct of its business;*

(b) *A plan and narrative describing how it will perform the activities required by sections 11 and 14;*

(c) *A statement showing its technical qualifications; and*

(d) *Any other information that the commissioner may reasonably require.*

Subd. 3. [ISSUANCE.] The commissioner, upon finding that the applicant organization is qualified to provide the services required and proposed, or has contracted with a licensed data service organization to purchase these services which are required by chapter 79 but are not provided directly by the applicant, and that all requirements of law are met, shall issue a license. Licenses shall remain in effect until the licensee withdraws from business or until the license is suspended or revoked.

Subd. 4. [SUSPENSION; REVOCATION.] The commissioner may, after a hearing on the record, revoke or suspend the license of a data service organization if he finds that the organization is not in compliance with the requirements of chapter 79 or rules issued thereunder.

Subd. 5. [LICENSEE EXAMINATION.] The commissioner may examine any licensed data service organization to determine whether its activities and practices comply with law. The cost of the examination shall be paid by the examined organization.

Sec. 31. [79.63] [ASSIGNED RISK PLAN.]

Subdivision 1. [ADMINISTRATION.] The commissioner shall appoint a licensed data service organization to administer the assigned risk plan. The appointed data service organization shall submit to the commissioner for approval a plan and rules for administering the assigned risk plan, including a method or formula by which the organization is to be paid for administrative services.

Subd. 2. [REJECTION; NOTICE.] An insurer that refuses to write insurance for an applicant shall furnish the applicant a written notice of refusal and shall file a copy of the notice of refusal with the data service organization appointed pursuant to subdivision 1. Servicing insurers designated pursuant to subdivision 3 shall accept and insure any applicant for workers' compensation insurance assigned pursuant to subdivision 3.

Subd. 3. [ASSIGNMENT.] An insurer or insurers shall be designated by the data service organization appointed pursuant to subdivision 1 to issue a policy of workers' compensation insurance to an applicant which has been refused insurance. A policy shall contain the usual and customary provisions of workers' compensation insurance policies, but for which undertaking all insurers doing workers' compensation business in this state shall be reinsurers among themselves in the amount which the compensation insurance written in this state during the preceding calendar year by each insurer bears to the total compensation insurance written in this state during that calendar year by all insurers.

An insurer that issues a policy pursuant to this section shall receive an expense allowance which shall be adequate for services rendered, as approved by the commissioner.

Subd. 4. [PENALTY.] The commissioner may revoke the license of an insurer or agent for refusing or failing to provide an applicant with written refusal pursuant to subdivision 2 or for any other violation of this section or of the approved rules of a data service organization.

Subd. 5. [ASSIGNED RISK RATES.] Insureds served by the workers' compensation insurance assigned risk plan shall be charged premiums based upon a rating plan, rates, and a merit rating plan adopted by the commissioner by rule. This rating plan shall include a feature by which rates shall vary in relation to the number or proportion of insureds in the assigned risk plan in the preceding calendar year. This relationship shall be such that assigned risk rates shall vary upward as the number or proportion of insureds in the assigned risk plan decreases and downward as the number or proportion increases. Assigned

risk premiums shall not be lower than the rates generally charged by insurers for the business.

Sec. 32. Minnesota Statutes 1980, Section 60C.04, is amended to read:

60C.04 [CREATION.]

All insurers subject to the provisions of Laws 1971, Chapter 145 shall form an organization to be known as the Minnesota insurance guaranty association. All insurers defined as member insurers in section 60C.03, subdivision 6, are and shall remain members of the association as a condition of their authority to transact insurance business or to execute surety bonds in this state. The association shall perform its functions under a plan of operation established and approved under section 60C.07 and shall exercise its powers through a board of directors established under section 60C.08. For purposes of administration and assessment the association shall be divided into (FOUR) *five* separate accounts: (1) the automobile insurance account, (2) the township mutuals account, (3) the fidelity and surety bond account (AND), (4) the account for all other insurance to which Laws 1971, Chapter 145 applies, and (5) *the workers' compensation insurance account.*

Sec. 33. Minnesota Statutes 1980, Section 60C.09, Subdivision 2, is amended to read:

Subd. 2. [LIMITATION OF AMOUNT.] Payment of a covered claim is limited to the amount by which the allowance on any claim exceeds \$100 and is less than \$300,000. *The limitation on the amount of payment for a covered claim does not apply to claims for workers' compensation insurance.* In no event is the association obligated to the policyholder or claimant in an amount in excess of the obligation of the insurer under the policy from which the claim arises.

Sec. 34. Minnesota Statutes 1980, Section 79.071, Subdivision 1, is amended to read:

Subdivision 1. The commissioner shall adopt a schedule of workers' compensation insurance rates for use in this state for each classification under which business is written *until January 1, 1986.* The schedule of rates shall not be excessive, inadequate, or unfairly discriminatory. In adopting a schedule of rates, the commissioner may act on the written petition of the association or any other interested party requesting that a hearing be held for modification of the schedule of rates. The commissioner may include the expense of a reasonable charge for the services of an agent of record, for the service of rejected risks as set forth in sections 79.24 to 79.27.

Sec. 35. Minnesota Statutes 1980, Section 175.007, is amended to read:

175.007 [ADVISORY COUNCIL ON WORKERS' COMPENSATION; CREATION.]

Subdivision 1. The commissioner (OF LABOR AND INDUSTRY) shall appoint (, AFTER CONSULTATION WITH THE JUDGES OF THE WORKERS' COMPENSATION COURT OF APPEALS,) an advisory council on workers' compensation, which shall consist of five representatives of employers and five representatives of employees and three members representing the general public. *The council may consult with the judges of the workers' compensation court of appeals (SHALL BE NON-VOTING MEMBERS OF THE ADVISORY COUNCIL).* The council shall expire and the terms, compensation and removal of members shall be as provided in section 15.059.

Subd. 2. The advisory council shall study and present to the legislature and the governor, on or before November 15 of each even numbered year, its findings relative to the costs, methods of financing, and the formula to be used to provide supplementary compensation to workers who have been determined permanently and totally disabled prior to July 1, 1969, and its findings relative to alterations in the scheduled benefits for permanent partially disabled, and other aspects of the workers' compensation act. *The council shall also study and present to the legislature and the governor on or before November 15 of 1981 and by November 15 of each even numbered year thereafter a report on the financial, administrative and personnel needs of the workers' compensation division.*

Sec. 36. Minnesota Statutes 1980, Section 175.101, is amended by adding a subdivision to read:

Subd. 4. *Assistance from the department of administration and other consultation as may be required shall be obtained by the commissioner of labor and industry in cooperation with the commissioner of insurance to design measures to improve the recordkeeping and information systems of the department. The department of administration shall assist the commissioner in developing Phase I and II implementation studies and resultant implementation costs. Such studies shall be completed by January 1, 1982, at which time a report shall be made to the chairmen of the house appropriations and senate finance committees. The commissioner of labor and industry shall also prepare reports on April 1, 1982, and July 1, 1982, describing the progress made in developing and implementing the computer system. A preliminary report to the chairmen of house appropriations and senate finance committees shall be made by September 1, 1981.*

Sec. 37. Minnesota Statutes 1980, Section 175.11, Subdivision 1, is amended to read:

Subdivision 1. The workers' compensation division (AND THE WORKERS' COMPENSATION COURT OF APPEALS) shall (EACH) have a seal for the authentication of its orders and proceedings, upon which shall be inscribed the words, "Workers' Compensation Division of Minnesota" (OR "WORKERS' COMPENSATION COURT OF APPEALS OF MINNESOTA" RESPECTIVELY), as the division (OR WORKERS' COMPENSATION COURT OF APPEALS) may prescribe. The courts of this state shall take judicial notice of such seal (AND OF THE SIGNATURES OF THE JUDGES OF THE WORKERS' COMPENSATION COURT OF APPEALS); and in all cases copies of orders, proceedings, or records of the division (OR WORKERS' COMPENSATION COURT OF APPEALS), certified by (A JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS UNDER HIS SEAL) *the commissioner*, shall be received in evidence, with the same force and effect given to the originals.

Sec. 38. Minnesota Statutes 1980, Section 175.14, is amended to read:

175.14 [TRAVELING EXPENSES.]

The (WORKERS' COMPENSATION JUDGES OF THE COURT OF APPEALS AND THE) commissioner (OF LABOR AND INDUSTRY) and the officers, assistants, and employees of the (WORKERS' COMPENSATION COURT OF APPEALS AND) department shall be paid out of the state treasury their actual and necessary expenses while traveling on the business of the (WORKERS' COMPENSATION COURT OF APPEALS OR) department. Vouchers for such expenses shall be itemized and sworn to by the persons incurring the expense, and be subject to the approval of (THE WORKERS' COMPENSATION COURT OF APPEALS OR) the commissioner of labor and industry.

Sec. 39. Minnesota Statutes 1980, Section 175.17, is amended to read:

175.17 [POWERS AND DUTIES, (WORKERS' COMPENSATION COURT OF APPEALS, AND) COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY.]

(1) (THE WORKERS' COMPENSATION COURT OF APPEALS SHALL PRINCIPALLY EXERCISE APPELLATE JURISDICTION UNDER THE LAWS RELATING TO WORKERS' COMPENSATION AND THE LAWS GOVERNING EMPLOYEES OF THE STATE, A COUNTY, OR OTHER GOVERNMENTAL SUBDIVISION WHO CONTRACT TUBERCULOSIS;)

((2)) The commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) shall administer the laws relating

to workers' compensation and the laws governing employees of the state, a county, or other governmental subdivisions who contract tuberculosis;

((3)) (2) The (WORKERS' COMPENSATION COURT OF APPEALS AND THE) commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) shall (JOINTLY PRESCRIBE) *adopt* reasonable and proper rules (AND REGULATIONS) governing rules of practice before the workers' compensation division in (NONAPPELLATE) matters *which are not before a compensation judge*;

((4) THE WORKERS' COMPENSATION COURT OF APPEALS SHALL PRESCRIBE RULES OF PRACTICE BEFORE IT IN APPELLATE MATTERS;)

((5)) (3) The commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) shall collect, collate, and publish statistical and other information relating to work under (ITS) *the department's* jurisdiction and make public reports in his judgment necessary, including such other reports as may be required by law;

((6)) (4) The commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) shall establish and maintain branch offices as needed for the conduct of the affairs of the workers' compensation division.

Sec. 40. [175A.01] [CREATION.]

Subdivision 1. [MEMBERSHIP, APPOINTMENT, QUALIFICATIONS.] The workers' compensation court of appeals as previously constituted is reconstituted as an independent agency in the executive branch.

The workers' compensation court of appeals shall consist of five judges each serving in the unclassified service. The five judges shall be learned in the law. Each judge of the workers' compensation court of appeals shall be appointed by the governor, by and with the advice and consent of the senate, for a term of six years commencing at the expiration of the preceding term. Any vacancy shall be filled by the governor for the unexpired term, subject to confirmation by the senate. The terms of the judges shall expire on the first Monday in January of the year in which they expire. The terms of the judges shall be staggered. The judges of the workers' compensation court of appeals as now created shall be the judges of the workers' compensation court of appeals until the expiration of the terms for which they have been appointed and qualified. They shall be selected on the basis of their experience with and knowledge of workers' compensation and the workers' compensation laws of Minnesota. The judges of the workers' compensation court of appeals shall be subject to the provisions of the Minnesota Constitution, Article

VI, Section 6, the jurisdiction of the commission on judicial standards, as provided in sections 490.15 and 490.16, and the provisions of the code of judicial conduct.

Subd. 2. [JURISDICTION.] *The workers' compensation court of appeals shall have statewide jurisdiction. Except for an appeal to the supreme court or any other appeal allowed under this subdivision, the workers' compensation court of appeals shall be the sole, exclusive, and final authority for the hearing and determination of all questions of law and fact arising under the workers' compensation laws of the state in those cases that have been appealed to the workers' compensation court of appeals and in any case that has been transferred by the district court to the workers' compensation court of appeals. The workers' compensation court of appeals shall have no jurisdiction in any case that does not arise under the workers' compensation laws of the state or in any criminal case, provided that the workers' compensation court of appeals shall exercise appellate jurisdiction under the laws governing employees of the state, a county, or other governmental subdivision who contract tuberculosis and under chapter 352E.*

Subd. 3. [OATH.] *Each judge of the workers' compensation court of appeals before entering upon the duties of his office, shall take the oath prescribed by law.*

Sec. 41. [175A.02] [OFFICERS.]

The judges of the workers' compensation court of appeals shall choose a chief judge from among their number. The chief judge shall appoint one of the judges to serve as the administrator, who shall be custodian of the court's files and records and shall coordinate and make hearing assignments. The judge who is appointed the administrator may delegate the duties of administrator to an employee chosen to be the assistant administrator. The clerk of district court in each county shall be the clerk of the workers' compensation court of appeals in that county. Filing fees and library fees deposited with the clerk of district court in his capacity as clerk of the workers' compensation court of appeals and in cases originally commenced in district court and transferred to the workers' compensation court of appeals shall be retained by the clerk of district court. The workers' compensation court of appeals clerk in each county shall be subject to the supervision of the administrator in workers' compensation court of appeals matters.

Sec. 42. [175A.03] [POLITICAL NONPARTICIPATION.]

Every judge of the workers' compensation court of appeals and every officer or employee of the workers' compensation court of appeals who by solicitation or otherwise exerts his influence, directly or indirectly, to induce other officers or employees of the state to adopt his political views, or to favor

any particular person or candidate for office, or to contribute funds for campaign or political purposes, shall be removed from his office or position by the authority appointing him.

Sec. 43. [175A.04] [OFFICE.]

The workers' compensation court of appeals shall maintain its main office within the Minneapolis-St. Paul metropolitan area and be provided by the commissioner of administration with suitable rooms and necessary furniture. The offices of the workers' compensation court of appeals and the department of labor and industry shall be in separate buildings. The court may hold sessions at any other place in the state when their convenience and that of the parties interested so requires.

Sec. 44. [175A.05] [QUORUM.]

A majority of the judges of the workers' compensation court of appeals shall constitute a quorum for the exercise of the powers conferred and the duties imposed on the workers' compensation court of appeals and all appeals shall be heard by at least three of the five judges. A vacancy shall not impair the ability of the remaining judges of the workers' compensation court of appeals to exercise all the powers and perform all of the duties of the workers' compensation court of appeals.

Sec. 45. [175A.06] [SESSIONS TO BE PUBLIC.]

The hearings of the workers' compensation court of appeals shall be open to the public and may be adjourned from time to time. All the proceedings of the court shall be shown on its records, which shall be public records.

Sec. 46. [175A.07] [POWERS.]

Subdivision 1. [PROCESS; PROCEDURES.] The workers' compensation court of appeals shall keep such record of all its proceedings as it deems appropriate and shall issue necessary processes, writs, warrants, and notices which the workers' compensation court of appeals is required or authorized to issue. Notices and other documents required to be served or filed on the workers' compensation court of appeals shall be served on the administrator of the court or his delegate.

Subd. 2. [PERSONNEL.] The judges of the workers' compensation court of appeals shall appoint in the manner provided by law all personnel required by the workers' compensation court of appeals. The commissioner of administration shall provide the court with necessary additional staff and administrative services, and the court shall reimburse the commissioner for the cost of these services.

Subd. 3. [POWER TO REVIEW.] The workers' compensation court of appeals shall have the powers of review provided in chapter 176.

Subd. 4. [RULES.] The workers' compensation court of appeals shall prescribe rules of practice before it.

Sec. 47. [175A.08] [SEAL.]

The workers' compensation court of appeals shall have a seal for the authentication of its orders and proceedings, upon which shall be inscribed the words, "Workers' Compensation Court of Appeals of Minnesota" as the court of appeals may prescribe. The courts of this state shall take judicial notice of such seal and of the signatures of the judges of the workers' compensation court of appeals; and in all cases copies of orders, proceedings, or records of the workers' compensation court of appeals, certified by a judge of the workers' compensation court of appeals under its seal, shall be received in evidence, with the same force and effect given to the originals.

Sec. 48. [175A.09] [TRAVEL EXPENSES.]

The workers' compensation judges of the court of appeals and the officers, assistants, and employees of the workers' compensation court of appeals shall be paid out of the state treasury their actual and necessary expenses while traveling on the business of the workers' compensation court of appeals. Vouchers for such expenses shall be itemized and sworn to by the persons incurring the expense, and be subject to the approval of the workers' compensation court of appeals.

Sec. 49. [175A.10] [APPEALS AND REVIEWS.]

Unless an appeal is taken to the district court, the right of appeal provided in chapter 176 shall be the exclusive remedy for reviewing the actions of the commissioner, the workers' compensation division or a compensation judge in a matter arising under chapter 176. On any appeal taken by an employee or an employer or insurer to the workers' compensation court of appeals, or the supreme court, the decision of the workers' compensation court of appeals, or the decision of the supreme court on its review, as the case may be, shall be final and conclusive as to all parties to the proceedings as to all matters at issue determined by a decision. In all cases the decision of the workers' compensation court of appeals on appeal, or of the supreme court on review, as the case may be, shall stand in lieu of the order of the commissioner or the division or the compensation judge from whom the appeal was taken.

Sec. 50. [176.001] [INTENT OF THE LEGISLATURE.]

It is the intent of the legislature that chapter 176 be interpreted so as to assure the quick and efficient delivery of indemnity and medical benefits to injured workers at a reasonable cost to the employers who are subject to the provisions of chapter 176.

Sec. 51. Minnesota Statutes 1980, Section 176.011, Subdivision 6, is amended to read:

Subd. 6. (1) "Court of appeals" means the workers' compensation court of appeals of Minnesota.

(2) "Division" means the workers' compensation division of the department of labor and industry.

(3) "Department" means the department of labor and industry.

(4) "Commissioner", unless the context clearly indicates otherwise, means the commissioner of labor and industry.

Sec. 52. Minnesota Statutes 1980, Section 176.011, Subdivision 9, is amended to read:

Subd. 9. [EMPLOYEE.] "Employee" means any person who performs services for another for hire; and includes the following:

(1) an alien;

(2) a minor;

(3) a sheriff, deputy sheriff, constable, marshal, policeman, firefighter, a county highway engineer, and a peace officer while engaged in the enforcement of peace or in and about the pursuit or capture of any person charged with or suspected of crime and any person requested or commanded to aid an officer in arresting any person, or in retaking any person who has escaped from lawful custody, or in executing any legal process in which case, for purposes of calculating compensation payable under this chapter, the daily wage of the person requested or commanded to assist an officer or to execute a legal process shall be the prevailing wage for similar services where the services are performed by paid employees;

(4) a county assessor;

(5) an elected or appointed official of the state, or of any county, city, town, school district or governmental subdivision therein but an officer of a political subdivision elected or appointed for a regular term of office or to complete the unexpired portion of any such regular term, shall be included only

after the governing body of the political subdivision has adopted an ordinance or resolution to that effect;

(6) an executive officer of a corporation except an officer of a family farm corporation as defined in section 500.24, subdivision 1, clause (c), nor shall it include an executive officer of a closely held corporation who is referred to in section 176.012;

(7) a voluntary uncompensated worker, other than an inmate, rendering services in state institutions under the commissioner of public welfare and state institutions under the commissioner of corrections similar to those of officers and employees of these institutions, and whose services have been accepted or contracted for by the commissioner of public welfare or the commissioner of corrections as authorized by law, shall be employees within the meaning of this subdivision. In the event of injury or death of the voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

(8) a voluntary uncompensated worker engaged in peace time in the civil defense program when ordered to training or other duty by the state or any political subdivision thereof, shall be an employee. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services where the services are performed by paid employees;

(9) a voluntary uncompensated worker participating in a program established by a county welfare board shall be an employee within the meaning of this subdivision. In the event of injury or death of the voluntary uncompensated worker, the wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid in the county at the time of the injury or death for similar services where the services are performed by paid employees working a normal day and week;

(10) a voluntary uncompensated worker accepted by the commissioner of natural resources who is rendering services as a volunteer pursuant to section 84.089 shall be an employee. The daily wage of the worker for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services where the services are performed by paid employees;

(11) a member of the military forces, as defined in section 190.05, while in "active service" or "on duty" as defined in

section 190.05, when the service or duty is ordered by state authority. The daily wage of the member for the purpose of calculating compensation payable under this chapter shall be based on the member's usual earnings in civil life. If there is no evidence of previous occupation or earning, the trier of fact shall consider the member's earnings as a member of the military forces;

(12) a voluntary uncompensated worker, accepted by the director of the Minnesota historical society, rendering services as a volunteer, pursuant to chapter 138, shall be an employee. The daily wage of the worker, for the purposes of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of injury or death for similar services where the services are performed by paid employees;

(13) a voluntary uncompensated worker, other than a student, who renders services at the Minnesota school for the deaf or the Minnesota braille and sight-saving school, and whose services have been accepted or contracted for by the state board of education, as authorized by law, shall be an employee within the meaning of this subdivision. In the event of injury or death of the voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

(14) a voluntary uncompensated worker, other than a resident of the veterans home, who renders services at a Minnesota veterans home, and whose services have been accepted or contracted for by the commissioner of veterans affairs, as authorized by law, is an employee within the meaning of this subdivision. In the event of injury or death of the voluntary uncompensated worker, the daily wage of the worker, for the purpose of calculating compensation payable under this chapter, shall be the usual going wage paid at the time of the injury or death for similar services in institutions where the services are performed by paid employees;

(15) a worker who renders in-home attendant care services to a physically handicapped person, and who is paid directly by the commissioner of public welfare for these services, shall be an employee of the state within the meaning of this subdivision, but for no other purpose.

In the event it is difficult to determine the daily wage as (HEREIN) provided in this subdivision, then the trier of fact may determine the wage upon which the compensation is payable.

Sec. 53. Minnesota Statutes 1980, Section 176.021, Subdivision 1, is amended to read:

Subdivision 1. [LIABILITY FOR COMPENSATION.] Except as excluded by this chapter all employers and employees are subject to the provisions of this chapter.

Every (SUCH) employer is liable for compensation according to the provisions of this chapter and is liable to pay compensation in every case of personal injury or death of his employee arising out of and in the course of employment without regard to the question of negligence (, UNLESS). *The burden of proof of these facts is upon the employee.*

If the injury was intentionally self-inflicted or (WHEN) the intoxication of the employee is the proximate cause of the injury, then the employer is not liable for compensation. The burden of proof of (SUCH) these facts is upon the employer.

Sec. 54. Minnesota Statutes 1980, Section 176.021, is amended by adding a subdivision to read:

Subd. 1a. [BURDEN OF PROOF.] All disputed issues of fact arising under chapter 176 shall be determined by a preponderance of the evidence. Preponderance of the evidence means evidence produced in substantiation of a fact which, when weighed against the evidence opposing the fact, has more convincing force and greater probability of truth.

Questions of law arising under chapter 176 shall be determined in accordance with the rules of construction generally applied to all other civil matters.

Sec. 55. Minnesota Statutes 1980, Section 176.021, Subdivision 3, is amended to read:

Subd. 3. [COMPENSATION, COMMENCEMENT OF PAYMENT.] All employers shall commence payment of (THE) compensation at the time and in the manner prescribed by this chapter without the necessity of any agreement or any order of the division. Except (THOSE OF) for medical, burial, and other non-periodic benefits, payments shall be made as nearly as (MAY BE) possible at the intervals when the wage was payable (;), provided, however, that payments for permanent partial disability (IN CASES IN WHICH RETURN TO WORK OCCURS PRIOR TO FOUR WEEKS FROM THE DATE OF INJURY SHALL BE MADE BY LUMP SUM PAYMENT,) *shall be governed by subdivision 3a (AND THE PROVISIONS OF SECTION 176.165 SHALL NOT APPLY, WITHOUT THE NECESSITY OF ANY AGREEMENT, OR ORDER OF THE DIVISION, UPON CESSATION OF PAYMENTS FOR TEMPORARY TOTAL DISABILITY AND UPON THE EMPLOYEE'S RETURN TO WORK. IN CASES IN WHICH RETURN TO WORK DOES NOT OCCUR PRIOR TO FOUR WEEKS AFTER INJURY, PAYMENTS FOR PERMANENT*

PARTIAL DISABILITY SHALL BE MADE ACCORDING TO THE FOLLOWING SCHEDULE: 25 PERCENT OF THE AMOUNT DUE AFTER FOUR WEEKS FROM THE DATE OF INJURY, 25 PERCENT AFTER EIGHT WEEKS, 25 PERCENT AFTER 12 WEEKS AND 25 PERCENT AFTER 16 WEEKS, PROVIDED THAT ANY AND ALL PAYMENTS REMAINING SHALL BE PAID UPON THE CESSATION OF PAYMENTS FOR TEMPORARY TOTAL DISABILITY AND UPON THE EMPLOYEE'S RETURN TO WORK). If doubt exists (AT THAT TIME) as to the eventual permanent partial disability, payment, *pursuant to subdivision 3a*, shall be then made *when due* for the minimum permanent partial disability ascertainable (IN LUMP SUM), and further (LUMP SUM) payment shall be made upon any later ascertainment of greater permanent partial disability. At the time of (THE) *any* tender of the lump sum payment, the employee and employer shall be furnished with a copy of the medical report upon which the payment is based, together with a statement by the insurer as to whether the tendered payment is for minimum permanent partial disability or final and eventual disability. Compensation for permanent partial disability is payable (CONCURRENTLY AND) in addition to compensation for temporary total disability and temporary partial disability (AS SET FORTH IN) *pursuant to section 176.101, subdivisions 1 and 2, (AND) as provided in subdivision 3a. Compensation for permanent partial disability is payable concurrently and in addition to compensation for permanent total disability (AS DEFINED IN) pursuant to section 176.101, subdivision 5 (; AND SUCH), as provided in subdivision 3a. Compensation for permanent partial disability shall (NOT) be (DEFERRED) withheld pending completion of payment for temporary total and temporary partial disability but shall not be withheld pending payment of compensation for (OR) permanent total disability, and no credit shall be taken for payment of permanent partial disability against liability for temporary total or permanent total disability. Liability on the part of an employer or his insurer for disability of a temporary total, temporary partial, and permanent total nature shall be considered as a continuing product and part of the employee's inability to earn or reduction in earning capacity due to injury or occupational disease and shall be payable accordingly, subject to subdivision 3a. Permanent partial disability is payable for functional loss of use or impairment of function, permanent in nature, and payment therefore shall be separate, distinct, and in addition to payment for any other compensation, subject to subdivision 3a. The right to receive temporary total, temporary partial, permanent partial or permanent total disability payments shall vest in the injured employee or his dependents under this chapter or, if none, in his legal heirs at the time the disability can be ascertained and the right shall not be abrogated by the employee's death prior to the making of the payment.*

Sec. 56. Minnesota Statutes 1980, Section 176.021, is amended by adding a subdivision to read:

Subd. 3a. [PERMANENT PARTIAL BENEFITS, PAYMENT.] *Payments for permanent partial disability as provided in section 176.101, subdivision 3, shall be made in the following manner:*

(a) *If the employee returns to work, payment shall be made by lump sum;*

(b) *If temporary total payments have ceased, but the employee has not returned to work, payment shall be made at the same intervals as temporary total payments were made;*

(c) *If temporary total disability payments cease because the employee is receiving payments for permanent total disability or because the employee is retiring or has retired from the work force, then payment shall be made by lump sum;*

(d) *If the employee completes a rehabilitation plan pursuant to section 176.102, but the employer does not furnish the employee with work he can do in his permanently partially disabled condition, and the employee is unable to procure such work with another employer, then payment shall be made by lump sum.*

Sec. 57. *Minnesota Statutes 1980, Section 176.021, is amended by adding a subdivision to read:*

Subd. 8. [AMOUNTS ADJUSTED.] *Amounts of compensation payable by an employer or his insurer under this chapter may be rounded to the nearest dollar amount. An employer or insurer who elects to make such adjustments shall do so for all compensation payments under this chapter.*

Sec. 58. *Minnesota Statutes 1980, Section 176.041, is amended by adding a subdivision to read:*

Subd. 6. [COMMISSIONER OF LABOR AND INDUSTRY; ADDITIONAL POWERS.] *Whenever an employee is covered by subdivision 2, 3 or 4, the commissioner may enter into agreements with the appropriate agencies of other states for the purpose of resolving conflicts of jurisdiction or disputes concerning workers' compensation coverage. An agreement entered into pursuant to this subdivision may be appealed in the same manner and within the same time as if the appeal were from an order or decision of a compensation judge to the workers' compensation court of appeals.*

Sec. 59. *Minnesota Statutes 1980, Section 176.061, Subdivision 1, is amended to read:*

Subdivision 1. [ELECTION OF REMEDIES.] *Where an injury or death for which (COMPENSATION IS) benefits are payable occurs under circumstances which create a legal liability for damages on the part of a party other than the employer and at the time of such injury or death that party*

was insured or self-insured in accordance with this chapter, the employee, in case of injury, or his dependents, in case of death, may proceed either at law against that party to recover damages or against the employer for (COMPENSATION) *benefits*, but not against both.

Sec. 60. Minnesota Statutes 1980, Section 176.061, Subdivision 3, is amended to read:

Subd. 3. [ELECTION TO RECEIVE (COMPENSATION) *BENEFITS FROM EMPLOYER; SUBROGATION.*] If the employee or his dependents elect to receive (COMPENSATION) *benefits* from the employer, *or the special compensation fund*, (SUCH) *the employer, or the special compensation fund*, is subrogated to the right of the employee or his dependents to recover damages against the other party. The employer, *or the attorney general on behalf of the special compensation fund*, may bring legal proceedings against such party and recover the aggregate amount of (COMPENSATION) *benefits* payable (BY HIM) *to or on behalf of* the employee or his dependents, together with (THE) costs, disbursements, and reasonable attorney's fees of the action.

If an action as provided in this chapter prosecuted by the employee, the employer, or (BOTH JOINTLY) *the attorney general on behalf of the special compensation fund*, against the third person, results in judgment against the third person, or settlement by the third person, the employer shall have no liability to reimburse or hold the third person harmless on the judgment or settlement in absence of a written agreement to do so executed prior to the injury.

Sec. 61. Minnesota Statutes 1980, Section 176.061, Subdivision 4, is amended to read:

Subd. 4. [APPLICATION OF SUBDIVISIONS 1, 2, AND 3.] The provisions of subdivisions 1, 2, and 3 apply only where the employer liable for (COMPENSATION) *benefits* and the other party legally liable for damages are insured or self-insured and engaged, in the due course of business *in*, (a) (IN) furtherance of a common enterprise, or (b) *in* the accomplishment of the same or related purposes in (OPERATION) *operations* on the premises where the injury was received at the time thereof.

Sec. 62. Minnesota Statutes 1980, Section 176.061, Subdivision 5, is amended to read:

Subd. 5. [CUMULATIVE REMEDIES.] Where an injury or death for which (COMPENSATION IS) *benefits* are payable is caused under circumstances which created a legal liability for damages on the part of a party other than the employer, that party being then insured or self-insured in accordance with this

chapter, and the provisions of subdivisions 1, 2, 3, and 4 do not apply, or the party other than the employer is not then insured or self-insured as provided by this chapter, legal proceedings may be taken by the employee or his dependents in accordance with clause (a), or by his employer, *or by the attorney general on behalf of the special compensation fund*, in accordance with clause (b), against the other party to recover damages, notwithstanding the payment by the employer, *or the special compensation fund* or (HIS) their liability to pay (COMPENSATION) *benefits*.

(a) If an action against the other party is brought by the injured employee or his dependents and a judgment is obtained and paid or settlement is made with the other party, the employer *or the special compensation fund* may deduct from the (COMPENSATION) *benefits payable (BY HIM)* the amount actually received by the employee or dependents *or paid on their behalf* in accordance with subdivision 6. If the action is not diligently prosecuted or if the court deems it advisable in order to protect the interests of the employer, *or the special compensation fund*, upon application the court may grant the employer, *or the special compensation fund*, the right to intervene in any such action for the prosecution thereof. If the injured employee or his dependents (AGREE TO RECEIVE COMPENSATION) *or any party on their behalf receives benefits* from the employer, *or the special compensation fund*, or institute proceedings to recover the same or accept from the employer, *or the special compensation fund*, any payment on account of the (COMPENSATION) *benefits*, the employer, *or the special compensation fund*, is subrogated to the rights of the employee or his dependents. This employer, *or the attorney general on behalf of the special compensation fund*, may maintain an action or continue an action already instituted. This action may be maintained in the name of the employee or the names of the dependents, or in the name of the employer *or in the name of the attorney general on behalf of the special compensation fund* against such other party for the recovery of damages. If the action is not diligently prosecuted by the employer, *or the attorney general on behalf of the special compensation fund*, or the court deems it advisable in order to protect the interest of the employee, the court, upon application, may grant to the employee or his dependents the right to intervene in the action for the prosecution thereof. The proceeds of such action or settlement thereof shall be paid in accordance with subdivision 6.

(b) If an employer, being then insured, sustains damages due to a change in workers' compensation insurance premiums, whether by a failure to achieve a decrease or by a retroactive or prospective increase, as a result of the injury or death of his employee which was caused under circumstances which created a legal liability for damages on the part of a party other than the employer, the employer, notwithstanding other remedies

provided, may maintain an action against the other party for recovery of such premiums. This cause of action may be brought either by joining in an action described in clause (a) or by a separate action. Damages recovered under this clause shall be for the benefit of the employer and the provisions of subdivision 6 shall not be applicable to such damages.

(c) The third party is not liable to any person other than the employee or his dependents, or his employer, or *the special compensation fund*, for any damages resulting from the injury or death.

A co-employee working for the same employer is not liable for a personal injury incurred by another employee unless the injury resulted from the gross negligence of the co-employee or was intentionally inflicted by the co-employee.

Sec. 63. Minnesota Statutes 1980, Section 176.061, Subdivision 6, is amended to read:

Subd. 6. [COSTS, ATTORNEY FEES, EXPENSES.] The proceeds of all actions for damages or settlement thereof under this section, except for damages received under subdivision 5, clause (b) received by the injured employee or his dependents or by the employer, or *the special compensation fund*, as provided by subdivision 5, shall be divided as follows:

(a) After deducting the reasonable cost of collection, including but not limited to attorneys fees and burial expense in excess of the statutory liability, then

(b) One-third of the remainder shall in any event be paid to the injured employee or his dependents, without being subject to any right of subrogation.

(c) Out of the balance remaining, the employer, or *the special compensation fund*, shall be reimbursed in an amount equal to all (COMPENSATION) *benefits* paid under this chapter to or on behalf of the employee or his dependents by the employer, or *special compensation fund*, less the product of the costs deducted under clause (a) divided by the total proceeds received by the employee or his dependents from the other party multiplied by all (COMPENSATION) *benefits* paid by the employer, or *the special compensation fund*, to the employee or his dependents.

(d) Any balance remaining shall be paid to the employee or his dependents, and shall be a credit to employer, and *the special compensation fund*, for any (COMPENSATION) *benefits* which employer is obligated to pay, but has not paid, and for any (COMPENSATION) *benefits* that such employer shall be obligated to make in the future.

There shall be no reimbursement or credit to *the employer, or the special compensation fund*, for interest or penalties.

Sec. 64. Minnesota Statutes 1980, Section 176.061, Subdivision 7, is amended to read:

Subd. 7. [MEDICAL TREATMENT.] The liability of an employer, *or the special compensation fund*, for medical treatment under this chapter shall not be affected by the fact that his employee was injured through the fault or negligence of a third party, against whom the employee may have a cause of action which may be sued under this chapter, but the employer, *or the attorney general on behalf of the special compensation fund*, shall have a separate additional cause of action against such third party to recover any amounts paid (BY HIM) for medical treatment under this section resulting from the negligence of such third party. This separate cause of action of the employer, *or the attorney general on behalf of the special compensation fund*, may be asserted in a separate action brought by the employer, *or the attorney general on behalf of the special compensation fund*, against such third party or in the action commenced by the employee or the employer, *or the attorney general on behalf of the special compensation fund*, under this chapter, but in the latter case the cause of action shall be separately stated, the amount awarded thereon shall be separately set out in the verdict, and the amount recovered by suit or otherwise as reimbursement for medical expenses shall be for the benefit of the employer, *or the special compensation fund*, to the extent that the employer, *or the special compensation fund*, has paid or will be required to pay for medical treatment of the injured employee and shall not affect the amount of periodic compensation to be paid.

Sec. 65. Minnesota Statutes 1980, Section 176.081, Subdivision 1, is amended to read:

Subdivision 1. No claim for legal services or disbursements pertaining to any demand made or suit or proceeding brought under the provisions of this chapter is an enforceable lien against the compensation or is valid or binding in any other respect unless approved in writing by the *division*, (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY,) a compensation judge, *a judge of the district court*, or the workers' compensation court of appeals, if the claim arises out of a proceeding for compensation under this chapter, or by the judge presiding at the trial in an action for damages, or by a judge of the district court in a settlement of a claim for damages without trial. *The division, a compensation judge, a judge of the district court or the workers' compensation court of appeals* shall in matters before (HIM) *them, including settlement proceedings*, have authority to approve a fee of up to 25 percent of the first \$4,000 of compensation awarded to the employee and up

to 20 percent of the next (\$20,000) \$50,000 of compensation awarded to employee. (THE WORKERS' COMPENSATION COURT OF APPEALS JUDGE SHALL HAVE AUTHORITY ONLY TO APPROVE FEES IN SETTLEMENTS UPON APPEAL BEFORE THEM UP TO 25 PERCENT OF THE FIRST \$4,000 OF COMPENSATION AWARDED TO THE EMPLOYEE AND UP TO 20 PERCENT OF THE NEXT \$20,000 OF COMPENSATION AWARDED TO THE EMPLOYEE.) If the employer or his insurer or the defendant is given written notice of such claims for legal services or disbursements, the same shall be a lien against the amount paid or payable as compensation, subject to determination of the amount and approval provided by this chapter. *Provided, however, that in no case shall fees be calculated on the basis of any undisputed portion of compensation awards. Allowable fees under this chapter shall be based solely upon genuinely disputed portions of claims.*

Sec. 66. Minnesota Statutes 1980, Section 176.081, Subdivision 2, is amended to read:

Subd. 2. Any application for attorney fees in excess of the amount (WHICH A COMPENSATION JUDGE OR THE WORKERS' COMPENSATION COURT OF APPEALS MAY AUTHORIZE) *authorized in subdivision 1* shall be made to the (COMMISSIONER OF LABOR AND INDUSTRY) *workers' compensation court of appeals*. The application shall set forth the fee requested and the basis for such request and whether or not a hearing is requested. The application, with affidavit of service upon the employee, shall be filed by the attorney requesting the fee. If a hearing is requested by an interested party, a hearing shall be set with notice of such hearing served upon known interested parties. In all cases the employee shall be served with notice of hearing.

Sec. 67. Minnesota Statutes 1980, Section 176.081, Subdivision 3, is amended to read:

Subd. 3. An employee who is dissatisfied with his attorney fees, may file an application for review by the (COMMISSIONER OF LABOR AND INDUSTRY) *workers' compensation court of appeals*. Such application shall state the basis for the need of review and whether or not a hearing is requested. A copy of such application shall be served upon the attorney for the employee by the (COMMISSIONER) *court administrator* and if a hearing is requested by either party, the matter shall be set for hearing. The notice of hearing shall be served upon known interested parties. The attorney for the employee shall be served with a notice of the hearing. The (COMMISSIONER OF LABOR AND INDUSTRY) *workers' compensation court of appeals* shall have the authority to raise the question of the issue of the attorney fees at any time upon (HIS) *its* own motion and shall have continuing jurisdiction over attorney fees.

Sec. 68. Minnesota Statutes 1980, Section 176.081, Subdivision 4, is amended to read:

Subd. 4. The review of a determination by the commissioner (OF LABOR AND INDUSTRY) or the workers' compensation court of appeals shall be only by supreme court by certiorari upon the ground that it is arbitrary and unwarranted by the evidence. There shall be no review under sections 176.421 and 176.442.

Sec. 69. Minnesota Statutes 1980, Section 176.081, Subdivision 6, is amended to read:

Subd. 6. The (COMMISSIONER OF LABOR AND INDUSTRY) workers' compensation court of appeals may (PRESCRIBE) adopt reasonable and proper rules (AND REGULATIONS) to effect (HIS AND THE DIVISION'S) its obligations under this section (WITHOUT REGARD TO THE JOINT PRESCRIPTION REQUIRED UNDER SECTION 175.17, SUBDIVISION 3).

Sec. 70. Minnesota Statutes 1980, Section 176.081, is amended by adding a subdivision to read:

Subd. 7a. At any time prior to one day before a matter is to be heard, a party litigating a claim made pursuant to this chapter may serve upon the adverse party a reasonable offer of settlement of the claim, with provision for costs and disbursements then accrued. If before the hearing the adverse party serves written notice that the offer is accepted, either party may then file the offer and notice of acceptance, together with the proof of service thereof, and thereupon judgment shall be entered.

If an offer by an employer or insurer is not accepted by the employee, it shall be deemed withdrawn and evidence thereof is not admissible, except in a proceeding to determine attorney's fees. Notwithstanding the provisions of subdivision 7, if the judgment finally obtained by the employee is less favorable than the offer, the employer shall not be liable for any part of the attorney's fees awarded pursuant to this section.

If an offer by an employee is not accepted by the employer or insurer, it shall be deemed withdrawn and evidence thereof is not admissible, except in a proceeding to determine attorney's fees. Notwithstanding the provisions of subdivision 7, if the judgment finally obtained by the employee is at least as favorable as the offer, the employer shall pay an additional 25 percent, over the amount provided in subdivision 7, of that portion of the attorney's fee which has been awarded pursuant to this section that is in excess of \$250.

The fact that an offer is made but not accepted does not preclude a subsequent offer.

Sec. 71. Minnesota Statutes 1980, Section 176.081, is amended by adding a subdivision to read:

Subd. 9. An attorney who is hired by an employee to provide legal services with respect to a claim for compensation made pursuant to this chapter shall prepare a retainer agreement in which the provisions of this section are specifically set out and provide a copy of this agreement to the employee. The retainer agreement shall provide a space for the signature of the employee. A signed agreement shall raise a conclusive presumption that the employee has read and understands the statutory fee provisions. No fee shall be awarded pursuant to this section in the absence of a signed retainer agreement.

Sec. 72. Minnesota Statutes 1980, Section 176.081, is amended by adding a subdivision to read:

Subd. 10. An attorney who knowingly violates any of the provisions of this chapter with respect to authorized fees for legal services in connection with any demand made or suit or proceeding brought under the provisions of this chapter is guilty of a gross misdemeanor.

Sec. 73. Minnesota Statutes 1980, Section 176.101, Subdivision 3, is amended to read:

Subd. 3. [PERMANENT PARTIAL DISABILITY.] For permanent partial disability compensation shall be that named in the following schedule, subject to a maximum compensation equal to the statewide weekly wage:

(1) For the loss of a thumb, 66 2/3 percent of the daily wage at the time of injury during 65 weeks;

(2) For the loss of a first finger, commonly called index finger, 66 2/3 percent of the daily wage at the time of injury during 40 weeks;

(3) For the loss of a second finger, 66 2/3 percent of the daily wage at the time of injury during 35 weeks;

(4) For the loss of a third finger, 66 2/3 percent of the daily wage at the time of injury during 25 weeks;

(5) For the loss of a fourth finger, commonly called the little finger, 66 2/3 percent of the daily wage at the time of injury during 20 weeks;

(6) The loss of the first phalange of the thumb or of any finger, is considered equal to the loss of one-half of the thumb or finger and compensation shall be paid at the prescribed rate

during one-half the time specified for the loss of the thumb or finger;

(7) The loss of one and one-half or more phalanges is considered equal to the loss of the entire finger or thumb; but in no case shall the amount received for more than one finger exceed the amount provided in this schedule for the loss of a hand;

(8) For the loss of a great toe, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 35 weeks;

(9) For the loss of a toe other than a great toe, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 15 weeks;

(10) The loss of the first phalange of any toe is considered equal to the loss of one-half of the toe, and compensation shall be paid at the prescribed rate during one-half the time specified for the loss of the toe;

(11) The loss of one and one-half or more phalanges is considered equal to the loss of the entire toe;

(12) For the loss of a hand, not including the wrist movement, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 195 weeks;

(13) For the loss of a hand, including wrist movement, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 220 weeks;

(14) For the loss of an arm, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 270 weeks;

(15) Amputation of the arm below the elbow is considered the loss of a hand, including wrist movement, if enough of the forearm remains to permit the use of an effective artificial member, otherwise it is considered the loss of an arm;

(16) For the loss of a foot, not including ankle movement, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 140 weeks;

(17) For the loss of a foot, including ankle movement, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 165 weeks;

(18) For the loss of a leg, if enough of the leg remains to permit the use of an effective artificial member, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 195 weeks;

(19) For the loss of a leg so close to the hip that no effective artificial member can be used, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 220 weeks;

(20) Amputation of a leg below the knee is considered as equal to the loss of a foot, including ankle movement, if enough of the lower leg remains to permit the use of an effective artificial member, otherwise it is considered as equal to the loss of a leg;

(21) For the loss of an eye, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 160 weeks;

(22) For the complete permanent loss of hearing in one ear, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 85 weeks;

(23) For the complete permanent loss of hearing in both ears, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 170 weeks;

(24) For the loss of an eye and a leg, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 475 weeks;

(25) For the loss of an eye and an arm, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 475 weeks;

(26) For the loss of an eye and a hand, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 450 weeks;

(27) For the loss of an eye and a foot, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 400 weeks;

(28) For the loss of two arms, other than at the shoulder, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(29) For the loss of two hands, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(30) For the loss of two legs, other than so close to the hips that no effective artificial members can be used, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(31) For the loss of two feet, $66 \frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(32) For the loss of one arm and the other hand, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(33) For the loss of one hand and one foot, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(34) For the loss of one leg and the other foot, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(35) For the loss of one leg and one hand, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(36) For the loss of one arm and one foot, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(37) For the loss of one arm and one leg, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(38) For loss of the voice mechanism, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during 500 weeks;

(39) For head injuries, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury for that proportion of 500 weeks which is represented by its percentage of the permanent partial disability to the entire body as is determined from competent testimony at a hearing before a compensation judge, the commissioner, or the workers' compensation court of appeals;

(40) For permanent partial disability resulting from injury to any internal organ until such time as the commissioner of labor and industry shall promulgate a schedule of internal organs and thereafter for internal organs covered by the schedule of internal organs established by the commissioner (OF LABOR AND INDUSTRY,) 66 $\frac{2}{3}$ percent of the daily wage at time of injury for that proportion of 500 weeks, not to exceed 500 weeks, as determined by the commissioner (OF LABOR AND INDUSTRY,) which is the proportionate amount of permanent partial disability caused to the entire body by the injury as is determined from competent testimony at a hearing before a compensation judge, the commissioner, or the workers' compensation court of appeals;

(41) For disfigurement or scarring not resulting from the loss of a member or other injury specifically compensated, affecting the employability or advancement opportunity of the injured person in the employment in which he was injured or other employment for which the employee is then qualified or for which the employee has become qualified, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury during the period the parties agree to or the compensation judge or the workers'

compensation court of appeals in cases on appeal determines, not exceeding 90 weeks;

(42) For permanent partial disability resulting from injury to the back, 66 $\frac{2}{3}$ percent of the daily wage at the time of injury for that proportion of 350 weeks which is represented by the percentage of the permanent partial disability as is determined from competent testimony at a hearing before a compensation judge, the commissioner, or the workers' compensation court of appeals;

(43) When an employee sustains concurrent injuries resulting in concurrent disabilities he shall receive compensation only for the injury which entitled him to the largest amount of compensation, but this does not affect liability for disfigurement affecting the employability of the injured person or liability for the concurrent loss of more than one member, for which members compensations are provided in the specific schedule and in subdivision 5;

(44) In all cases of permanent partial disability it is considered that the permanent loss of the use of a member is equivalent to and draws the same compensation as the loss of that member, but the compensation in and by this schedule provided shall be in lieu of all other compensation in these cases, except as otherwise provided by this section;

In the event a worker has been awarded or is entitled to receive compensation for loss of use of a member under any workers' compensation law, and thereafter sustains loss of the member under circumstances entitling him to compensation therefor under this subdivision, the amount of compensation awarded, or that he is entitled to receive, for the loss of use, is to be deducted from the compensation due under the schedules of this section for the loss of the member, provided, that the amount of compensation due for the loss of the member caused by the subsequent accident is in no case less than 25 percent of the compensation payable under the schedule of this section for the loss of the member;

(45) In cases of permanent partial disability due to injury to a member, resulting in less than total loss of the member, not otherwise compensated in this schedule, compensation shall be paid at the prescribed rate during that part of the time specified in the schedule for the total loss of the member which the extent of the injury to the member bears to its total loss;

(46) In cases of permanent partial disability caused by simultaneous injury to two or more members, the applicable schedules in this subdivision shall be increased by 15 percent. This clause shall not apply when the injuries are compensated under paragraphs 22 to 37 inclusive, of this subdivision. In cases of partial disability due to injury to both eyes resulting in less

than total loss of vision in one or both eyes compensation shall be paid at the prescribed rate during that part of 450 weeks which the extent of the combined injury to both eyes bears to the complete loss of industrial vision;

(47) The commissioner (OF LABOR AND INDUSTRY WITH THE WORKERS' COMPENSATION COURT OF APPEALS) may make or revise rules for the determination of the extent of the impairment of the industrial use of one or both eyes taking into account all primary coordinate factors of vision. These rules shall be made or revised after consultation with experts on industrial vision and after public notice to and hearing of interested parties;

(48) For permanent partial disability resulting from injury to the body as a whole due to burns, 66 2/3 percent of the daily wage at the time of injury, for that proportion of 350 weeks which is represented by the percentage of the permanent partial disability as is determined from competent testimony at a hearing before a compensation judge, the commissioner, or the workers' compensation court of appeals, the compensation to be paid in addition to the compensation as employee would otherwise be entitled to for loss of use of a member in accordance with this section;

(49) In all cases of permanent partial disability not enumerated in this schedule the compensation shall be 66 2/3 percent of the difference between the daily wage of the worker at the time of the injury and the daily wage he is able to earn in his partially disabled condition, subject to a maximum equal to the statewide average weekly wage, and continue during disability, not to exceed 350 weeks; and if the employer does not furnish the worker with work which he can do in his permanently partially disabled condition and he is unable to secure such work with another employer after a reasonably diligent effort, the employee shall be paid at his or her maximum rate of compensation for total disability.

Sec. 74. Minnesota Statutes 1980, Section 176.102, is amended by adding a subdivision to read:

Subd. 1a. [SURVIVING SPOUSE.] Upon the request of a qualified dependent surviving spouse, rehabilitation services shall be provided through the rehabilitation services section of the workers' compensation division. For the purposes of this subdivision a qualified dependent surviving spouse is a dependent surviving spouse, as determined under section 176.111, who is in need of rehabilitation assistance to become self-supporting. A spouse who is provided rehabilitation services under this subdivision is not entitled to compensation under subdivision 11.

Sec. 75. Minnesota Statutes 1980, Section 176.105, Subdivision 1, is amended to read:

Subdivision 1. The commissioner of labor and industry (MAY) shall by rule establish a schedule of degrees of disability resulting from different kinds of injuries.

Sec. 76. Minnesota Statutes 1980, Section 176.111, Subdivision 6, is amended to read:

Subd. 6. [SPOUSE, NO DEPENDENT CHILD.] (a) If the deceased employee leaves a dependent surviving spouse and no dependent child, there shall be paid to the (DEPENDENT SURVIVING) spouse (50 PERCENT OF THE DAILY WAGE AT THE TIME OF THE INJURY OF THE DECEASED), at the option of the spouse, either:

(1) A lump sum settlement equal to ten full years of compensation at 50 percent of the daily wage at the time of the injury of the deceased, computed without regard to section 176.645; or

(2) Weekly workers' compensation benefits at 50 percent of the daily wage at the time of the injury for a period of ten years, including adjustments as provided in section 176.645.

b) A dependent surviving spouse who has not accepted a lump sum settlement pursuant to clause (a) (1) and who remarries shall receive the lesser of either:

(1) A lump sum settlement equal to two full years of compensation at 50 percent of the daily wage at the time of the injury of the deceased, computed without regard to section 176.645; or

(2) The remaining weekly workers' compensation benefits pursuant to clause (a) (2) at 50 percent of the daily wage, including adjustments as provided in section 176.645.

Sec. 77. Minnesota Statutes 1980, Section 176.111, Subdivision 7, is amended to read:

Subd. 7. [SPOUSE, ONE DEPENDENT CHILD.] (a) If the deceased employee (LEAVE) leaves a surviving spouse and one dependent child, there shall be paid to the surviving spouse for the benefit of (SUCH) the spouse and child 60 percent of the daily wage at the time of the injury of the deceased until the child is no longer a dependent as defined in subdivision 1. At that time there shall be paid to the dependent surviving spouse, at the option of the spouse, either:

(1) A lump sum settlement equal to ten full years of compensation at a rate which is $16 \frac{2}{3}$ percent less than the last weekly workers' compensation benefit payment which would have been due while the surviving child was a dependent, computed without regard to section 176.645; or

(2) *Weekly benefits at a rate which is 16 2/3 percent less than the last weekly workers' compensation benefit payment which would have been due while the surviving child was a dependent, for a period of ten years, including adjustments as provided in section 176.645.*

(b) *A surviving spouse who remarries shall receive:*

(1) *Compensation, for the benefit of the dependent child, according to the allocation provided in subdivision 10, until the child is no longer a dependent as defined in subdivision 1; and*

(2) *A lump sum settlement, for the benefit of the surviving spouse, equal to two full years of weekly benefits in an amount which equals the difference between the benefit otherwise payable under clause (a) and the amount payable to the dependent child pursuant to clause (b) (1).*

Sec. 78. Minnesota Statutes 1980, Section 176.111, Subdivision 8, is amended to read:

Subd. 8. [SPOUSE, TWO DEPENDENT CHILDREN.] (a) If the deceased employee (LEAVE) leaves a surviving spouse and two dependent children, there shall be paid to the surviving spouse for the benefit of (SUCH) the spouse and (SUCH) children 66 2/3 percent of the daily wage at the time of the injury of the deceased until the youngest dependent child is no longer dependent. At that time the dependent surviving spouse shall be paid, at the option of the spouse, either:

(1) *A lump sum settlement equal to ten full years of compensation at a rate which is 25 percent less than the last weekly workers' compensation benefit payment which would have been due while the last surviving child was a dependent, computed without regard to section 176.645; or*

(2) *Weekly benefits at a rate which is 25 percent less than the last weekly workers' compensation benefit payment which would have been due while the surviving child was a dependent, for a period of ten years, adjusted according to section 176.645.*

(b) *A surviving spouse who remarries shall receive compensation, for the benefit of the children, allocated according to subdivision 10, until the youngest dependent child is no longer dependent as defined in subdivision 1 and, for the benefit of the surviving spouse, a lump sum settlement equal to two full years of weekly benefits in an amount which equals the difference between the benefit otherwise payable pursuant to clause (a) and the amount payable to the dependent children allocated according to subdivision 10, computed without regard to section 176.645.*

Sec. 79. Minnesota Statutes 1980, Section 176.111, is amended by adding a subdivision to read:

Subd. 8a. [LAST WEEKLY BENEFIT PAYMENT.] For the purposes of subdivisions 7 and 8, "last weekly workers' compensation benefit payment" means the workers' compensation benefit which would have been payable without the application of subdivision 21.

Sec. 80. Minnesota Statutes 1980, Section 176.111, Subdivision 10, is amended to read:

Subd. 10. [ALLOCATION OF COMPENSATION.] In all cases where compensation is payable to the surviving spouse for the benefit of the surviving spouse and dependent children, the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY), compensation judge, or workers' compensation court of appeals or district court in cases upon appeal (MAY) shall determine what portion of the compensation (SHALL BE APPLIED) applies for the benefit of (ANY SUCH CHILD) dependent children and may order (THE SAME) that portion paid to a guardian. This subdivision shall not be construed to increase the combined total of weekly government survivor benefits and workers' compensation beyond the limitation established in section 176.111, subdivision 21.

Sec. 81. Minnesota Statutes 1980, Section 176.111, Subdivision 21, is amended to read:

Subd. 21. [DEATH, BENEFITS; COORDINATION WITH GOVERNMENTAL SURVIVOR BENEFITS.] The following provision shall apply to any dependent entitled to receive weekly compensation benefits under this section as the result of the death of an employee, and who is also receiving or entitled to receive benefits under any government survivor program:

The combined total of weekly government survivor benefits and workers' compensation death benefits provided under this section shall not exceed 100 percent of the weekly wage being earned by the deceased employee at the time of the injury causing his death; provided, however, that no state workers' compensation death benefit shall be paid for any week in which the survivor benefits paid under the federal program, by themselves, exceed 100 percent of such weekly wage provided, however, the workers' compensation benefits payable to a dependent surviving spouse shall not be reduced on account of any governmental survivor benefits payable to decedent's children if the support of the children is not the responsibility of the dependent surviving spouse.

For the purposes of this subdivision "dependent" means dependent surviving spouse together with all dependent children and any other dependents. For the purposes of this subdivision, mother's insurance benefits received pursuant to 42 U.S.C., 402 (g), are benefits under a government survivor program.

Sec. 82. Minnesota Statutes 1980, Section 176.131, Subdivision 10, is amended to read:

Subd. 10. The special compensation fund is created for the purposes provided in this chapter in the following manner:

(1) In every case of death of an employee resulting from personal injury arising out of and in the course of employment where there are no persons entitled to monetary benefits of dependency compensation, the employer shall pay to the commissioner (OF LABOR AND INDUSTRY) the sum of \$5,000 for the benefit of the special compensation fund; in every case of death of an employee resulting from personal injury arising out of and in the course of employment where there are no persons entitled to at least \$5,000 in monetary benefits of dependency compensation, the employer shall pay to the commissioner (OF LABOR AND INDUSTRY) for the benefit of the special compensation fund the difference between the amounts actually paid for the dependency benefits and \$5,000; but in no event shall the employer pay the commissioner (OF LABOR AND INDUSTRY) less than \$1,000;

(2) When an employee suffers a personal injury which results in permanent partial disability, temporary total disability, temporary partial disability, permanent total disability or death and which entitles him or *his* dependents to compensation under sections 176.101 or 176.111, the employer shall, in addition to compensation provided therein, pay to the commissioner (OF LABOR AND INDUSTRY) for the benefit of the special compensation fund a lump sum without interest deduction equal to (SEVEN) a percent of the total compensation, *determined as provided in this subdivision* as soon as the amount payable for the particular injury is determined, or arrived at by agreement of the parties, and the amount is approved by the commissioner (OF LABOR AND INDUSTRY).

The provisions of clauses (1) and (2) shall apply to all workers' compensation payments, exclusive of medical costs, paid under sections 176.101 and 176.111 for all injuries or death occurring on or after June 1, 1971.

Personal injuries that occurred prior to June 1, 1971 shall be assessed at the rate in effect on the date of occurrence.

(THE SEVEN PERCENT OF THE TOTAL COMPENSATION REQUIRED TO BE PAID BY THE EMPLOYER TO THE COMMISSIONER OF LABOR AND INDUSTRY FOR THE BENEFIT OF THE SPECIAL COMPENSATION FUND AS PROVIDED IN CLAUSE (2) OF THIS SUBDIVISION SHALL REMAIN FIXED AT SAID SEVEN PERCENT FOR THE PERIOD FROM JUNE 1, 1971, TO JUNE 1, 1972. EFFECTIVE JUNE 1, 1972, THROUGH JUNE 1, 1975, AND THERE-

AFTER ON JANUARY 1, BEGINNING IN 1976, THE RATE SHALL BE ADJUSTED ON THE FOLLOWING BASIS: IF THE BALANCE IN THE SPECIAL COMPENSATION FUND AS OF APRIL 30 IN ANY YEAR THROUGH 1975 AND AS OF SEPTEMBER 30, 1975, AND EACH SEPTEMBER 30 THEREAFTER, IS BELOW \$1,000,000, THE RATE OF PAYMENT SHALL BE INCREASED BY TWO PERCENT OVER THE THEN PREVAILING RATE. IF THE BALANCE IS AT LEAST \$1,000,000 BUT BELOW \$1,500,000, THE RATE WILL BE INCREASED BY ONE PERCENT. IF THE BALANCE IS AT LEAST \$1,500,000 BUT BELOW \$2,000,000, THERE SHALL BE NO CHANGE. IF THE BALANCE IS AT LEAST \$2,000,000 BUT LESS THAN \$2,500,000, THE RATE SHALL BE DECREASED BY ONE PERCENT. IF THE BALANCE IS AT LEAST \$2,500,000, THE RATE SHALL BE DECREASED BY TWO PERCENT. IF THE BALANCE IS \$3,000,000 OR MORE THE COMMISSIONER OF LABOR AND INDUSTRY SHALL WITHIN 30 DAYS DETERMINE THE PERCENT OF DECREASE, WHICH SHALL BE NOT LESS THAN TWO PERCENT NOR MORE THAN FIVE PERCENT.)

In determining the percentage of the total compensation required to be paid by the employer to the commissioner for the benefit of the special compensation fund as provided in clause (2) beginning September 30, 1981 and each September 30 thereafter, the commissioner shall use the following schedule:

<i>Balance in the Fund</i>	<i>Permissible Range of Rate Adjustment</i>
<i>Less than \$2,000,000</i>	<i>+1 percent to +7 percent</i>
<i>At least \$2,000,000 but less than \$3,000,000</i>	<i>0 percent to +6 percent</i>
<i>At least \$3,000,000 but less than \$4,000,000</i>	<i>-2 percent to +4 percent</i>
<i>At least \$4,000,000 but less than \$5,000,000</i>	<i>-5 percent to +3 percent</i>
<i>At least \$5,000,000 but less than \$6,000,000</i>	<i>-6 percent to +2 percent</i>
<i>\$6,000,000 or more</i>	<i>-7 percent to +2 percent</i>

In determining the actual adjustment, the commissioner shall take into account his estimate of the likely amount of expenditures to be made from the fund in the next calendar year.

Sums paid to the commissioner (OF LABOR AND INDUSTRY) pursuant to the provisions hereof, shall be deposited with the state treasurer for the benefit of the special compensation fund and be used to pay the benefits provided by this chapter. All money heretofore arising from the provisions of this section or similar law shall be transferred to this special compensation fund. Any interest or profit accruing from investment of these sums shall be credited to the special compensation fund.

The state treasurer shall be the custodian of this special fund and the workers' compensation division (AND), *compensation judges*, the workers' compensation court of appeals or *district court* in cases before (IT) *them* shall direct the distribution thereof, the same to be paid as other payments of compensation are paid. In case deposit is or has been made under the provisions of clause (1) and dependency later is shown, or if deposit is or has been made pursuant to either clause (1) or (2) by mistake or inadvertence, or under circumstances that justice requires a refund thereof, the state treasurer is authorized to refund the deposit under order of the workers' compensation division (OR), *a compensation judge*, the workers' compensation court of appeals or *a district court*. There is appropriated to the persons entitled to the refunds from the fund an amount sufficient to make the refund and payment.

Costs within the department (OF LABOR AND INDUSTRY) for the accounting, *investigation* and legal procedures necessary for the administration of the programs financed by the special compensation fund shall (BE PAID FROM THE MONEYS BIENNIALY APPROPRIATED TO THE DEPARTMENT AND NOT FROM THE SPECIAL COMPENSATION FUND) *come from the fund during each biennium commencing July 1, 1981. Staffing and expenditures related to the administration of the fund shall be approved through the regular budget and appropriations process.*

Sec. 83. Minnesota Statutes 1980, Section 176.132, Subdivision 2, is amended to read:

Subd. 2. [AMOUNT.] (a) The supplementary benefit payable under this section shall be the difference between the amount the employee receives on or after January 1, 1976, under section 176.101, subdivision 1 or subdivision 4, and 65 percent of the statewide average weekly wage as computed annually.

(b) In the event an eligible recipient is currently receiving no compensation or is receiving a reduced level of compensation because of a credit being applied as the result of a third party liability or damages, the employer or insurer shall compute the offset credit as if the individual were entitled to the actual benefit or 65 percent of the statewide average weekly wage as computed annually, whichever is greater. If this results in the use

of a higher credit than otherwise would have been applied and the employer or insurer becomes liable for compensation benefits which would otherwise not have been paid, the additional benefits resulting shall be handled according to this section.

(c) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of a valid agreement in settlement of a claim, no supplementary benefit shall be payable under this section. *Attorney's fees shall be allowed in settlements of claims for supplementary benefits in accordance with this chapter.*

(d) In the event an eligible recipient is receiving no compensation or is receiving a reduced level of compensation because of prior limitations in the maximum amount payable for permanent total disability or because of reductions resulting from the simultaneous receipt of old age or disability benefits, the supplementary benefit shall be payable for the difference between the actual amount of compensation currently being paid and 65 percent of the statewide average weekly wage as computed annually.

(e) In the event that an eligible recipient is receiving simultaneous benefits from any government disability program, the amount of supplementary benefits payable under this section shall be reduced by five percent. If the individual does not receive the maximum benefits for which he is eligible under other governmental disability programs due to the provisions of 42 U.S.C. 424a (d), this reduction shall not apply.

Sec. 84. Minnesota Statutes 1980, Section 176.133, is amended to read:

176.133 [ATTORNEYS FEES, SUPPLEMENTARY BENEFITS.]

(NO ATTORNEYS) *Attorney's fees (SHALL) may be (PERMITTED OR) approved by a compensation judge or by the workers' compensation court of appeals from the supplementary workers' compensation benefits provided by section 176.132 (, OR AMENDMENTS THERETO, UNLESS) if the case (SOLELY) involves the obtaining of supplementary workers' compensation benefits. When such fees are allowed an amount equal to 25 percent of that portion of the fee which is in excess of \$250 shall be added to the employee's benefit as provided in section 176.081 rather than deducted as a portion thereof. The fees shall be (SUBJECT) determined according to (THE LIMITATIONS CONTAINED IN) section 176.081.*

Sec. 85. Minnesota Statutes 1980, Section 176.136, is amended to read:

176.136 [MEDICAL FEE REVIEW.]

The commissioner of (LABOR AND INDUSTRY) insurance shall by rule establish procedures for determining whether or not the charge for a health service is excessive. In order to accomplish this purpose, the commissioner of insurance shall consult with insurers, associations and organizations representing the medical and other providers of treatment services and other appropriate groups. *The procedures established by the commissioner of insurance shall limit the charges allowable for medical, chiropractic, podiatric, surgical, hospital and other health care provider treatment or services, as defined and compensable under section 176.135, to the 90th percentile of usual and customary fees or charges based upon billings for each class of health care provider during all of the calendar year preceding the year in which the determination is made of the amount to be paid the health care provider for the billing. The procedures established by the commissioner for determining whether or not the charge for a health service is excessive shall be structured to encourage providers to develop and deliver services for rehabilitation of injured workers. If the commissioner of insurance determines that the charge for a health service or medical service is excessive, (HE MAY LIMIT) no payment (TO) in excess of the reasonable charge for that service shall be made under this chapter nor may the provider collect or attempt to collect from the injured employee or any other insurer or government amounts in excess of the amount payable under this chapter; however, the commissioner shall by rule establish procedures allowing for a provider to appeal such determination. The commissioner (MAY) of insurance shall contract with a review organization as defined in section 145.61 (IN MAKING ANY DETERMINATIONS AS TO WHETHER OR NOT A CHARGE IS EXCESSIVE) for the purposes listed in section 145.61, subdivision 5, and report to the legislature by January 15, 1983 and thereafter on January 15 of every odd-numbered year, regarding the delivery of medical and health care services under the workers' compensation laws of this state.*

The commissioner of insurance shall adopt temporary rules in order to implement the provisions of this subdivision. Notwithstanding the provisions of section 15.0412, subdivision 4, and any amendments, the temporary rules adopted by the commissioner of insurance pursuant to this subdivision may be extended for an additional 180 days if the procedures for adoption of a rule pursuant to section 15.0412, subdivisions 4 to 4g, or 4h, and other provisions of the administrative procedure act related to final agency action and rule adoption have not been concluded.

Sec. 86. [176.1361] [TESTIMONY OF PROVIDERS.]

When a compensation judge or the workers' compensation court of appeals has reason to believe that a medical or other provider of treatment services has submitted false testimony or a

false report in any proceeding under this chapter, the compensation judge or the workers' compensation court of appeals shall refer the matter to an appropriate licensing body or other professional certifying organization for review and recommendations. Based upon their recommendations, the commissioner may bar the provider from making an appearance, and disallow the admission into evidence of written reports of the provider, in any proceeding under this chapter for a period not to exceed one year in the first instance and three years in the second instance, and may permanently bar the provider from appearance and his reports from admission in evidence thereafter.

Sec. 87. [176.152] [PERMANENT PARTIAL DISABILITY PANEL.]

Subdivision 1. [BINDING OPINION; PERMANENT PARTIAL DISABILITY DISPUTES.] Prior to a hearing before a compensation judge at which a significant issue of the extent of permanent partial disability is to be determined a permanent partial disability panel shall be constituted to render a determination on the dispute subject to the limitation in subdivisions 7 and 8.

Subd. 2. [PANEL LIST.] The administrator of the workers' compensation court of appeals shall compile and maintain a list of names of physicians, podiatrists, chiropractors and other health care providers qualified to determine the extent of permanent partial disability. Names may be added to the list and removed at any time by the administrator of the workers' compensation court of appeals. In maintaining the list the administrator of the workers' compensation court of appeals shall to the maximum extent possible select persons from varying geographical areas of the state.

Subd. 3. [PANEL SELECTION.] When a panel is required to be constituted by subdivision 1 the administrator of the workers' compensation court of appeals shall furnish the employer and employee parties to the dispute a list of seven appropriate health care providers from which the parties shall alternatively strike names until only three remain who shall constitute the panel. If both parties agree, the dispute may be decided by a single health care provider. If the parties are unable to agree on who shall strike the first name, priority shall be decided by a flip of the coin.

Subd. 4. [REPORT; CONCLUSION.] The compensation judge, or the chief hearing examiner in cases in which a compensation judge has not yet been assigned, shall propound specific written questions to the panel at the time they are notified of their selection. The questions shall be framed in such a manner that answers to them shall resolve the dispute as to the extent of permanent partial disability. The panel's report shall be binding upon any compensation judge before whom a

hearing may be held subsequent to the panel's report, but may be reviewed by the workers' compensation court of appeals or supreme court, which shall remand the matter to a compensation judge for the seating of a new panel if the first report is found to be arbitrary, capricious, or based on fraud.

Subd. 5. [EXAM; REPORT.] At least one member of the panel shall personally examine the employee within 30 days of the panel's selection. After reviewing the examination report and all other available pertinent information the panel shall report its conclusions to the compensation judge within 45 days after their selection. The compensation judge may extend the time limit for good cause. The report of the panel shall include the examination report and a record of any other evidence or information considered by the panel.

Subd. 6. [COSTS; PAYMENT.] Any physician, podiatrist, chiropractor or other health care provider who agrees to serve on a panel constituted pursuant to this section shall be deemed to agree that any dispute concerning his fees for serving on the panel shall be decided by the compensation judge hearing the case. The judge's decision shall be binding on the health care provider. A consent form to this effect shall be provided for the signature of the health care provider. No fee shall be approved which exceeds the reasonable and customary fee in the area for similar service. The employer shall pay all the panel members' fees, unless the employee has proceeded in bad faith, in which case the employee may be ordered to pay the fees.

Subd. 7. [PILOT PROJECT; REPORT TO LEGISLATURE AND GOVERNOR.] The administrator of the workers' compensation court of appeals shall establish the permanent partial disability panel provided for in this section on a pilot basis in three counties of his choice, including at least one rural county. The administrator of the workers' compensation court of appeals shall report to the legislature and governor by January 1, 1983, on the number of cases reviewed, the number of health care providers participating, the number of cases settled prior to any hearing before a compensation judge, the cost of the program and his recommendations concerning the panel.

Subd. 8. [LIMITATION.] This section shall operate in lieu of section 176.155, subdivision 2, in the counties in which the medical panel is established pursuant to subdivision 7.

Sec. 88. Minnesota Statutes 1980, Section 176.161, Subdivision 1, is amended to read:

Subdivision 1. [RESIDING OUTSIDE UNITED STATES.] In case a deceased employee for whose injury or death compensation is payable leaves surviving him an alien dependent residing outside the United States the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) shall direct the

payment of all compensation due the dependent to be made to the duly accredited consular officer of the country of which the beneficiary is a citizen residing within the state, or to his designated representative residing within the state; or, if the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) believes that the interest of the dependent will be better served and at any time prior to the final settlement the dependent files with the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) a power of attorney designating any other suitable person residing in this state to act as attorney in fact in such proceedings, the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) may appoint such person. If it appears necessary to institute proceedings to enforce payment of compensation due the dependent, the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) may permit the consular officer to institute these proceedings. If during the pendency of these proceedings, such power of attorney is filed by the alien dependent, the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) shall then determine whether such attorney in fact be substituted to represent such dependent or if the consular officer or his representative continue therein. The person so appointed may carry on proceedings to settle all claims for compensation and receive for distribution to such dependent all compensation arising under this chapter. The settlement and distribution of the funds shall be made only on the written order of the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY). The person so appointed shall furnish a bond satisfactory to the (WORKERS' COMPENSATION COURT OF APPEALS) *commissioner*, conditioned upon the proper application of the money received by him. Before the bond is discharged, the person so appointed shall file with the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) a verified account of his receipts and disbursements of such compensation.

Sec. 89. Minnesota Statutes 1980, Section 176.181, Subdivision 2, is amended to read:

Subd. 2. [COMPULSORY INSURANCE; SELF-INSURERS.] (1) Every employer, except the state and its municipal subdivisions, liable under this chapter to pay compensation shall insure payment of compensation with some insurance carrier authorized to insure workers' compensation liability in this state, or obtain a written order from the commissioner of insurance exempting the employer from insuring his liability for compensation and permitting him to self-insure the liability. The terms, conditions and requirements governing self-insurance shall be established by the commissioner pursuant to chapter 15. The commissioner of insurance shall also adopt, pursuant to clause (2) (c), rules permitting two or more employers, *whether or not they are* in the same industry, to enter into agreements to pool their liabilities under this chapter for the purpose of qualifying as group self-insurers. With the approval of the commissioner of

insurance, any employer may exclude medical, chiropractic and hospital benefits as required by this chapter. An employer conducting distinct operations at different locations may either insure or self-insure the other portion of his operations which may be determined by the commissioner of insurance to be a distinct and separate risk. An employer desiring to be exempted from insuring his liability for compensation shall make application to the commissioner of insurance, showing his financial ability to pay the compensation, whereupon by written order the commissioner of insurance may make an exemption as he deems proper. The commissioner of insurance may require further statements of financial ability of the employer to pay compensation. Upon ten days written notice the commissioner of insurance may revoke his order granting an exemption, in which event the employer shall immediately insure his liability. As a condition for the granting of an exemption the commissioner of insurance may require the employer to furnish security the commissioner of insurance considers sufficient to insure payment of all claims under this chapter. If the required security is in the form of currency or negotiable bonds, the commissioner of insurance shall deposit it with the state treasurer. In the event of any default upon the part of a self-insurer to abide by any final order or decision of the commissioner of labor and industry directing and awarding payment of compensation and benefits to any employee or the dependents of any deceased employee, then upon at least ten days notice to the self-insurer, the commissioner of insurance may by written order to the state treasurer require him to sell the pledged and assigned securities or a part thereof necessary to pay the full amount of any such claim or award with interest thereon. This authority to sell may be exercised from time to time to satisfy any order or award of the commissioner of labor and industry or any judgment obtained thereon. When securities are sold the money obtained shall be deposited in the state treasury to the credit of the commissioner of insurance and awards made against any such self-insurer by the commissioner of insurance shall be paid to the persons entitled thereto by the state treasurer upon warrants prepared by the commissioner of insurance and approved by the commissioner of finance out of the proceeds of the sale of securities. Where the security is in the form of a surety bond or personal guaranty the commissioner of insurance, at any time, upon at least ten days notice and opportunity to be heard, may require the surety to pay the amount of the award, the payments to be enforced in like manner as the award may be enforced.

(2) (a) No association, corporation, partnership, sole proprietorship, trust or other business entity shall provide services in the design, establishment or administration of a group-self-insurance plan under rules adopted pursuant to this subdivision unless it is licensed to do so by the commissioner of insurance. An applicant for a license shall state in writing the type of activities it seeks authorization to engage in and the type of services it seeks authorization to provide. The license shall be

granted only when the commissioner of insurance is satisfied that the entity possesses the necessary organization, background, expertise, and financial integrity to supply the services sought to be offered. The commissioner of insurance may issue a license subject to restrictions or limitations, including restrictions or limitations on the type of services which may be supplied or the activities which may be engaged in. The license is for a two year period.

(b) To assure that group self-insurance plans are financially solvent, administered in a fair and capable fashion, and able to process claims and pay benefits in a prompt, fair and equitable manner, entities licensed to engage in such business are subject to supervision and examination by the commissioner of insurance.

(c) To carry out the purposes of this subdivision, the commissioner of insurance may promulgate administrative rules, including emergency rules, pursuant to sections 15.0411 to 15.052. These rules may:

(i) establish reporting requirements for administrators of group self-insurance plans;

(ii) establish standards and guidelines to assure the adequacy of the financing and administration of group self-insurance plans;

(iii) establish bonding requirements or other provisions assuring the financial integrity of entities administering group self-insurance plans;

(iv) establish standards, including but not limited to minimum terms of membership in self-insurance plans, as necessary to provide stability for those plans;

(v) establish standards or guidelines governing the formation, operation, administration and dissolution of self-insurance plans; and

(vi) establish other reasonable requirements to further the purposes of this subdivision.

Sec. 90. Minnesota Statutes 1980, Section 176.181, Subdivision 3, is amended to read:

Subd. 3. [FAILURE TO INSURE, PENALTY.] Any employer who fails to comply with the provisions of subdivision 2 to secure payment of compensation is liable to the state of Minnesota for a penalty of (\$50) \$100, if the number of uninsured employees in his employment is less than five and for a penalty of (\$200) \$400 if the number of such uninsured employees in

his employment is five or more. *If the commissioner determines that the failure to comply with the provisions of subdivision 2 was willful and deliberate, the employer shall be liable to the state of Minnesota for a penalty of \$500, if the number of uninsured employees in his employment is less than five, and for a penalty of \$2,000 if the number of his uninsured employees is five or more.* If the employer continues his noncompliance, he is liable for five times the lawful premium for compensation insurance for such employer for the period he fails to comply with such provisions, commencing ten days after notice has been served upon him by the commissioner of the department of labor and industry by certified mail. These penalties may be recovered jointly or separately in a civil action brought in the name of the state by the attorney general in any court having jurisdiction. Whenever any such failure occurs the commissioner of the department of labor and industry shall immediately certify the fact thereof to the attorney general. Upon receipt of such certification the attorney general shall forthwith commence and prosecute such action. All penalties recovered by the state in any such action shall be paid into the state treasury and credited to the special compensation fund. If an employer fails to comply with the provisions of subdivision 2, to secure payment of compensation after having been notified of his duty, the attorney general, upon request of the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY), may proceed against the employer in any court having jurisdiction for an order restraining him from having any person in his employment at any time when he is not complying with the provisions of subdivision 2.

Sec. 91. Minnesota Statutes 1980, Section 176.181, is amended by adding a subdivision to read:

Subd. 6. No employer shall be required to provide financial statements certified by an "independent certified public accountant" or "certified public accountant" as a condition of approval for group self-insurance.

Sec. 92. [176.182] [BUSINESS LICENSES OR PERMITS; COVERAGE REQUIRED.]

Every state or local licensing agency shall withhold the issuance of a license or permit to operate a business in Minnesota until the applicant presents acceptable evidence of compliance with the workers' compensation insurance coverage requirement of section 176.181, subdivision 2.

Neither the state nor any governmental subdivision thereof shall enter into any contract before receiving from all other contracting parties acceptable evidence of compliance with the workers' compensation insurance coverage requirement of section 176.181, subdivision 2.

Sec. 93. Minnesota Statutes 1980, Section 176.191, is amended to read:

176.191 [DISPUTE BETWEEN TWO OR MORE EMPLOYERS OR INSURERS REGARDING LIABILITY.]

Subdivision 1. Where compensation benefits are payable under this chapter, and a dispute exists between two or more employers or two or more insurers as to which is liable for payment, the commissioner (OF LABOR AND INDUSTRY), compensation judge, or workers' compensation court of appeals upon appeal (MAY) *shall direct, unless action is taken under subdivision 2, that one or more of the employers or insurers make payment of the benefits pending a determination of liability.*

When liability has been determined, the party held liable for the benefits shall be ordered to reimburse any other party for payments which the latter has made, including interest at the rate of (FIVE) *12* percent per year. The claimant (MAY) *shall* also be awarded a reasonable attorney fee, to be paid by the party held liable for the benefits.

An order directing payment of benefits pending a determination of liability may not be used as evidence before a compensation judge, the workers' compensation court of appeals, or court in which the dispute is pending.

Subd. 2. Where compensation benefits are payable under this chapter, and a dispute exists between two or more employers or two or more insurers as to which is liable for payment, the commissioner (OF LABOR AND INDUSTRY MAY) *shall authorize, unless action is taken under subdivision 1, the special compensation fund established in section 176.131 to make payment of the benefits pending a determination of liability.*

The personal injury for which the commissioner (MAY) *shall* order compensation from the special fund is not limited by section 176.131, subdivision 8.

When liability has been determined, the party held liable for benefits shall be ordered to reimburse the special compensation fund for payments made, including interest at the rate of 12 percent a year.

Subd. 3. If a dispute exists as to whether an employee's injury is compensable under this chapter and the employee is otherwise covered by an insurer pursuant to chapters 62A, 62C and 62D, that insurer shall pay any medical costs incurred by the employee for the injury *and shall make any disability payments otherwise payable by that insurer in the absence of or in addition to workers' compensation liability.* If the injury is

subsequently determined to be compensable pursuant to this chapter, the workers' compensation insurer shall be ordered to reimburse the insurer that made the payments for all (MEDICAL) payments made *under this subdivision* by the insurer (FOR THE INJURY), including interest at a rate of 12 percent a year.

If the employee's medical expenses for a personal injury are paid pursuant to any program administered by the commissioner of public welfare and it is subsequently determined that the injury is compensable pursuant to this chapter, the workers' compensation insurer shall reimburse the commissioner of public welfare for the medical expenses paid and attributable to the personal injury, including interest at a rate of 12 percent a year.

Sec. 94. Minnesota Statutes 1980, Section 176.221, is amended to read:

176.221 [PAYMENT OF COMPENSATION AND TREATMENT CHARGES, COMMENCEMENT.]

Subdivision 1. [(DENIAL OF LIABILITY, REQUEST FOR EXTENSION OF TIME) **COMMENCEMENT OF PAYMENT.**] (WITHIN 30 DAYS FROM THE DATE OF NOTICE TO OR KNOWLEDGE BY THE EMPLOYER OF AN INJURY COMPENSABLE UNDER THE CHAPTER, AND UNLESS WITHIN THAT 30 DAY PERIOD THE EMPLOYER OR THE INSURER FILES WITH THE COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY A DENIAL OF LIABILITY OR A REQUEST FOR AN EXTENSION OF TIME WITHIN WHICH TO DETERMINE LIABILITY, THE PERSON RESPONSIBLE FOR PAYMENT OF COMPENSATION, CHARGES FOR TREATMENT UNDER SECTION 176.135 OR RETRAINING EXPENSES UNDER 176.102, SUBDIVISION 9 SHALL BEGIN PAYMENT OF COMPENSATION OR CHARGES FOR TREATMENT.) *Within 14 days of notice to or knowledge by the employer of an injury compensable under this chapter the payment of compensation due pursuant to section 176.101, subdivision 1, shall commence. Commencement of payment by an employer or insurer does not waive any rights to any defense the employer may have on any claim or incident either with respect to the compensability of the claim under chapter 176 or the amount of the compensation due. Where there are multiple employers, the first employer shall pay, unless it is shown that the injury has arisen out of employment with the second or subsequent employer. When the employer determines that the disability is not a result of a personal injury, payment of compensation may be discontinued upon notice of discontinuance pursuant to section 176.241. Upon the determination, payments made may be recovered by the employer if the commissioner finds that the employee's claim of work related disability was not made in good faith.*

Subd. 2. [GRANT OF EXTENSION.] Upon application made within (THE) 30 (DAY PERIOD REFERRED TO IN SUBDIVISION 1) *days after the date on which the first payment was due*, the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) may grant an extension of time within which to determine liability. The extension shall not exceed 30 days.

Subd. 3. [PAYMENTS TO SPECIAL COMPENSATION FUND.] Where an employer or insurer fails to begin payment of compensation, charges for treatment under section 176.135 or retraining expenses under 176.102, subdivision 9, or to file a denial of liability, or to request an extension of time within (THE) 30 (DAY PERIOD REFERRED TO IN SUBDIVISION 1) *days after the date on which the first payment was due*, he shall pay to the special compensation fund an amount equal to the total amount of compensation to which the employee is entitled because of the injury. In addition, each day subsequent to the end of the (30 DAY) period and until a compensation payment is made to the injured employee, the person responsible for payment of compensation shall pay to the special compensation fund an amount equal to the total compensation to which *the* injured employee is entitled.

Subd. 4. [FAILURE TO MAKE PAYMENTS AFTER EXTENSION.] Where an employer or insurer has been granted an extension of time within which to determine liability and fails to begin payment of compensation, charges for treatment under section 176.135 or retraining expenses under 176.102, subdivision 9 or to file a denial of liability within such extended period, he shall make the payments provided in subdivision 3.

Subd. 5. [DOUBLE PAYMENTS TO SPECIAL COMPENSATION FUND.] Where an employer or insurer has failed to make the payments required by subdivision 3 or subdivision 4 within (60) *30* days from the end of the (30 DAY) period or the extended period, the division may require him to pay to the special compensation fund, each day subsequent to the end of the period and until a compensation payment is made to the injured employee, a sum equal to double the total amount of compensation to which the employee is entitled because of the injury. In addition, the person responsible for compensation, charges for treatment under section 176.135 or retraining expenses under 176.102, subdivision 9 shall pay to the special compensation fund an amount equal to the total amount of compensation to which the employee is entitled.

Subd. 6. [ASSESSMENT OF PENALTIES.] The division shall assess the penalty payments provided for by subdivisions 3 to 5, *and any increase in benefit payments provided by section 176.225, subdivision 5*, against either the employer or the insurer depending upon to whom the delay is attributable in making payment of compensation, charges for treatment under section 176.-

135 or retraining expenses under 176.102, subdivision 9. The insurer is not liable for a penalty payment assessed against the employer.

Subd. 7. [INTEREST.] Any payment of compensation, charges for treatment under section 176.135 or retraining expenses under 176.102, subdivision 9 not made when due shall bear interest at the rate of eight percent per annum from the due date to the date the payment is made.

Subd. 8. [METHOD AND TIMELINESS OF PAYMENT.] *Payment of compensation under this chapter shall be by immediately payable negotiable instrument, or if by any other method, arrangements shall be available to provide for the immediate payment of the negotiable instrument.*

All payment of compensation shall be made within 14 days of an appropriate order by the division, unless the order is to be appealed, or where a different time period is provided by this chapter.

Sec. 95. Minnesota Statutes 1980, Section 176.225, is amended by adding a subdivision to read:

Subd. 5. [PENALTY.] *Where the employer is guilty of inexcusable delay in making payments, the payments which are found to be delayed shall be increased by 10 percent. Withholding amounts unquestionably due because the injured employee refuses to execute a release of his right to claim further benefits will be regarded as inexcusable delay in the making of compensation payments. If any sum ordered by the department to be paid is not paid when due, and no appeal of the order is made, the sum shall bear interest at the rate of 12 percent per annum. Any penalties paid pursuant to this section shall not be considered as a loss or expense item for purposes of a petition for a rate increase made pursuant to chapter 79.*

Sec. 96. Minnesota Statutes 1980, Section 176.231, Subdivision 2, is amended to read:

Subd. 2. [INITIAL REPORT, WRITTEN REPORT.] *Where subdivision 1 requires an injury to be reported within 48 hours, the employer may make his initial report by telephone, telegraph, or personal notice, and file a written report of the injury within seven days from its occurrence or within such time as the commissioner of labor and industry designates. All written reports of injuries required by subdivision 1 shall include the date of injury, amounts of payments made, if any, and the date of the first payment. The reports shall be in quadruplicate on a form designed by the commissioner, with two copies to the commissioner and one to the insurer.*

If an insurer or self insurer repeatedly fails to pay benefits within three days of the due date, pursuant to section 176.221, the insurer or self insurer shall be ordered by the commissioner to explain, in person, the failure to pay benefits due in a reasonable time. If prompt payments are not thereafter made, the commissioner shall refer the insurer or self insurer to the commissioner of insurance for action pursuant to section 176.225, subdivision 4.

Sec. 97. Minnesota Statutes 1980, Section 176.231, Subdivision 7, is amended to read:

Subd. 7. [MEDICAL REPORTS.] If requested by the division (OR BY), a compensation judge, the workers' compensation court of appeals, or any member or employee thereof an employer, insurer, or employee shall file with the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) the original or a verified copy of any medical report in his possession which bears upon the case and shall also file a verified copy of the same report with the agency or individual who made the request.

Sec. 98. Minnesota Statutes 1980, Section 176.241, Subdivision 1, is amended to read:

Subdivision 1. [NECESSITY FOR NOTICE AND SHOWING; CONTENTS.] Where an employee claims that the right to compensation continues, (OR REFUSES TO SIGN OR OBJECTS TO SIGNING A FINAL RECEIPT FOR COMPENSATION,) the employer may not discontinue payment of compensation until he provides the (DIVISION) employee with notice in writing of his intention to do so, together with a statement of facts clearly indicating the reasons for the discontinuance. *A copy of the notice shall be provided to the division by the employer.*

The notice to the employee and the copy to the division shall state the date of intended discontinuance (,) and the reason for the action (, AND THE FACT THAT THE EMPLOYEE OBJECTS TO THE DISCONTINUANCE). The notice to the employee and the copy to the division shall be accompanied by a statement of facts in support of the discontinuance of compensation payments and whatever medical reports are in the possession of the employer bearing on the physical condition of the employee at the time of the proposed discontinuance.

Sec. 99. Minnesota Statutes 1980, Section 176.241, Subdivision 2, is amended to read:

Subd. 2. [CONTINUANCE OF EMPLOYER'S LIABILITY; SUSPENSION.] Except where the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) orders otherwise, until the copy of the notice and reports have been filed with

the division, the liability of the employer to make payments of compensation continues.

When the division has received a *copy of the* notice of discontinuance, the statement of facts and available medical reports, the duty of the employer to pay compensation is suspended pending an investigation, hearing, and determination of the matter by the division as provided in the following subdivision.

Sec. 100. Minnesota Statutes 1980, Section 176.241, Subdivision 3, is amended to read:

Subd. 3. [COPY OF NOTICE TO EMPLOYEE, INVESTIGATION, HEARING.] (WHEN THE DIVISION HAS RECEIVED A NOTICE OF DISCONTINUANCE, IT SHALL IMMEDIATELY SEND THE EMPLOYEE A COPY OF THE NOTICE AND SUPPORTING DOCUMENTS WHICH HAVE BEEN SUBMITTED IN CONJUNCTION WITH THE NOTICE.) *When the employer has reason to believe compensation may be terminated within the requirements of this chapter, notice shall be given to the employee informing the employee of his right to object to the discontinuance and providing instructions as to how to contact the employer or insurer regarding the discontinuance and the procedures related to initiation of a claim.* The commissioner (OF LABOR AND INDUSTRY) shall make an investigation to determine whether the right to compensation has terminated. If it appears from the investigation that the right to compensation may not have terminated, the commissioner (OF LABOR AND INDUSTRY) shall (SCHEDULE) *refer the matter to the chief hearing examiner in order that a hearing before a compensation judge may be scheduled, to determine the right of the employee, or his dependent, to further compensation.*

The hearing shall be held within a reasonable time after the division has received the notice of discontinuance. The (COMMISSIONER OF LABOR AND INDUSTRY) *compensation judge* shall give eight days notice of the hearing to interested parties.

Sec. 101. [176.262] [APPOINTMENT OF COMPENSATION JUDGES; LIMITATION.]

No attorney acting pursuant to section 176.261 shall be hired or appointed as a compensation judge for a period of two years following termination of service with the division.

Sec. 102. Minnesota Statutes 1980, Section 176.291, is amended to read:

176.291 [DISPUTES AND DEFAULTS; PROCEDURE.]

Where there is a dispute as to a question of law or fact in connection with a claim for compensation, or where there has been a default in the payment of compensation for a period of ten days, a party may present a verified petition to the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) stating the matter in dispute or the fact of default.

The petition shall also state:

- (1) names and residence of parties;
- (2) facts relating to the employment at the time of injury, including amount of wages received;
- (3) extent and character of injury;
- (4) notice to or knowledge by employer of injury;
- (5) facts which the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY AND WORKERS' COMPENSATION COURT OF APPEALS) by rule requires; and,
- (6) such other facts as are necessary for the information of the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY AND), *a compensation judge or the workers' compensation court of appeals.*

Sec. 103. Minnesota Statutes 1980, Section 176.301, Subdivision 1, is amended to read:

Subdivision 1. [TRIAL BY COURT; REFERENCE TO COMMISSIONER (OF THE DEPARTMENT OF LABOR AND INDUSTRY).] When issue has been joined in the district court action, the court may try the action itself without a jury, or refer the matter to the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY TO BE ASSIGNED FOR HEARING). In the latter case, *the commissioner shall refer the matter to the chief hearing examiner for assignment to a compensation judge (OR THE WORKERS' COMPENSATION COURT OF APPEALS UPON APPEAL SHALL HEAR THE CASE IN THE MANNER IN WHICH IT HEARS CASES ORIGINALLY).* The (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY SHALL REPORT THE FINDINGS AND DECISION OF THE) compensation judge (, OR THE WORKERS' COMPENSATION COURT OF APPEALS) *shall report his findings and decisions* to the district court. The court may approve or disapprove such decision in the same manner as it approves or disapproves the report of a referee. The court shall enter judgment upon such decision.

Sec. 104. Minnesota Statutes 1980, Section 176.305, is amended to read:

176.305 [PETITIONS FILED WITH THE WORKERS' COMPENSATION DIVISION.]

Subdivision 1. [HEARINGS ON PETITIONS.] When any petition has been filed with the workers' compensation division, the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) shall, pursuant to his general rules (OR THOSE OF THE WORKERS' COMPENSATION COURT OF APPEALS) or special order, (DIRECT THAT) *refer the matter presented by the petition to the chief hearing examiner to be heard by a compensation judge (OR PRESENTED TO THE WORKERS' COMPENSATION COURT OF APPEALS IF IT IS A MATTER WITHIN ITS JURISDICTION. THE DIVISION SHALL HEAR PETITIONS TO COMMUTE FURTHER COMPENSATION).*

Subd. 2. [SERVICE OF COPY OF PETITION.] Within ten days after a petition has been filed, the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) shall serve upon each adverse party a copy of the petition and a notice stating (WHETHER) *that the hearing will be held before a compensation judge (OR THAT THE PETITION HAS BEEN REFERRED TO THE WORKERS' COMPENSATION COURT OF APPEALS).* The commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) shall deliver the original petition and copies of the notice which have been served (,) *to the office of administrative hearings for assignment to a compensation judge (OR THE WORKERS' COMPENSATION COURT OF APPEALS DEPENDING UPON WHO WILL HEAR THE MATTER).*

Subd. 3. [TESTIMONY.] (UNLESS THE WORKERS' COMPENSATION COURT OF APPEALS ORDERS DIFFERENTLY, TESTIMONY TAKEN BEFORE A JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS OR COMPENSATION JUDGE IS CONSIDERED AS THOUGH TAKEN BEFORE THE WORKERS' COMPENSATION COURT OF APPEALS.) Where the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *chief hearing examiner* has substituted a compensation judge originally assigned to hear a matter, the testimony taken before the substitute compensation judge shall be considered as though taken before the judge before whom it was originally assigned.

Sec. 105. Minnesota Statutes 1980, Section 176.311, is amended to read:

176.311 [REASSIGNMENT OF PETITION FOR HEARING.]

Where a petition is heard before a compensation judge, at any time before an award or order has been made in such proceeding, the (COMMISSIONER OF THE DEPARTMENT

OF LABOR AND INDUSTRY) *chief hearing examiner* may reassign the petition for hearing before another compensation judge.

Sec. 106. Minnesota Statutes 1980, Section 176.331, is amended to read:

176.331 [AWARD BY DEFAULT.]

Where an adverse party has failed to file and serve an answer, if the petitioner presents proof of such fact, the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY OR) compensation judge shall enter whatever award or order to which petitioner is entitled on the basis of the facts alleged in the petition, but the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY OR) compensation judge may require proof of (ANY) *an* alleged fact. If the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) requires such proof, he shall *request the chief hearing examiner* to assign the matter to a compensation judge to summarily hear and determine the same and to promptly make an award or order.

Where in such a default case the petition does not state facts sufficient to support an award, the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY OR) compensation judge shall give the petitioner or his attorney written notice of (SUCH FACT) *this deficiency*. The petitioner may thereupon file another petition as in the case of an original petition.

Sec. 107. Minnesota Statutes 1980, Section 176.341, Subdivision 1, is amended to read:

Subdivision 1. [TIME.] When the reply has been filed or the time has expired in which to file a reply (,) the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *chief hearing examiner* shall fix a time and place for hearing the petition. The hearing shall be held (NOT LESS THAN TEN DAYS FROM THE TIME THE REPLY IS FILED OR THE EXPIRATION OF THE TIME IN WHICH THE REPLY COULD HAVE BEEN FILED OR AS SOON THEREAFTER AS THE PARTIES CAN BE HEARD) *as soon as practicable and at a time and place determined by the chief hearing examiner to be the most convenient for the parties, keeping in mind the intent of chapter 176 as expressed in section 83 and the requirements of section 118.*

Sec. 108. Minnesota Statutes 1980, Section 176.351, is amended to read:

176.351 [TESTIMONIAL POWERS.]

Subdivision 1. [OATHS.] The compensation judge to whom a petition has been assigned for hearing shall administer an oath to each witness. (THE WORKERS' COMPENSATION COURT OF APPEALS SHALL ALSO ADMINISTER AN OATH TO EACH WITNESS APPEARING BEFORE IT.) The commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) may also administer an oath when required in the performance of his duties.

Subd. 2. [SUBPOENAS.] Upon his (OR ITS) own initiative, or upon written request of an interested party, (THE WORKERS' COMPENSATION COURT OF APPEALS, OR) the commissioner or compensation judge before whom a hearing is held may issue a subpoena for the attendance of a witness or the production of such books, papers, records and documents as are material in the cause and are designated in the subpoena. The commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) may also issue a subpoena for the attendance of a witness or the production of such books, papers, records, and documents as are material in the cause pending and are designated in the subpoena.

Subd. 3. [ADVANCEMENT OF FEES AND COSTS.] The person who applies for issuance of a subpoena shall advance the required service and witness fees. The commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) shall pay for the attendance of witnesses who are subpoenaed by him (, OR THE WORKERS' COMPENSATION COURT OF APPEALS, OR A JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS, OR). *The chief hearing examiner shall pay for the attendance of witnesses who are subpoenaed by a compensation judge.* The fees are the same as the service and witness fees in civil actions in district court.

Subd. 4. [PROCEEDINGS AS FOR CONTEMPT OF COURT.] Where a person does not comply with an order or subpoena, the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY, THE WORKERS' COMPENSATION COURT OF APPEALS,) or the commissioner or compensation judge concerned, may apply to the district court in the county in which the petition is pending for issuance of an order compelling obedience. Upon such an application, the district court shall compel obedience to the order or subpoena by attachment proceedings as for contempt in the case of disobedience of a similar order or subpoena issued by the district court.

Sec. 109. Minnesota Statutes 1980, Section 176.371, is amended to read:

176.371 [AWARD OR DISALLOWANCE OF COMPENSATION.]

The (WORKERS' COMPENSATION COURT OF APPEALS, OR A JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS OR) compensation judge to whom a petition has been assigned for hearing, shall hear all competent evidence produced at the hearing, and, as soon after the hearing as possible, make (SUCH) findings of fact, conclusions of law, and award or disallowance of compensation or other order as the pleadings, evidence, (AND) this chapter *and rule* require.

Sec. 110. Minnesota Statutes 1980, Section 176.381, is amended to read:

176.381 [REFERENCE OF QUESTIONS OF FACT.]

Subdivision 1. [HEARING BEFORE WORKERS' COMPENSATION COURT OF APPEALS.] In the hearing of any matter before the workers' compensation court of appeals, the *chief judge of the workers' compensation court of appeals* may refer any question of fact to (A JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS OR) *the chief hearing examiner for assignment to a compensation judge* either to hear evidence and report it to the workers' compensation court of appeals or to hear evidence and make findings of fact and report them to the workers' compensation court of appeals. The workers' compensation court of appeals shall notify the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) of any matter referred to (A JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS OR) a compensation judge under this subdivision.

Subd. 2. [HEARING BEFORE COMPENSATION JUDGE.] In the hearing of any petition before a compensation judge, the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *chief hearing examiner* may refer any question of fact to another compensation judge to hear evidence and report it to the original compensation judge.

Sec. 111. Minnesota Statutes 1980, Section 176.391, is amended to read:

176.391 [INVESTIGATIONS.]

Subdivision 1. [POWER TO MAKE.] Before, during, or after any hearing, the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY,) *or a compensation judge (, OR WORKERS' COMPENSATION COURT OF APPEALS, IF THE MATTER IS BEFORE IT,)* may make an independent investigation of the facts alleged in the petition or answer.

Subd. 2. [APPOINTMENT OF PHYSICIANS, SURGEONS, AND OTHER EXPERTS.] The (WORKERS' COMPENSATION COURT OF APPEALS, OR A JUDGE OF THE WORK-

ERS' COMPENSATION COURT OF APPEALS OR) compensation judge assigned to a matter, or the commissioner (OF LABOR AND INDUSTRY), may appoint one or more neutral physicians or surgeons from the list established by the commissioner to examine the injury of the employee and report thereon *except as provided otherwise pursuant to section 70*. Where necessary to determine the facts, the services of other experts may also be employed.

Subd. 3. [REPORTS.] The report of a physician, surgeon, or other expert shall be filed with the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) *and the compensation judge assigned to the matter if any*. The report shall be made a part of the record of the case and be open to inspection as such.

Subd. 4. [COMPENSATION.] The commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY,) *or compensation judge (, OR WORKERS' COMPENSATION COURT OF APPEALS, AS THE CASE MAY BE,)* shall fix the compensation of a physician, surgeon, or other expert whose services are employed under this chapter. This compensation shall be paid initially out of the funds appropriated for the maintenance of the workers' compensation division, but shall be taxed as costs to either party, or both, or otherwise, as the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY,) *or compensation judge (, OR THE WORKERS' COMPENSATION COURT OF APPEALS)* directs.

Where a sum which has been taxed to a party has not been paid, it may be collected in the same manner as are costs generally.

Sec. 112. Minnesota Statutes 1980, Section 176.401, is amended to read:

176.401 [HEARINGS PUBLIC.]

All hearings before (THE WORKERS' COMPENSATION COURT OF APPEALS, A JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS, OR) *a compensation judge* are public.

Sec. 113. Minnesota Statutes 1980, Section 176.411, Subdivision 1, is amended to read:

Subdivision 1. [CONDUCT OF HEARINGS AND INVESTIGATIONS.] Except as otherwise provided by this chapter, when (THE WORKERS' COMPENSATION COURT OF APPEALS, A JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS OR) *a compensation judge* makes an investigation or conducts a hearing, (IT OR HE) *the compensation judge* is bound neither by the common law or statutory rules of evidence nor by technical or formula rules of pleading or procedure. The investigation or hearing shall be conducted in a manner to ascertain the substantial rights of the parties.

Findings of fact shall be based upon competent evidence only and shall comport with section 176.021.

Sec. 114. Minnesota Statutes 1980, Section 176.411, Subdivision 2, is amended to read:

Subd. 2. [DEPOSITIONS.] Except where (THE WORKERS' COMPENSATION COURT OF APPEALS, A JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS, OR) a compensation judge orders otherwise, depositions may be taken in the manner which the law provides for depositions in civil actions in district court.

Sec. 115. Minnesota Statutes 1980, Section 176.421, Subdivision 1, is amended to read:

Subdivision 1. [TIME FOR TAKING; GROUNDS.] When a petition has been heard before a (JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS OR) compensation judge, within 30 days after a party in interest has been served with notice of an award or disallowance of compensation, or other order affecting the merits of the case, he may appeal to the workers' compensation court of appeals on any of the following grounds:

- (1) The order does not conform with this chapter; or
- (2) The (JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS OR) compensation judge committed an error of law; or
- (3) The findings of fact and order were unwarranted by the evidence; or
- (4) The findings of fact and order were procured by fraud, or coercion, or other improper conduct of a party in interest.

Sec. 116. Minnesota Statutes 1980, Section 176.421, Subdivision 4, is amended to read:

Subd. 4. [SERVICE AND FILING OF NOTICE; COST OF TRANSCRIPT.] Within the 30 day period for taking an appeal, the appellant shall:

- (1) Serve a copy of the notice of appeal on each adverse party;
- (2) File the original notice, with proof of service by admission or affidavit, with the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) chief hearing examiner;

(3) In order to defray the cost of the transcript of the proceedings appealed from, pay to the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *chief hearing examiner* the sum of \$10 or so much of that sum as is necessary to present the question raised on the appeal.

The appellant is liable for the cost of the transcript in excess of \$10, but is entitled to a refund of any part of that sum not used to pay the cost of the transcript.

Upon a showing of cause, the (COMMISSIONER) *chief hearing examiner* (OF THE DEPARTMENT OF LABOR AND INDUSTRY) may direct that a transcript be prepared without expense to the appellant, *in which case the cost of the transcript shall be paid by the office of administrative hearings.*

Sec. 117. Minnesota Statutes 1980, Section 176.421, Subdivision 5, is amended to read:

Subd. 5. [TRANSCRIPT.] When the notice of appeal has been filed with the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *chief hearing examiner* and the transcription fee has been paid, the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *chief hearing examiner* shall immediately prepare a typewritten transcript of the proceedings. The official reporter or other person designated by the *chief hearing examiner* who transcribes the proceedings shall certify to their correctness.

Sec. 118. Minnesota Statutes 1980, Section 176.421, Subdivision 6, is amended to read:

Subd. 6. [POWERS OF WORKERS' COMPENSATION COURT OF APPEALS ON APPEAL.] On an appeal taken under this section, the workers' compensation court of appeals may:

(1) disregard the findings of fact which the (JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS OR) compensation judge has made;

(2) examine the (TESTIMONY AND HEAR OTHER EVIDENCE) *record*;

(3) substitute for the findings of fact made by the (JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS OR) compensation judge, *when those findings are clearly erroneous*, such findings as the total evidence requires; and,

(4) make (SUCH) *and* award or disallowance of compensation or other order as the facts and findings require.

Sec. 119. Minnesota Statutes 1980, Section 176.421, Subdivision 7, is amended to read:

Subd. 7. [RECORD OF PROCEEDINGS.] At the division's own expense, the commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) shall make a complete record of all proceedings before himself (, THE WORKERS' COMPENSATION COURT OF APPEALS, A JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS, OR COMPENSATION JUDGE). The commissioner (OF THE DEPARTMENT OF LABOR AND INDUSTRY) shall provide a stenographer to make a record of the proceedings *before him*.

The (STENOGRAPHER) *commissioner* shall furnish a transcript of these proceedings to any person who requests it and who pays a reasonable charge (, THE COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *and* shall fix the amount of this charge.

Sec. 120. Minnesota Statutes 1980, Section 176.431, Subdivision 1, is amended to read:

Subdivision 1. [HEARING.] Where an appeal has been taken to the workers' compensation court of appeals under this chapter on the ground that the compensation judge has made an error of law, the workers' compensation court of appeals shall grant a hearing *with an opportunity for oral argument*. The (COMMISSIONER) *chief hearing examiner* (OF THE DEPARTMENT OF LABOR AND INDUSTRY) shall notify the workers' compensation court of appeals promptly of the taking of any appeal.

The workers' compensation court of appeals shall fix a time and place for the hearing (,) and (NOTIFY THE COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY WHO) shall give each party in interest at least five days written notice.

Sec. 121. Minnesota Statutes 1980, Section 176.441, Subdivision 1, is amended to read:

Subdivision 1. [DISPOSITION BY WORKERS' COMPENSATION COURT OF APPEALS.] Where an appeal has been taken to the workers' compensation court of appeals under this chapter, on either the ground that the findings or order or both were unwarranted by the evidence, or were procured by fraud, coercion, or other improper conduct of a party, the workers' compensation court of appeals may:

(1) grant a hearing (DE NOVO) *on the record*; or,

((2) ASSIGN) *remand* the petition for a *de novo* hearing or a rehearing (,) and notify the (COMMISSIONER OF THE

DEPARTMENT OF LABOR AND INDUSTRY, WHO SHALL SET) *chief hearing examiner, who shall assign the de novo hearing or the rehearing before a compensation judge; or,*

((3)) (2) sustain, reverse, or modify the order appealed from.

Sec. 122. Minnesota Statutes 1980, Section 176.461, is amended to read:

176.461 [SETTING ASIDE AWARD.]

Except where a writ of certiorari has been issued by the supreme court and the matter is still pending in that court or where as a matter of law the determination of the supreme court cannot be subsequently modified, the workers' compensation court of appeals, for cause, at any time after an award, upon application of either party and not less than five days after written notice to all interested parties, may set the award aside and grant a new hearing (BEFORE ITSELF OR) and refer the matter for a determination on its merits to *the chief hearing examiner for assignment to a compensation judge, who shall make such findings of fact, conclusions of law, and award or disallowance of compensation or other order as the pleadings and the evidence produced and the provisions of this chapter shall require.*

Sec. 123. Minnesota Statutes 1980, Section 176.471, Subdivision 3, is amended to read:

Subd. 3. [SERVICE OF WRIT AND BOND; FILING FEE.] To effect a review upon certiorari, the party shall serve a writ of certiorari and a bond upon the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *administrator of the workers' compensation court of appeals* within the 30 day period referred to in subdivision 1. The party shall also at this time pay to the (SECRETARY OF THE COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *administrator* the fee prescribed by rule 103.01 of the rules of civil appellate procedure which shall be disposed of in the manner provided by that rule.

Sec. 124. Minnesota Statutes 1980, Section 176.471, Subdivision 5, is amended to read:

Subd. 5. [BOND.] The bond required by subdivision 3 shall be executed in such amount and with such sureties as the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *workers' compensation court of appeals* directs and approves. The bond shall be conditioned to pay the cost of the review.

Sec. 125. Minnesota Statutes 1980, Section 176.471, Subdivision 6, is amended to read:

Subd. 6. [TRANSMITTAL OF FEE AND RETURN.] When the writ of certiorari has been served upon the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *administrator of the workers' compensation court of appeals*, the bond has been filed, and the filing fee has been paid, the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *administrator* shall immediately transmit to the clerk of the supreme court that filing fee and the return to the writ of certiorari and bond.

Sec. 126. Minnesota Statutes 1980, Section 176.471, Subdivision 8, is amended to read:

Subd. 8. [RETURN OF PROCEEDINGS TRANSMITTED TO COURT.] Within 30 days after the writ of certiorari, bond, and filing fee have been filed with the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *administrator of the workers' compensation court of appeals*, the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *administrator* shall transmit to the clerk of the supreme court a true and complete return of the proceedings of the workers' compensation court of appeals under review, or such part of those proceedings as is necessary to allow the supreme court to review properly the questions presented.

The (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *workers' compensation court of appeals* shall certify the return of the proceedings under (HIS) *its* seal. The petitioner or relator shall pay to the (COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) *administrator of the workers' compensation court of appeals* the reasonable expense of preparing the return.

Sec. 127. Minnesota Statutes 1980, Section 176.491, is amended to read:

176.491 [STAY OF PROCEEDINGS PENDING DISPOSITION OF CASE.]

Where a writ of certiorari has been perfected under this chapter, it stays all proceedings for the enforcement of the order being reviewed until the case has been finally disposed of either in the supreme court or, where the cause has been remanded (TO THE WORKERS' COMPENSATION DIVISION) for a new hearing *before a compensation judge* or further proceedings (.) *before the workers' compensation court of appeals* (OR COMPENSATION JUDGE).

Sec. 128. Minnesota Statutes 1980, Section 176.511, Subdivision 1, is amended to read:

Subdivision 1. [PARTIES NOT AWARDED COSTS.] Except as provided otherwise by this chapter and specifically by this section, in (HEARINGS) *appeals* before the workers' compensation court of appeals (, OR A JUDGE OF THE WORKERS' COMPENSATION COURT OF APPEALS,) or *hearings before a compensation judge*, costs shall not be awarded to either party.

Sec. 129. Minnesota Statutes 1980, Section 176.521, Subdivision 1, is amended to read:

Subdivision 1. [VALIDITY.] An agreement between an employee or his dependent and the employer or insurer to settle any claim, which is not upon appeal before the workers' compensation court of appeals, for compensation under this chapter is valid where it has been executed in writing and signed by the parties, and intervenors in the matter, and the division or a *compensation judge* has approved the settlement and made an award thereon. If the matter is upon appeal before the workers' compensation court of appeals or *district court*, the workers' compensation court of appeals or *district court* is the approving body.

Sec. 130. Minnesota Statutes 1980, Section 176.521, Subdivision 2, is amended to read:

Subd. 2. [APPROVAL.] Settlements shall be approved only where the terms conform with this chapter.

The division, a *compensation judge*, and the workers' compensation court of appeals shall exercise discretion in approving or disapproving a proposed settlement.

The parties to the agreement of settlement have the burden of proving that the settlement is reasonable, fair, and in conformity with this chapter. A settlement agreement where both the employee or his dependent and the employer or insurer and intervenors in the matter are represented by an attorney shall be presumed to be reasonable, fair, and in conformity with this chapter.

Sec. 131. Minnesota Statutes 1980, Section 176.531, Subdivision 3, is amended to read:

Subd. 3. [PROMPT PAYMENT.] *It is the intent of this section (SHALL BE LIBERALLY CONSTRUED TO INSURE THE) that there be prompt payment of compensation.*

Sec. 132. Minnesota Statutes 1980, Section 176.645, is amended to read:

176.645 [ADJUSTMENT OF BENEFITS.]

Subdivision 1. [AMOUNT.] For injuries occurring after October 1, 1975 for which benefits are payable under section 176.101, subdivisions 1, 2 and 4, and section 176.111, subdivision 5, the (AMOUNT) *total benefits* due the employee or any dependents shall be adjusted in accordance with this section. On October 1, (1976) 1981, and (EACH OCTOBER 1) thereafter on the anniversary of the date of the employee's injury the (AMOUNT) *total benefits* due shall be adjusted by multiplying the (AMOUNT) *total benefits* due prior to each adjustment by a fraction, the denominator of which is the statewide average weekly wage for December 31, (21 MONTHS PRIOR) of the year two years previous to the adjustment and the numerator of which is the statewide average weekly wage for December 31, (NINE MONTHS PRIOR) of the year previous to the adjustment. For injuries occurring after October 1, 1975, all adjustments provided for in this section shall be included in computing any benefit due under this section. Any limitations of amounts due for daily or weekly compensation under this chapter shall not apply to adjustments made under this section. No adjustment increase made on October 1, 1977 or thereafter under this section shall exceed six percent a year. In those instances where the adjustment under the formula of this section would exceed this maximum the increase shall be deemed to be six percent.

Subd. 2. [TIME OF FIRST ADJUSTMENT.] For injuries occurring on or after October 1, 1981, the initial adjustment made pursuant to subdivision 1 shall be deferred until 52 weeks of compensation has been received.

Sec. 133. Minnesota Statutes 1980, Section 179.74, Subdivision 4, is amended to read:

Subd. 4. The commissioner of employee relations shall meet and negotiate with the exclusive representative of each of the units specified in section 179.741, subdivision 1, in the manner prescribed by sections 179.61 to 179.76. The appropriate units provided for in section 179.741 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 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 examiner and compensation judge positions in the office of administrative hearings, and the positions of all confidential employees shall be excluded from any appropriate unit. The governor may upon the unanimous written request of

exclusive representatives of units and the commissioner direct that negotiations be conducted for one or more 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. 134. [TRANSITION AND VALIDATION; WORKERS' COMPENSATION COURT OF APPEALS.]

Subdivision 1. [PURPOSE.] It is the purpose and intent of the legislature to constitute the workers' compensation court of appeals as an independent agency of the state and this act is not intended to affect any substantive rights beyond the extent necessary to accomplish said purpose. Any rules, decisions or other actions under chapter 175 and chapter 176 prior to the effective date of this section shall continue in full force and effect unless this act expressly provides otherwise. Matters currently before the workers' compensation court of appeals shall not be affected by the provisions of this act.

Subd. 2. [PERSONNEL.] All personnel appointed by the commissioner of labor and industry to perform full time duties for the workers' compensation court of appeals are transferred to the workers' compensation court of appeals. The transfer shall not affect any other term or condition of the transferred employee's employment.

Sec. 135. [TRANSITION; COMPENSATION JUDGES.]

Subdivision 1. [PURPOSE.] It is the purpose and intent of this act to transfer the compensation judges, except for the settlement judge or judges and their support staff, but including other hearing reporters, and other judicial support staff in the workers' compensation division of the department of labor and industry, to the office of administrative hearings as a separate unit in order to provide for a completely objective hearing process with regard to workers' compensation matters. The offices of the transferred compensation judges shall be physically located in a building separate from the offices of the department of labor and industry.

Notwithstanding the provisions of any law to the contrary, the provisions of this act shall not be construed to require that hearings in workers' compensation matters be subject to the contested case procedures of sections 15.041 to 15.052. Any provision of chapter 176 which would conflict with the provisions of this act with regard to the hearing procedures to be followed in workers' compensation matters are subordinate to the provisions of this act.

Subd. 2. [PERSONNEL, EQUIPMENT.] All personnel appointed by the commissioner to perform full time duties as compensation judges, hearing reporters or in support of the

functions of the compensation judges, except for the settlement judge or judges, their hearing reporters and support staff, are transferred to the office of administrative hearings. No employee transferred pursuant to this section shall suffer a diminution of total compensation by reason of such transfer.

All equipment and supplies used solely by the transferred personnel in the performance of their duties are transferred to the office of administrative hearings.

Subd. 3. [CHIEF HEARING EXAMINER.] The chief hearing examiner shall schedule workers' compensation hearings on as regular a schedule as may be practicable in no fewer than six widely separated locations throughout the state, including at least four locations outside of the seven county metropolitan area and Duluth, for the purpose of providing a convenient forum for parties to a compensation hearing and shall maintain a permanent office in Duluth staffed by at least one compensation judge.

Subd. 4. [DISTRICT ADMINISTRATORS; CLERKS OF COURT.] The judicial district administrators or the clerks of court of the county or district courts nearest to the locations selected by the chief hearing examiner pursuant to subdivision 3 shall provide suitable hearing rooms at the times and places agreed upon for the purpose of conducting workers' compensation hearings.

Subd. 5. [COOPERATION.] Beginning on the effective date of this act, the commissioner, the commissioner of administration and the chief hearing examiner shall cooperate in assuring a smooth transfer of the compensation judges and related personnel and equipment and supplies as provided in this act.

Subd. 6. [EFFECTIVE DATE.] The transfers required under this section are effective on July 1, 1981. The physical relocation of the offices of the compensation judges shall be accomplished by no later than January 1, 1982.

Sec. 136. [RATE REDUCTION.]

Subdivision 1. [AMOUNT.] Within 15 days following the date of final enactment the commissioner of insurance shall order that an informational hearing be held for the purpose of making a final determination as to the impact of the provisions of this act on the schedule of rates which will be in effect on October 1, 1981. The hearing shall not be subject to the provisions of the administrative procedure act or section 79.076. The commissioner shall then issue an order, pursuant to the authority granted in section 12, reducing the schedule of rates and making other necessary changes to that schedule to reflect the actual savings

which will result from this act. The reduction shall be equal to or greater than the sum of the following factors:

(a) a reduction of 20 percent as a reflection of the impact of section 13;

(b) a reduction of eight percent as a reflection of the impact of changes provided by this act in the benefits payable pursuant to chapter 176; and

(c) a reduction of two percent as a reflection of the impact of the changes in administration and operation of Minnesota workers' compensation system required by this act.

Subd. 2. [EXCEPTION.] The commissioner may reduce any of the changes in the schedule of rates required in subdivision 1 if he finds that a previous rate order issued pursuant to section 79.071 has already incorporated the required reductions.

Sec. 137. [OTHER REDUCTIONS.]

The commissioner shall further order, pursuant to authority granted in section 12, that the schedule of rates shall be reduced by an additional two percent on each of four dates, October 1, 1982, October 1, 1983, October 1, 1984, and October 1, 1985, as a reflection of the savings in the administration and operations of the Minnesota workers' compensation system required by this act. These reductions may be altered if the commissioner finds that the savings are greater or less than contemplated by this subdivision.

Sec. 138. [SEVERABILITY.]

If any provision of this act is found to be unconstitutional and void, the remaining provisions of the act shall remain valid, unless the court finds the valid provisions of the act are so essentially and inseparably connected with, and so dependent upon, the void provisions that the court cannot presume the legislature would have enacted the remaining valid provisions without the void one; or unless the court finds the remaining valid provisions, standing alone, are incomplete and are incapable of being executed in accordance with the legislative intent.

Sec. 139. [APPROPRIATIONS.]

Subdivision 1. The sum of \$150,000 is appropriated from the general fund to the legislative coordinating commission for the purpose of conducting, in cooperation with the commissioner of insurance, a thorough study of the flow of all premium dollars paid to workers' compensation insurers in the state of Minnesota, including a closed compensation claim survey and an examination

of insurer reserving practices. A report shall be made to the legislature by January 15, 1982.

Subd. 2. There is appropriated to the workers' compensation court of appeals for the fiscal years ending June 30 of the year indicated from the general fund in the state treasury:

1982	1983
\$55,970	\$55,970

Additional approved complement 1

Subd. 3. There is appropriated from the general fund to the commissioner of labor and industry for the fiscal year indicated for the purpose of hiring six additional support personnel and ancillary expenses needed in conjunction with the departmental improvements provided in section 77; and for the purposes of hiring two additional support personnel and ancillary expenses needed in conjunction with the departmental improvements provided under section 19.

1982	1983
\$350,800	\$264,670

Additional approved complement—8

Subd. 4. The sum of \$5,000 is appropriated to the workers' compensation court of appeals for the purpose of conducting the study provided for in section 70, subdivision 7.

Subd. 5. Any appropriation to the department of labor and industry for the purposes of any of its functions, powers, or duties which are transferred by this act to the workers' compensation court of appeals or the office of administrative hearings is hereby transferred to the workers' compensation court of appeals or the office of administrative hearings, allocated to each agency or department in appropriate amounts as determined by the commissioner of finance. When the functions, powers and duties that are affected by this act are the responsibility of the department of labor and industry and another department or agency, the commissioner of finance shall allocate any appropriation to the department or agency between the department of labor and industry and the other departments or agencies affected, as may be appropriate.

Sec. 140. [REPEALER.]

Minnesota Statutes 1980, Sections 79.071, Subdivision 1; 79.074, Subdivision 1; 79.075; 79.076; 79.08; 79.09; 79.11; 79.12; 79.13; 79.14; 79.15; 79.16; 79.17; 79.171; 79.18; 79.19; 79.20;

79.21; 79.211; 79.22, Subdivision 1; 79.221; 79.23; 79.24; 79.25; 79.26; 79.27; 79.28; 79.29; 79.30; 79.31; 79.32; and 79.33 are repealed effective July 1, 1983. Minnesota Statutes 1980, sections 79.071, Subdivisions 2, 3, 4, 5, 6, and 7; 79.072; and 79.073 are repealed effective January 1, 1986. Minnesota Statutes 1980, Sections 175.006, Subdivisions 1a and 2; 175.0061; 175.09; 176.111, Subdivision 11; and 176.441, Subdivision 2, are repealed.

Sec. 141. [EFFECTIVE DATE.]

Sections 12, 18, 19, 20, 32, 33, 34, 35, 51, and 52 are effective the day following final enactment. Sections 1 to 8, 10, 11, 13, 36 to 50, 53 to 93 and 97 to 140 are effective July 1, 1981. Sections 94 to 96 are effective October 1, 1981. Sections 9 and 14 to 17 are effective January 1, 1982. Sections 21 to 31 are effective July 1, 1983."

Delete the title and insert:

"A bill for an act relating to workers' compensation; expressing the intent of the legislature with respect to chapter 176; providing for transition to competitive workers' compensation insurance rates; transferring compensation judges from the workers' compensation division to a separate division within the office of administrative hearings; making the workers' compensation court of appeals a separate and independent agency with appellate review powers; providing for a discount assumption with respect to calculating reserves for claims of insurance companies; authorizing the commissioner of insurance to initiate a rate hearing; permitting benefit payment amounts to be rounded to whole dollars; clarifying certain provisions with respect to the Minnesota workers' compensation reinsurance association; redefining the maximum reinsurance liability limitation as a prefunded limit; providing for a survey of closed compensation claims and an examination of insurer reserving practices; removing the exemption of political subdivisions from the definitions of insurer and insurance in chapter 79; providing for the design and implementation of an improved records and information system in the department of labor and industry; providing for the addition of rehabilitation and computer support personnel in the department of labor and industry; permitting the commissioner of labor and industry to negotiate with his counterparts in other states in jurisdictional disputes; establishing a preponderance of the evidence standard in factual determinations under chapter 176; granting subrogation rights to the special compensation fund in third party actions; providing for lump sum permanent partial disability payments on return to work and weekly payments if an employee could but does not return to work; limiting attorneys' fees to only disputed portions of claims; providing a procedure for settlement offers by any litigant in a disputed claim proceeding; defining employee in certain situations; requiring claimants' attorneys to provide their clients with written information

regarding fees under chapter 176; providing a penalty for attorneys who violate the fee provisions of chapter 176; providing a ten year limitation on death benefits to dependents; providing rehabilitation opportunities for dependent surviving spouses; requiring the commissioner of labor and industry to adopt disability degree schedules; prohibiting combined workers' compensation and government survivor benefits from exceeding the limit provided in chapter 176; providing a new formula for determining assessments against employers and insurers for the special compensation fund; providing for payment of attorneys' fees in disputes over supplementary benefits; requiring the commissioner of labor and industry to utilize a medical fee schedule; requiring the commissioner to review the quality of care and other aspects of medical delivery under workers' compensation; establishing a pilot medical panel to resolve disputes over medical disability; providing for payment of wage replacement or disability payments by a group insurer under appropriate provisions pending resolution of liability dispute over compensability; providing for early payment of benefits and a penalty for delay; requiring benefit payments to be made by immediately negotiable instrument; providing that notices of discontinuance of benefit payments be sent directly to claimant by insurer; delaying first benefit adjustment under chapter 176; mandating an insurance rate reduction by an amount reflecting cost savings due to benefit and administrative changes; providing penalties; changing procedures; creating and abolishing duties; appropriating money; amending Minnesota Statutes 1980, Sections 10A.01, Subdivision 18; 15.052, Subdivisions 1, 2, 3, 4 and 5; 15A.083, by adding a subdivision; 43.064; 60A.15, Subdivision 1; 60C.04; 60C.09, Subdivision 2; 79.01, Subdivisions 2 and 3; 79.071, Subdivision 1 and by adding subdivisions; 79.34, Subdivisions 1 and 2; 79.35; 79.36; 175.007; 175.101, by adding a subdivision; 175.11, Subdivision 1; 175.14; 175.17; 176.011, Subdivisions 6 and 9; 176.021, Subdivisions 1 and 3, and by adding subdivisions; 176.041, by adding a subdivision; 176.061, Subdivisions 1, 3, 4, 5, 6 and 7; 176.081, Subdivisions 1, 2, 3, 4, 6, and by adding subdivisions; 176.101, Subdivision 3; 176.102, by adding a subdivision; 176.105, Subdivision 1; 176.111, Subdivisions 6, 7, 8, 10 and 21, and by adding a subdivision; 176.131, Subdivision 10; 176.132, Subdivision 2; 176.133; 176.136; 176.161, Subdivision 1; 176.181, Subdivisions 2 and 3, and by adding a subdivision; 176.191; 176.221; 176.225, by adding a subdivision; 176.231, Subdivisions 2 and 7; 176.241, Subdivisions 1, 2 and 3; 176.291; 176.301, Subdivision 1; 176.305; 176.311; 176.331; 176.341, Subdivision 1; 176.351; 176.371; 176.381; 176.391; 176.401; 176.411, Subdivisions 1 and 2; 176.421, Subdivisions 1, 4, 5, 6 and 7; 176.431, Subdivision 1; 176.441, Subdivision 1; 176.461; 176.471, Subdivisions 3, 5, 6 and 8; 176.491; 176.511, Subdivision 1; 176.521, Subdivisions 1 and 2; 176.531, Subdivision 3; 176.645; and 179.74, Subdivision 4; proposing new law coded as Minnesota Statutes, Chapter 175A; and proposing new law coded in Minnesota Statutes, Chapters 79 and 176; repealing Minnesota Statutes 1980, Sections 79.071, Subdivisions 1, 2, 3, 4, 5, 6, and 7; 79.072;

79.073; 79.074, Subdivision 1; 79.075; 79.076; 79.08; 79.09; 79.-11; 79.12; 79.13; 79.14; 79.15; 79.16; 79.17; 79.171; 79.18; 79.19; 79.20; 79.21; 79.211; 79.22, Subdivision 1; 79.221; 79.23; 79.24; 79.25; 79.26; 79.27; 79.28; 79.29; 79.30; 79.31; 79.32; and 79.33; 175.006, Subdivisions 1a and 2; 175.0061; 175.09; 176.111, Subdivision 11; and 176.411, Subdivision 2."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1189, 1376 and 1429 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 876, 694, 470 and 359 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Gustafson introduced:

H. F. No. 1470, A bill for an act relating to landlords and tenants; allowing tenants to cancel tenancy agreements under certain conditions; proposing new law coded in Minnesota Statutes, Chapter 504.

The bill was read for the first time and referred to the Committee on Judiciary.

Ogren, Luknic, Vanasek, Redalen and Anderson, G., introduced:

H. F. No. 1471, A bill for an act relating to taxation; limiting the school agricultural credit; increasing the homestead relief on agricultural lands; amending Minnesota Statutes 1980, Sections 124.213; and 273.13, Subdivisions 6 and 6a.

The bill was read for the first time and referred to the Committee on Taxes.

CALENDAR

S. F. No. 665 was reported to the House and given its third reading.

UNANIMOUS CONSENT

Swanson requested unanimous consent to offer amendments. The request was granted.

Swanson moved to amend S. F. No. 665, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [62A.30] [MEDICARE SUPPLEMENT BENEFITS; MINIMUM STANDARDS.]

Subdivision 1. [POLICY REQUIREMENTS.] No individual or group policy, certificate, subscriber contract or other evidence of accident and health insurance issued or delivered in this state shall be sold or issued to an individual age 65 or older covered by medicare unless the following requirements are met:

(a) The policy must provide a minimum of the coverage set out in subdivision 2;

(b) The policy must cover pre-existing conditions during the first six months of coverage if the insured was not diagnosed or treated for a particular condition during the 90 days immediately preceding the effective date of coverage;

(c) The policy must contain a provision that the plan will not be canceled or nonrenewed on the grounds of the deterioration of health of the insured; and

(d) An outline of coverage as provided in section 6 must be delivered at the time of application.

The requirements of sections 1 to 12 shall not apply to group policies of accident and health insurance issued to any of the following groups:

(1) A policy issued to an employer, or employers, or to the trustee of a fund established by an employer where only employees or retirees of the employer are eligible for coverage.

(2) A policy issued to a labor union, or similar employee organization.

(3) A policy issued to an association or to a trust or to the trustee or trustees of a fund established, created, or maintained for the benefit of members of one or more associations. The association or associations shall have at the outset a minimum of 100 persons; shall have been organized and maintained in good faith for purposes other than that of obtaining insur-

ance; shall have a constitution and by-laws which provides that (i) the association or associations hold regular meetings not less than annually to further purposes of the members, (ii) except for credit unions, the association or associations collect dues or solicit contributions from members, and (iii) the members have voting privileges and representation on the governing board and committees.

Subd. 2. [GENERAL COVERAGE.] For a policy to meet the requirements of this section it must contain a designation specifying whether the policy is a medicare supplement 1+, 1, 2, or 3, a caption stating that the commissioner has established four categories of medicare supplement insurance and minimum standards for each, with medicare supplement 1+ being the most comprehensive and medicare supplement 3 being the least comprehensive, and minimum coverage prescribed for each category in sections 2 to 5.

Sec. 2. [62A.31] [MEDICARE SUPPLEMENT 1+; COVERAGE.]

Medicare supplement 1+ must have a level of coverage so that it will be certified as a qualified plan pursuant to Minnesota Statutes, Chapter 62E, and will provide:

(a) Coverage of Part A Medicare eligible expenses for hospitalization to the extent not covered by Medicare to at least 50 percent of the deductible and co-payment required under Medicare for the first 60 days of any Medicare benefit period;

(b) Coverage of Part A Medicare eligible expenses for hospitalization to the extent not covered by Medicare from the 61st day through the 90th day in any Medicare benefit period;

(c) Coverage of Part A Medicare eligible expenses incurred as daily hospital charges during use of Medicare's lifetime hospital inpatient reserve days;

(d) Upon exhaustion of all Medicare hospital inpatient coverage including the lifetime reserve days, coverage of 90 percent of all Medicare Part A eligible expenses for hospitalization not covered by Medicare subject to a lifetime maximum benefit of an additional 365 days;

(e) Coverage of 20 percent of the amount of Medicare eligible expenses under Part B regardless of hospital confinement, subject to at least 50 percent of the Medicare calendar year Part B deductible;

(f) 80 percent of charges for covered services described in Minnesota Statutes, Section 62E.06, Subdivision 1, which charges are not paid by Medicare; and

(g) *Shall include a limitation of \$1,000 per person on total annual out-of-pocket expenses for the covered services. The coverage must be subject to a maximum lifetime benefit of not less than \$100,000.*

Sec. 3. [62A.32] [MEDICARE SUPPLEMENT 1; COVERAGE.]

Medicare Supplement 1 must have a level of coverage that, at a minimum, will provide:

(a) *Coverage of Part A Medicare eligible expenses for hospitalization to the extent not covered by Medicare to at least 50 percent of the deductible and co-payment required under Medicare for the first 60 days of any Medicare benefit period;*

(b) *Coverage of Part A Medicare eligible expenses for hospitalization to the extent not covered by Medicare from the 61st day through the 90th day in any Medicare benefit period;*

(c) *Coverage of Part A Medicare eligible expenses incurred as daily hospital charges during use of Medicare's lifetime hospital inpatient reserve days;*

(d) *Upon exhaustion of all Medicare hospital inpatient coverage including the lifetime reserve days, coverage of 90 percent of all Medicare Part A eligible expenses for hospitalization not covered by Medicare subject to a lifetime maximum benefit of an additional 365 days; and*

(e) *Coverage of 20 percent of the amount of Medicare eligible expenses under Part B regardless of hospital confinement, subject to the Medicare calendar year Part B deductible and a maximum benefit of at least \$5,000 per calendar year.*

Sec. 4. [62A.33] [MEDICARE SUPPLEMENT 2; COVERAGE.]

Medicare Supplement 2 must have a level of coverage that, at a minimum, will provide:

(a) *Coverage of Part A Medicare eligible expenses for hospitalization to the extent not covered by Medicare from the 61st day through the 90th day in any Medicare benefit period;*

(b) *Coverage of Part A Medicare eligible expenses incurred as daily hospital charges during use of Medicare's lifetime hospital inpatient reserve days;*

(c) *Upon exhaustion of all Medicare hospital inpatient coverage including the lifetime reserve days, coverage of 90 percent*

of all Medicare Part A eligible expenses for hospitalization not covered by Medicare subject to lifetime maximum benefit of an additional 365 days; and

(d) Coverage of 20 percent of the amount of Medicare eligible expenses under Part B regardless of hospital confinement, subject to the Medicare calendar year Part B deductible and a maximum benefit of at least \$5,000 per calendar year.

Sec. 5. [62A.34] [MEDICARE SUPPLEMENT 3; COVERAGE.]

Medicare Supplement 3 must have a level of coverage that, at a minimum, will provide:

(a) Coverage of Part A Medicare eligible expenses for hospitalization to the extent not covered by Medicare from the 61st day through the 90th day in any Medicare benefit period;

(b) Coverage of Part A Medicare eligible expenses incurred as daily hospital charges during use of Medicare's lifetime hospital inpatient reserve days;

(c) Upon exhaustion of all Medicare hospital inpatient coverage including the lifetime reserve days, coverage of 90 percent of all Medicare Part A eligible expenses for hospitalization not covered by Medicare subject to a lifetime maximum benefit of an additional 365 days; and

(d) Coverage of 20 percent of the amount of Medicare eligible expenses under Part B regardless of hospital confinement, subject to a maximum calendar year out-of-pocket deductible of \$200 of such expenses and to a maximum benefit of at least \$5,000 per calendar year.

Sec. 6. [62A.35] [LOSS RATIO STANDARDS.]

Subdivision 1. Notwithstanding Minnesota Statutes, Section 62A.02, Subdivision 3, relating to loss ratios, Medicare supplement policies shall be expected to return to policyholders in the form of aggregate benefits under the policy, as estimated for the entire period for which rates are computed to provide coverage, on the basis of incurred claims experience and earned premiums for such period and in accordance with accepted actuarial principles and practices:

(a) At least 75 percent of the aggregate amount of premiums collected in the case of group policies; and

(b) At least 65 percent of the aggregate amount of premium collected in the case of individual policies.

Subd. 2. For purposes of this section, Medicare supplement policies issued as a result of solicitations of individuals through the mail or mass media advertising, including both print and broadcast advertising, shall be treated as individual policies.

Sec. 7. [62A.36] [SEALS AND EMBLEM PROHIBITED.]

Subdivision 1. No graphic seal or emblem shall be displayed on any policy or promotional literature which is a facsimile of the official seal of this state or any agency thereof or of the United States of America or any agency thereof.

Subd. 2. Any false statement or representation printed on the policy or on promotional literature that indicates the policy has a connection with, is certified by, or has the approval or endorsement of any agency of this state or of the United States of America shall be unlawful.

Sec. 8. [62A.37] [NOTICE OF FREE EXAMINATION.]

Medicare supplement policies or certificates, other than those issued pursuant to direct response solicitation, shall have a notice prominently printed on the first page of the policy or attached thereto stating in substance that the policyholder or certificate holder shall have the right to return the policy or certificate within 30 days of its delivery and to have the premium refunded in full if, after examination of the policy or certificate, the insured person is not satisfied for any reason. Medicare supplement policies or certificates, issued pursuant to a direct response solicitation to persons eligible for Medicare by reason of age, shall have a notice prominently printed on the first page or attached thereto stating in substance that the policyholder or certificate holder shall have the right to return the policy or certificate within 30 days of its delivery and to have the premium refunded if, after examination, the insured person is not satisfied for any reason.

Sec. 9. [62A.38] [DISCLOSURE.]

No individual medicare supplement plan shall be delivered or issued in this state and no certificate shall be delivered pursuant to a group medicare supplement plan delivered or issued in this state unless an outline containing at least the following information is delivered to the applicant at the time the application is made:

(a) A description of the principal benefits and coverage provided in the policy;

(b) A statement of the exceptions, reductions, and limitations contained in the policy;

(c) A statement of the renewal provisions including any reservations by the insurer of a right to change premiums;

(d) A statement that the outline of coverage is a summary of the policy issued or applied for and that the policy should be consulted to determine governing contractual provisions; and

(e) A statement of the policy's loss ratio as follows: "This policy provides an anticipated loss ratio of . . . percent". This means that, on the average, policyholders may expect that \$. . . of every \$100 in premium will be returned as benefits to policyholders over the life of the contract.

Sec. 10. [62A.39] [REPLACEMENT.]

No insurer or agent shall replace a medicare supplement plan with another medicare supplement plan of the same category unless there is a substantial difference in cost favorable to the policyholder, or the insured has previously demonstrated a dissatisfaction with the service they are presently receiving from their current insurer. An insurer or agent may only replace a medicare supplement plan with a less comprehensive plan if the prospective insured signs an acknowledgment that they understand that they will receive less benefits under the new policy than under the policy they presently have in force.

Sec. 11. [62A.40] [PENALTIES.]

Any insurer, general agent, agent, or other person who knowingly or willfully, either directly or indirectly, makes or causes to be made or induces or seeks to induce the making of any false statement or representation of a material fact with respect to compliance of any policy with the standards and requirements set forth in this section; falsely assumes or pretends to be acting, or misrepresents in any way, including a violation of section 7, that he is acting, under the authority or in association with medicare, or any federal agency, for the purpose of selling or attempting to sell insurance, or in such pretended character demands, or obtains money, paper, documents, or anything of value; or knowingly sells a health insurance policy to an individual entitled to benefits under part A or part B of medicare with the knowledge that such policy substantially duplicates health benefits to which such individual is otherwise entitled under a requirement of state or federal law other than under medicare shall be guilty of a felony and subject to a civil penalty of not more than \$5,000 per violation, and the commissioner may revoke or suspend the license of any company, association, society, other insurer, or agent thereof.

Sec. 12. [62A.41] [RULEMAKING AUTHORITY.]

To carry out the purposes of this section, the commissioner may promulgate rules pursuant to Minnesota Statutes, Chapter 15. These rules may:

(a) Prescribe additional disclosure requirements for medicare supplement plans, designed to adequately inform the prospective insured of the need and extent of coverage offered;

(b) Prescribe uniform policy forms in order to give the insurance purchaser a reasonable opportunity to compare the cost of insuring with various insurers; and

(c) Establish other reasonable standards to further the purpose of this section.

Sec. 13. Minnesota Statutes 1980, Section 62E.02, Subdivision 5, is amended to read:

Subd. 5. "Qualified medicare supplement plan" means those health benefit plans which have been certified by the commissioner as providing the minimum benefits required by section 62E.07 (OR THE ACTUARIAL EQUIVALENT OF THOSE BENEFITS)."

The motion prevailed and the amendment was adopted.

Swanson moved to amend S. F. No. 665, as amended, as follows:

Page 2, line 25, after "contain" insert "(1)"

Page 2, line 27, after the comma, insert "(2)"

Page 2, line 31, after "and" insert "(3) the policy must provide the" and delete "for each category"

Page 2, line 32, before the period, insert "for the supplement specified"

The motion prevailed and the amendment was adopted.

S. F. No. 665, A bill for an act relating to insurance; establishing standards applicable to accident or health insurance policies which purport to supplement medicare benefits; prescribing minimum levels of coverage; providing for certain disclosures; and prescribing penalties; amending Minnesota Statutes 1980, Section 62E.02, Subdivision 5; proposing new law coded in Minnesota Statutes, Chapter 62A.

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 123 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Ainley	Esau	Knickerbocker	Olsen	Sieben, M.
Anderson, B.	Ewald	Kostohryz	Osthoff	Simoneau
Anderson, G.	Fjoslien	Kvam	Otis	Skoglund
Anderson, I.	Forsythe	Laidig	Peterson, B.	Stadum
Anderson, R.	Friedrich	Lehto	Peterson, D.	Staten
Battaglia	Greenfield	Lemen	Piepho	Stowell
Begich	Gruenes	Levi	Pogemiller	Stumpf
Berkelman	Gustafson	Long	Redalen	Sviggum
Blatz	Halberg	Luknie	Reding	Swanson
Brandl	Hanson	Marsh	Rees	Tomlinson
Brinkman	Hauge	McCarron	Reif	Valan
Byrne	Haukoos	McDonald	Rice	Valento
Carlson, D.	Heap	McEachern	Rodriguez, C.	Vanasek
Carlson, L.	Heinitz	Mehrkens	Rodriguez, F.	Vellenga
Clark, J.	Hoberg	Metzen	Rose	Voss
Clark, K.	Hokanson	Minne	Rothenberg	Weaver
Clawson	Jacobs	Murphy	Samuelson	Welch
Dahlvang	Jennings	Nelsen, B.	Sarna	Wenzel
Dempsey	Johnson, C.	Nelson, K.	Schafer	Wieser
Den Ouden	Johnson, D.	Niehaus	Schoenfeld	Wigley
Drew	Jude	Norton	Schreiber	Wynia
Eken	Kahn	Novak	Searles	Zubay
Elioff	Kaley	Nysether	Shea	Spkr. Sieben, H.
Ellingson	Kalis	O'Connor	Sherman	
Erickson	Kelly	Ogren	Sherwood	

Those who voted in the negative were:

Welker

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

S. F. No. 445, A bill for an act relating to courts; providing service periods on Hennepin and Ramsey County district courts, juvenile divisions or family division; authorizing appointment of district court judges to hear cases arising under the juvenile court or family court act for terms up to four years; amending Minnesota Statutes 1980, Sections 260.019, Subdivision 3; 484.64, Subdivision 1; and 484.65, Subdivisions 1 and 6.

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 120 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Aasness	Anderson, R.	Brandl	Dahlvang	Elioff
Ainley	Battaglia	Carlson, D.	Dempsey	Ellingson
Anderson, B.	Begich	Carlson, L.	Den Ouden	Erickson
Anderson, G.	Berkelman	Clark, J.	Drew	Esau
Anderson, I.	Blatz	Clawson	Eken	Ewald

Fjoslien	Jude	Minne	Rees	Stowell
Forsythe	Kaley	Munger	Reif	Stumpf
Friedrich	Kalis	Murphy	Rice	Sviggum
Greenfield	Kelly	Nelsen, B.	Rodriguez, C.	Swanson
Gruenes	Knickerbocker	Nelson, K.	Rodriguez, F.	Tomlinson
Gustafson	Kostohryz	Niehaus	Rothenberg	Valan
Halberg	Kvam	Novak	Sarna	Valento
Hanson	Laidig	Nysether	Schafer	Vanasek
Harens	Lemen	O'Connor	Schoenfeld	Vellenga
Hauge	Levi	Ogren	Schreiber	Voss
Haukoos	Long	Olsen	Searles	Weaver
Heap	Ludeman	Osthoff	Shea	Welch
Heinitz	Luknic	Otis	Sherman	Welker
Hoberg	Marsh	Peterson, B.	Sherwood	Wenzel
Hokanson	McCarron	Peterson, D.	Sieben, M.	Wieser
Jacobs	McDonald	Piepho	Simoneau	Wigley
Jennings	McEachern	Pogemiller	Skoglund	Wynia
Johnson, C.	Mehrkens	Redalen	Stadum	Zubay
Johnson, D.	Metzen	Reding	Staten	Spkr. Sieben, H.

Those who voted in the negative were:

Byrne	Kahn	Lehto	Norton	Samuelson
Clark, K.				

The bill was passed and its title agreed to.

S. F. No. 1247, A bill for an act relating to education; permitting districts to purchase insurance coverage for the operation of leased buses in certain circumstances; amending Minnesota Statutes 1980, Section 123.39, Subdivisions 8 and 9 and by adding a subdivision.

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 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Aasness	Dempsey	Heap	Levi	O'Connor
Ainley	Den Ouden	Heinitz	Long	Ogren
Anderson, B.	Drew	Hoberg	Ludeman	Olsen
Anderson, G.	Eken	Hokanson	Luknic	Osthoff
Anderson, I.	Elioff	Jacobs	Marsh	Otis
Anderson, R.	Ellingson	Jennings	McCarron	Peterson, B.
Battaglia	Erickson	Johnson, C.	McDonald	Peterson, D.
Begich	Esau	Johnson, D.	McEachern	Piepho
Berkelman	Ewald	Jude	Mehrkens	Redalen
Blatz	Fjoslien	Kahn	Metzen	Reding
Brandl	Forsythe	Kaley	Minne	Reif
Brinkman	Friedrich	Kalis	Munger	Rice
Byrne	Greenfield	Kelly	Murphy	Rodriguez, C.
Carlson, D.	Gruenes	Knickerbocker	Nelsen, B.	Rothenberg
Carlson, L.	Gustafson	Kostohryz	Nelson, K.	Samuelson
Clark, J.	Halberg	Kvam	Niehaus	Sarna
Clark, K.	Hanson	Laidig	Norton	Schafer
Clawson	Harens	Lehto	Novak	Schoenfeld
Dahlvang	Haukoos	Lemen	Nysether	Schreiber

Searles	Skoglund	Swanson	Voss	Wigley
Shea	Stadum	Tomlinson	Weaver	Wynia
Sherman	Staten	Valan	Welch	Zubay
Sherwood	Stowell	Valento	Welker	Spkr. Sieben, H.
Sieben, M.	Stumpf	Vanasek	Wenzel	
Simoneau	Sviggum	Vellenga	Wieser	

The bill was passed and its title agreed to.

H. F. No. 1185, A bill for an act relating to highways; modifying restrictions on the loading of vehicles driven on the highways; amending Minnesota Statutes 1980, Section 169.81, Subdivision 5.

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 1 nay as follows:

Those who voted in the affirmative were:

Aasness	Erickson	Kalis	Ogren	Sieben, M.
Ainley	Esau	Kelly	Olsen	Simoneau
Anderson, B.	Evans	Knickerbocker	Osthoft	Skoglund
Anderson, G.	Ewald	Kostohryz	Otis	Stadum
Anderson, I.	Fjoslien	Kvam	Peterson, D.	Staten
Anderson, R.	Forsythe	Laidig	Piepho	Stowell
Battaglia	Friedrich	Lehto	Pogemiller	Stumpf
Begich	Greenfield	Lemen	Redalen	Sviggum
Berkelman	Gruenes	Levi	Reding	Swanson
Blatz	Gustafson	Long	Rees	Tomlinson
Brandl	Halberg	Ludeman	Reif	Valan
Brinkman	Hanson	Luknic	Rice	Valento
Byrne	Harens	Marsh	Rodriguez, C.	Vanasek
Carlson, D.	Hauge	McCarron	Rodriguez, F.	Vellenga
Carlson, L.	Haukoos	McEachern	Rose	Voss
Clark, J.	Heap	Mehrken	Rothenberg	Weaver
Clark, K.	Heinitz	Metzen	Samuelson	Welch
Clawson	Hoberg	Minne	Sarna	Welker
Dahlvang	Hokanson	Munger	Schafer	Wenzel
Dempsey	Jennings	Murphy	Schoenfeld	Wieser
Den Ouden	Johnson, C.	Nelson, K.	Schreiber	Wigley
Drew	Johnson, D.	Niehaus	Searles	Wynia
Eken	Jude	Norton	Shea	Zubay
Elioff	Kahn	Novak	Sherman	Spkr. Sieben, H.
Ellingson	Kaley	Nysether	Sherwood	

Those who voted in the negative were:

Jacobs

The bill was passed and its title agreed to.

H. F. No. 534, A bill for an act relating to the collection and dissemination of data; administration of the state archives and state and local government records; classifying data; providing a penalty; amending Minnesota Statutes 1980, Sections 15.17; 138.161; 138.17, Subdivisions 1, 6, 7, and by adding subdivisions;

138.19; 138.20; 138.21; proposing new law coded in Minnesota Statutes, Chapter 138; repealing Minnesota Statutes 1980, Sections 16.66 and 138.18.

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 115 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Aasness	Erickson	Kahn	Ogren	Sieben, M.
Anderson, B.	Evans	Kaley	Olsen	Simoneau
Anderson, G.	Ewald	Kalis	Osthoff	Skoglund
Anderson, I.	Fjoslien	Kelly	Otis	Stadum
Battaglia	Forsythe	Knickerbocker	Peterson, D.	Staten
Begich	Friedrich	Kostohryz	Piepho	Stowell
Berkelman	Greenfield	Laidig	Pogemiller	Stumpf
Blatz	Gruenes	Lehto	Redalen	Sviggum
Brandl	Gustafson	Lemen	Reding	Swanson
Brinkman	Halberg	Levi	Rees	Tomlinson
Byrne	Hanson	Long	Reif	Valan
Carlson, D.	Harens	Luknic	Rice	Valento
Carlson, L.	Hauge	McEachern	Rodriguez, C.	Vanasek
Clark, J.	Haukoos	Metzen	Rodriguez, F.	Vellenga
Clark, K.	Heap	Minne	Rose	Voss
Clawson	Heinitz	Munger	Samuelson	Weaver
Dahlvang	Himle	Murphy	Sarna	Welch
Dempsey	Hoberg	Nelsen, B.	Schafer	Wenzel
Den Ouden	Hokanson	Nelson, K.	Schoenfeld	Wieser
Drew	Jacobs	Norton	Schreiber	Wigley
Eken	Johnson, C.	Novak	Searles	Wynia
Elioff	Johnson, D.	Nysether	Sherman	Zubay
Ellingson	Jude	O'Connor	Sherwood	Spkr. Sieben, H.

Those who voted in the negative were:

Ainley	Jennings	Ludeman	McDonald	Welker
Esau	Kvam	Marsh	Niehaus	

The bill was passed and its title agreed to.

H. F. No. 586, A bill for an act relating to crimes; authorizing courts to order certain persons to participate in counseling in domestic abuse cases; creating the crime of intrafamilia sexual abuse; amending Minnesota Statutes 1980, Sections 518B.01, Subdivision 6; 595.02; 609.348; 609.35; 626.556, Subdivision 2; and 629.341, Subdivision 1; proposing new law coded in Minnesota Statutes, Chapter 609.

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 128 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Aasness	Esau	Kalis	Nysether	Sieben, M.
Ainley	Evans	Kelly	O'Connor	Simoneau
Anderson, B.	Ewald	Knickerbocker	Ogren	Skoglund
Anderson, G.	Fjoslien	Kostohryz	Olsen	Stadum
Anderson, I.	Forsythe	Kvam	Osthoff	Staten
Anderson, R.	Friedrich	Laidig	Otis	Stowell
Battaglia	Greenfield	Lehto	Piepho	Stumpf
Begich	Gruenes	Lemen	Pogemiller	Sviggum
Berkelman	Gustafson	Levi	Redalen	Swanson
Blatz	Halberg	Long	Reding	Tomlinson
Brandl	Hanson	Ludeman	Rees	Valan
Brinkman	Harens	Luknic	Reif	Valento
Byrne	Hauge	Marsh	Rice	Vanasek
Carlson, D.	Haukoos	McCarron	Rodriguez, C.	Vellenga
Carlson, L.	Heap	McDonald	Rodriguez, F.	Voss
Clark, J.	Heinitz	McEachern	Rose	Weaver
Clark, K.	Himle	Mehrkens	Rothenberg	Welch
Clawson	Hoberg	Metzen	Samuelson	Welker
Dahlvang	Hokanson	Minne	Sarna	Wenzel
Dempsey	Jacobs	Munger	Schafer	Wieser
Den Ouden	Jennings	Murphy	Schoenfeld	Wigley
Drew	Johnson, C.	Nelsen, B.	Schreiber	Wynia
Eken	Johnson, D.	Nelson, K.	Searles	Zubay
Elioff	Jude	Niehaus	Shea	Spkr. Sieben, H.
Ellingson	Kahn	Norton	Sherman	
Erickson	Kaley	Novak	Sherwood	

Those who voted in the negative were:

Peterson, D.

The bill was passed and its title agreed to.

H. F. No. 616, A bill for an act relating to commerce; requiring that consumer contracts be written in clear and coherent language; providing remedies; proposing new law coded in Minnesota Statutes, Chapter 325G.

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 6 nays as follows:

Those who voted in the affirmative were:

Aasness	Carlson, D.	Erickson	Harens	Kahn
Anderson, B.	Carlson, L.	Esau	Hauge	Kaley
Anderson, G.	Clark, J.	Evans	Haukoos	Kalis
Anderson, I.	Clark, K.	Ewald	Heap	Kelly
Anderson, R.	Clawson	Fjoslien	Heinitz	Knickerbocker
Battaglia	Dahlvang	Forsythe	Himle	Kostohryz
Begich	Dempsey	Friedrich	Hoberg	Kvam
Berkelman	Den Ouden	Greenfield	Hokanson	Laidig
Blatz	Drew	Gruenes	Jacobs	Lehto
Brandl	Eken	Gustafson	Johnson, C.	Levi
Brinkman	Elioff	Halberg	Johnson, D.	Long
Byrne	Ellingson	Hanson	Jude	Luknic

Marsh	Nysether	Reif	Sherman	Valento
McCarron	O'Connor	Rice	Sherwood	Vanasek
McEachern	Ogren	Rodriguez, C.	Sieben, M.	Vellenga
Mehrkens	Olsen	Rodriguez, F.	Simoneau	Voss
Metzen	Osthoff	Rose	Skoglund	Weaver
Minne	Otis	Rothenberg	Stadum	Welch
Munger	Peterson, B.	Samuelson	Staten	Wenzel
Murphy	Peterson, D.	Sarna	Stowell	Wieser
Nelsen, B.	Piepho	Schafer	Stumpf	Wigley
Nelson, K.	Pogemiller	Schoenfeld	Sviggum	Wynia
Niehaus	Redalen	Schreiber	Swanson	Zubay
Norton	Reding	Searles	Tomlinson	Spkr. Sieben, H.
Novak	Rees	Shea	Valan	

Those who voted in the negative were:

Ainley	Lemen	Ludeman	McDonald	Welker
Jennings				

The bill was passed and its title agreed to.

S. F. No. 1122, A bill for an act relating to veterans; changing the method of appointment and termination of the administrator of the Minnesota veterans home; amending Minnesota Statutes 1980, Section 198.06.

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 127 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Ainley	Evans	Knickerbocker	Ogren	Sieben, M.
Anderson, B.	Ewald	Kostohryz	Olsen	Simoneau
Anderson, G.	Fjoslien	Kvam	Osthoff	Stadum
Anderson, I.	Forsythe	Laidig	Otis	Staten
Anderson, R.	Friedrich	Lehto	Peterson, B.	Stowell
Battaglia	Greenfield	Lemen	Peterson, D.	Stumpf
Begich	Gruenes	Levi	Piepho	Sviggum
Berkelman	Halberg	Long	Pogemiller	Swanson
Blatz	Hanson	Ludeman	Redalen	Tomlinson
Brandl	Harens	Luknic	Reding	Valan
Brinkman	Hauge	Marsh	Rees	Valento
Byrne	Haukoos	McCarron	Reif	Vanasek
Carlson, D.	Heap	McDonald	Rice	Vellenga
Carlson, L.	Heinitz	McEachern	Rodriguez, C.	Voss
Clark, J.	Himle	Mehrkens	Rodriguez, F.	Weaver
Clark, K.	Hoberg	Metzen	Rose	Welch
Clawson	Hokanson	Minne	Rothenberg	Welker
Dahlvang	Jacobs	Munger	Samuelson	Wenzel
Dempsey	Jennings	Murphy	Sarna	Wieser
Den Ouden	Johnson, C.	Nelsen, B.	Schafer	Wigley
Drew	Johnson, D.	Nelson, K.	Schoenfeld	Wynia
Eken	Jude	Niehaus	Schreiber	Zubay
Elioff	Kahn	Norton	Searles	Spkr. Sieben, H.
Ellingson	Kaley	Novak	Shea	
Erickson	Kalis	Nysether	Sherman	
Esau	Kelly	O'Connor	Sherwood	

Those who voted in the negative were:

Skoglund

The bill was passed and its title agreed to.

H. F. No. 1247 was reported to the House and given its third reading.

Drew moved that H. F. No. 1247 be re-referred to the Committee on Local and Urban Affairs.

A roll call was requested and properly seconded.

The question was taken on the motion and the roll was called. There were 67 yeas and 60 nays as follows:

Those who voted in the affirmative were:

Aasness	Forsythe	Knickerbocker	O'Connor	Sherwood
Ainley	Friedrich	Kvam	Olsen	Stadum
Anderson, R.	Gruenes	Laidig	Otis	Stowell
Blatz	Halberg	Lemen	Peterson, B.	Sviggum
Carlson, D.	Hauge	Levi	Piepho	Valan
Dempsey	Haukoos	Ludeman	Redalen	Valento
Den Ouden	Heap	Luknic	Rees	Weaver
Drew	Heinitz	Marsh	Reif	Welker
Elioff	Himle	McDonald	Rose	Wieser
Erickson	Jennings	Mehrkens	Rothenberg	Wigley
Esau	Johnson, C.	Murphy	Schafer	Zubay
Evans	Johnson, D.	Niehaus	Schreiber	
Ewald	Kaley	Norton	Searles	
Fjoslien	Kalis	Nysether	Sherman	

Those who voted in the negative were:

Anderson, B.	Dahlvang	Lehto	Rice	Tomlinson
Anderson, G.	Eken	Long	Rodriguez, C.	Vanasek
Anderson, I.	Ellingson	McCarron	Rodriguez, F.	Vellenga
Battaglia	Greenfield	Metzen	Samuelson	Voss
Begich	Gustafson	Minne	Sarna	Welch
Berkelman	Hanson	Munger	Schoenfeld	Wenzel
Brandl	Harens	Nelson, K.	Shea	Wynia
Brinkman	Hokanson	Novak	Sieben, M.	Spkr. Sieben, H.
Byrne	Jacobs	Ogren	Simoneau	
Carlson, L.	Jude	Osthoff	Skoglund	
Clark, J.	Kahn	Peterson, D.	Staten	
Clark, K.	Kelly	Pogemiller	Stumpf	
Clawson	Kostohryz	Reding	Swanson	

The motion did not prevail.

Eken 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.

CALENDAR, Continued

H. F. No. 1247, A bill for an act relating to elections; fixing the majority necessary to approve an amendment to a home rule charter; amending Minnesota Statutes 1980, Section 410.12, Subdivision 4.

The bill was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 76 yeas and 44 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Elioff	Kostohryz	Peterson, D.	Swanson
Anderson, G.	Ellingson	Laidig	Pogemiller	Tomlinson
Anderson, I.	Evans	Lehto	Redalen	Vanasek
Battaglia	Fjoslien	Lemen	Reding	Vellenga
Begich	Friedrich	Levi	Rice	Voss
Berkelman	Greenfield	Long	Rodriguez, C.	Weaver
Blatz	Gustafson	McCarron	Rodriguez, F.	Welch
Brinkman	Hanson	Metzen	Rothenberg	Wenzel
Byrne	Harens	Munger	Samuelson	Wieser
Carlson, L.	Himle	Murphy	Sarna	Wynia
Clark, J.	Hokanson	Nelson, K.	Schreiber	Zubay
Clark, K.	Jacobs	Novak	Shea	Spkr. Sieben, H.
Clawson	Johnson, C.	O'Connor	Sieben, M.	
Dahlvang	Jude	Ogren	Simoneau	
Dean	Kahn	Olsen	Skoglund	
Eken	Kelly	Osthoff	Stumpf	

Those who voted in the negative were:

Ainley	Gruenes	Luknic	Onnen	Sherwood
Anderson, R.	Hauge	Marsh	Otis	Stadum
Brandl	Haukoos	McDonald	Rees	Staten
Dempsey	Heap	McEachern	Reif	Stowell
Den Ouden	Heinitz	Mehrkens	Rose	Sviggun
Drew	Jennings	Minne	Schafer	Valento
Erickson	Johnson, D.	Niehaus	Schoenfeld	Welker
Esau	Kaley	Norton	Searles	Wigley
Ewald	Ludeman	Nysether	Sherman	

The bill was passed and its title agreed to.

S. F. No. 641, A bill for an act relating to financial institutions; providing for uniform administration of liquidity reserve requirements among deposit institutions; amending Minnesota Statutes 1980, Sections 46.04, Subdivision 1; 50.175; and 52.17; proposing new law coded in Minnesota Statutes, Chapters 48; and 51A; and repealing Minnesota Statutes 1980, Sections 48.22; and 51A.36.

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 127 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Aasness	Esau	Kalis	O'Connor	Simoneau
Ainley	Evans	Kelly	Ogren	Skoglund
Anderson, B.	Ewald	Knickerbocker	Olsen	Stadum
Anderson, G.	Fjoslien	Kostohryz	Onnen	Staten
Anderson, I.	Forsythe	Laidig	Osthoff	Stowell
Anderson, R.	Friedrich	Lehto	Otis	Stumpf
Battaglia	Greenfield	Lemen	Peterson, B.	Sviggum
Begich	Gruenes	Levi	Peterson, D.	Swanson
Berkelman	Gustafson	Long	Redalen	Tomlinson
Blatz	Halberg	Ludeman	Reding	Valan
Brandl	Hanson	Luknic	Rees	Valento
Brinkman	Harens	Marsh	Reif	Vanasek
Byrne	Hauge	McCarron	Rodriguez, C.	Vellenga
Carlson, L.	Haukoos	McDonald	Rodriguez, F.	Voss
Clark, J.	Heap	McEachern	Rose	Weaver
Clark, K.	Heinitz	Mehrkens	Rothenberg	Welch
Clawson	Himle	Metzen	Samuelson	Welker
Dahlvang	Hoberg	Minne	Sarna	Wenzel
Dean	Hokanson	Munger	Schafer	Wieser
Dempsey	Jacobs	Murphy	Schoenfeld	Wigley
Den Ouden	Jennings	Nelsen, B.	Schreiber	Wynia
Drew	Johnson, C.	Nelson, K.	Searles	Zubay
Eken	Johnson, D.	Niehaus	Shea	Spkr. Sieben, H.
Elioff	Jude	Norton	Sherman	
Ellingson	Kahn	Novak	Sherwood	
Erickson	Kaley	Nysether	Sieben, M.	

Those who voted in the negative were:

Rice

The bill was passed and its title agreed to.

S. F. No. 560, A bill for an act relating to employment; prohibiting certain cities from establishing residency requirements as a condition of employment; proposing new law coded in Minnesota Statutes, Chapter 415.

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 75 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Aasness	Brinkman	Evans	Himle	Knickerbocker
Anderson, G.	Byrne	Forsythe	Hoberg	Kostohryz
Anderson, I.	Carlson, L.	Friedrich	Hokanson	Laidig
Anderson, R.	Clawson	Halberg	Jacobs	Lehto
Battaglia	Den Ouden	Hanson	Johnson, D.	Lemen
Begich	Drew	Harens	Jude	Levi
Berkelman	Elioff	Haukoos	Kaley	McCarron
Blatz	Ellingson	Heinitz	Kalis	McDonald

McEachern	O'Connor	Rodriguez, C.	Simoneau	Vellenga
Mehrkens	Olsen	Rodriguez, F.	Stadum	Voss
Minne	Onnen	Rose	Stowell	Weaver
Murphy	Osthoff	Rothenberg	Swanson	Welch
Nelsen, B.	Peterson, B.	Samuelson	Tomlinson	Wenzel
Novak	Rees	Schreiber	Valan	Wynia
Nysether	Reif	Sieben, M.	Valento	Spkr. Sieben, H.

Those who voted in the negative were:

Ainley	Esau	Ludeman	Peterson, D.	Shea
Anderson, B.	Greenfield	Luknic	Piepho	Sherman
Brandl	Gruenes	Marsh	Pogemiller	Sherwood
Clark, J.	Hauge	Metzen	Reding	Skoglund
Clark, K.	Heap	Nelson, K.	Rice	Staten
Dahlvang	Jennings	Niehaus	Sarna	Stumpf
Dean	Kahn	Norton	Schafer	Sviggum
Dempsey	Kvam	Ogren	Schoenfeld	Vanasek
Erickson	Long	Otis	Searles	Wieser

The bill was passed and its title agreed to.

Carlson, D., was excused at 4:15 p.m. Valan; Valento; Vanasek; Knickerbocker; Johnson, C. and Laidig were excused at 7:30 p.m. Halberg was excused at 8:00 p.m. Novak was excused at 8:30 p.m. Brinkman was excused at 10:00 p.m.

GENERAL ORDERS

Pursuant to rules of the House, the House resolved itself into the Committee of the Whole, with Sieben, H., in the Chair, for the consideration of bills pending on General Orders of the Day. Heinitz presided during a portion of the meeting of the Committee of the Whole. After some time spent therein the Committee arose.

The Committee of the Whole recessed between the hours of 5:30 p.m. and 7:30 p.m.

REPORT OF COMMITTEE OF THE WHOLE

The Speaker resumed the Chair, whereupon the following proceedings of the Committee as kept by the Chief Clerk were reported to the House:

H. F. Nos. 986 and 1048 which it recommended to pass.

H. F. No. 1150 which it recommended progress retaining its place on General Orders.

H. F. No. 18 which it recommended progress until Thursday, May 7, 1981, retaining its place on General Orders.

H. F. No. 1242 which it recommended progress until Monday, May 11, 1981.

H. F. No. 108 which it recommended progress until Tuesday, May 12, 1981.

H. F. No. 298 which it recommended progress until Monday, May 18, 1981.

S. F. Nos. 982 and 207 which it recommended to pass.

H. F. No. 1051 which it recommended to pass with the following amendments:

Offered by Begich and Ogren:

Page 7, after line 4, insert:

"Sec. 11. [URANIUM DRILLING; MORATORIUM.]

In the counties of St. Louis, Aitkin, Kanabec and Crow Wing, there shall be a moratorium on uranium drilling until July 1, 1982 except with the permission of the surface property owner."

Renumber the section

Amend the title as follows:

Page 1, line 7, after the semicolon insert "establishing a moratorium on certain uranium drilling;"

Offered by Redalen:

Page 5, line 15, after the period, insert "*The owner has a cause of action for civil damages against any person whose action or negligence caused contamination of the well. The court shall award damages, reasonable attorneys' fees, and costs and disbursements.*"

H. F. No. 1078 which it recommended to pass with the following amendment offered by McEachern:

Page 1, line 26, delete "\$25,000" and insert "\$7,000"

S. F. No. 1058 which it recommended to pass with the following amendment offered by Blatz:

Delete everything after the enacting clause and insert:

"Section 1. Laws 1981, Chapter 29, Article III, Section 10, is amended to read:

[203B.10] [DELIVERY OF ABSENTEE BALLOT APPLICATIONS TO ELECTION JUDGES.]

On the day before an election:

(a) The county auditor shall deliver to the town and city clerks within that county the applications for absentee ballots theretofore received and endorsed as provided in Article III, Section 6, Subdivision 5; and

(b) The town and city clerks shall deliver the applications received from the county auditor and the applications for absentee ballots filed with their respective offices and endorsed as provided in Article III, Section 6, Subdivision 5, to the appropriate election judges. Applications received on election day pursuant to Article III, Section 4, Subdivision 2, shall be promptly delivered to the election judges in the precincts *or to the judges of an absentee ballot counting board.*

Sec. 2. Laws 1981, Chapter 29, Article III, Section 12, is amended to read:

[203B.12] [ELECTION JUDGES TO RECEIVE AND COUNT BALLOTS.]

Subdivision 1. [RECEIPT OF RETURN ENVELOPES.] The election judges in each precinct *or the judges of an absentee ballot counting board* shall take possession of all return envelopes delivered to them in accordance with Article III, Section 8.

Subd. 2. [EXAMINATION OF RETURN ENVELOPES.] Two or more election judges shall examine each return envelope and shall mark it accepted or rejected in the manner provided in this subdivision. The election judges shall remove the ballot envelope from the return envelope, mark the ballot envelope "Accepted" and initial or sign the ballot envelope below the word "Accepted" if the election judges or a majority of them are satisfied that:

(a) The voter's signature on the return envelope is the genuine signature of the individual who made the application for ballots and the certificate has been completed as prescribed in the directions for casting an absentee ballot;

(b) In precincts with a permanent voter registration system, the voter is registered and eligible to vote in the precinct or has included a properly completed registration card in the return envelope or, in precincts with no permanent voter registration system, the address of the voter lies within the precinct; and

(c) The voter has not already voted at that election, either in person or by absentee ballot.

The return envelope from accepted ballots shall be preserved and returned to the county auditor with the voters' certificates.

If all or a majority of the election judges examining return envelopes find that an absent voter has failed to meet one of the requirements prescribed in clauses (a) to (c), they shall remove the ballot envelope from the return envelope, mark the ballot envelope "Rejected", initial or sign it below the word "Rejected", and place it back in the return envelope for return to the county auditor with the unused ballots.

Subd. 3. [NOTATION ON REGISTRATION CARD OR ELECTION REGISTER.] If the ballot envelope is marked with the word "Accepted", the election judges shall record the fact that the voter has voted by absentee ballot on the voter registration card or in the election register in precincts with no permanent voter registration. This shall be done by placing the letters "A.B." in the appropriate space on the card or register. After a registration card or election register has been marked to record that an individual has voted by absentee ballot, the individual shall not be allowed to vote in person at that election.

Subd. 4. [PLACEMENT IN CONTAINER; OPENING AND COUNTING OF BALLOTS.] The ballot envelopes marked "Accepted" shall be placed by the election judges in a separate absentee ballot container. The container and each ballot envelope may be opened only after the last regular mail delivery by the United States postal service on election day. The ballots shall then be initialed by the election judges in the same manner as ballots delivered by them to voters in person and shall be deposited in the appropriate ballot box.

If more than one ballot of any kind is enclosed in the ballot envelope, none of the ballots of that kind shall be counted but all ballots of that kind shall be returned in the manner provided by Article V, Section 25 for return of spoiled ballots.

Subd. 5. [ELECTRONIC VOTING SYSTEM PRECINCTS.] Paper absentee ballots delivered to the election judges in precincts which use an electronic voting system shall be counted in the manner provided in this section. No duplicate ballot cards shall be prepared. The paper ballot vote totals for each candidate and on each question shall be added to the results obtained from the electronic tabulating equipment in each precinct.

Subd. 6. [EXCEPTION FOR MUNICIPALITIES WITH ABSENTEE BALLOT COUNTING BOARDS.] In municipalities with an absentee ballot counting board, the election judges in each precinct shall receive and process return envelopes and

ballot envelopes as provided in this section except that the ballot envelopes marked "Accepted" shall be delivered in an absentee ballot container to the absentee ballot counting board for the counting of ballots as soon as possible after processing. *Other law to the contrary notwithstanding, the governing body of a municipality with an absentee ballot precinct may authorize the judges of the absentee ballot precinct to validate ballots in the manner provided in this section.* The vote totals provided by the absentee ballot counting board shall be included in the vote totals on the summary statements of the returns for the precinct in which they were received.

Sec. 3. Laws 1981, Chapter 29, Article III, Section 13, is amended to read:

[203B.13] [ABSENTEE BALLOT COUNTING BOARDS.]

Subdivision 1. [ESTABLISHMENT.] The governing body of any municipality may by ordinance authorize an absentee ballot counting board for the purpose of counting all absentee ballots cast in that municipality. The board shall consist of a sufficient number of election judges appointed as provided in Article IV, Sections 19 to 22.

Subd. 2. [DUTIES.] The absentee ballot counting board shall:

(a) Receive from each precinct in the municipality all ballot envelopes marked "Accepted" by the election judges; *provided that the governing body of a municipality may authorize the board to examine all return absentee ballot envelopes and receive or reject absentee ballots in the manner provided in section 2;*

(b) Open and count the absentee ballots, tabulating the vote in a manner that indicates each vote of the absentee voter and the total absentee vote cast for each candidate or question in each precinct; and

(c) Report the vote totals tabulated for each precinct.

Subd. 3. [COMPENSATION OF MEMBERS.] The city or town clerk shall pay a reasonable compensation to each member of the absentee ballot counting board for services rendered during each election.

Subd. 3a. [DUPLICATE REGISTRATION FILES.] *If the election judges of an absentee ballot counting board are authorized to receive, examine, and validate absentee ballots, the county auditor or city clerk shall remove from the duplicate registration files the cards of all persons who have applied for absentee ballots at the election and deliver them to the election*

judges of the absentee ballot counting board along with the applications for absentee ballots. When a duplicate registration card has been removed from the file for this purpose it shall be replaced with a notification to the election judges that the voter's card has been removed and directing them to contact the election judges of the absentee ballot counting board if that voter should present himself at the polling place for the purpose of casting his vote in person. If contacted by the judges of the precinct, the election judges of the absentee ballot counting board shall examine the duplicate registration card of the voter to determine if his absentee ballot has been cast. They shall notify the precinct election judges of their findings and, if the absentee ballot has not yet been cast, the voter shall be allowed to cast his vote in person. The election judges of the absentee ballot counting board shall make a notation on the duplicate registration card that the voter has voted and no absentee ballot shall be counted for that voter.

Subd. 4. [APPLICABLE LAWS.] Except as otherwise provided by this section, all of the laws applicable to absentee ballots and absentee voters and all other provisions of the Minnesota election law shall apply to an absentee ballot counting board."

Further delete the title and insert:

"A bill for an act relating to elections; authorizing the validation of absentee ballots by judges of absentee ballot precincts; providing for notice to election judges in an absentee ballot precinct; amending Laws 1981, Chapter 29, Article III, Sections 10; 12; and 13."

S. F. No. 835 which it recommended progress with the following amendment offered by Mehrkens:

Page 1, line 38, delete "*preliminary*" and insert "*final*"

S. F. No. 1087 which it recommended to pass with the following amendment offered by Brinkman:

Page 2, line 35, strike "or" and delete "*other*"

Page 2, line 36, delete "*person or organization*" and after "may" insert "*, if in his discretion, he has cause to believe he is unable to obtain relevant information from such insurance company,*"

H. F. No. 61 which it recommended to pass with the following amendments:

Offered by Rodriguez, C.:

Page 1, after line 22, insert:

"Sec. 2. [EFFECT ON LOCAL ORDINANCES.] Nothing in Section 1 shall supersede or preclude the continuation or adoption of any local ordinance which provides for more stringent regulation of the subject matter in Section 1."

Renumber the remaining section.

Amend the title as follows:

Page 1, line 5, after the semi-colon insert "preserving local ordinances relating to minors' use of tobacco related devices;"

Offered by Byrne:

Page 1, lines 15 to 22, strike the old language, delete the new language and page 1, after line 22, insert:

"Subd. 2. Any person under 18 years of age who uses, possesses, or furnishes tobacco or a tobacco related device is guilty of a petty misdemeanor."

Subd. 3. Any person 18 years of age or older who furnishes tobacco or a tobacco related device in any form to a person not entitled thereto under subdivision 2 is guilty of a misdemeanor."

H. F. No. 284 which is recommended to pass with the following amendments offered by Elioiff:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1980, Section 144.343, is amended to read:

144.343 [PREGNANCY, VENEREAL DISEASE AND ALCOHOL OR DRUG ABUSE.]

Subdivision 1. [MINOR'S CONSENT VALID.] Any minor may give effective consent for medical, mental and other health services to determine the presence of or to treat pregnancy and conditions associated therewith, venereal disease, alcohol and other drug abuse, and the consent of no other person is required.

Subd. 2. [NOTIFICATION CONCERNING ABORTION.] Notwithstanding the provisions of Minnesota Statutes, Section 15.162, Subdivision 4, no abortion operation shall be performed upon an unemancipated minor or upon a woman for whom a guardian or conservator has been appointed pursuant to sections 525.54 to 525.551 because of a finding of incompetency, until

at least 48 hours after written notice of the pending operation has been delivered in the manner specified in subdivisions 2 to 4.

(a) The notice shall be addressed to the parent and either be delivered personally to the parent or be delivered to the parent's usual place of abode and left with a person of suitable age and discretion residing therein other than the pregnant woman.

(b) In lieu of the delivery required by clause (a), notice may be made by certified mail receipted for by the persons specified for delivery in clause (a). Twenty-four hours after the time of mailing by certified mail shall be deemed the time of delivery.

Subd. 3. [PARENT, ABORTION; DEFINITIONS.] For purposes of this section, "parent" means both parents of the pregnant woman if they are both living, one parent of the pregnant woman if only one is living or if the second one cannot be located through reasonably diligent effort, or the guardian or conservator if the pregnant woman has one.

For purposes of this section, "abortion" means the use of any means to terminate the pregnancy of a woman known to be pregnant with knowledge that the termination with those means will, with reasonable likelihood, cause the death of the fetus and "fetus" means any individual human organism from fertilization until birth.

Subd. 4. [LIMITATIONS.] No notice shall be required under this section if:

(a) The attending physician certifies in the pregnant woman's medical record that the abortion is necessary to prevent the woman's death and there is insufficient time to provide the required notice; or

(b) The abortion is authorized in writing by the person or persons who are entitled to notice; or

(c) The pregnant minor woman declares that she is a victim of sexual abuse, neglect, or physical abuse as defined in section 626.556. Notice of that declaration shall be made to the proper authorities as provided in section 626.556, subdivision 3.

Subd. 5. [PENALTY.] Performance of an abortion in violation of this section shall be a misdemeanor and shall be grounds for a civil action by a person wrongfully denied notification. A person shall not be held liable under this section if the person establishes by written evidence that the person relied upon evidence sufficient to convince a careful and prudent person that the representations of the pregnant woman regarding information necessary to comply with this section are bona fide and true,

or if the person has attempted with reasonable diligence to deliver notice, but has been unable to do so.

Subd. 6. If subdivision 2 of this law is ever temporarily or permanently restrained or enjoined by judicial order, subdivision 2 shall be enforced as though the following paragraph were incorporated as paragraph (c) of that subdivision; provided, however, that if such temporary or permanent restraining order or injunction is ever stayed or dissolved, or otherwise ceases to have effect, subdivision 2 shall have full force and effect, without being modified by the addition of the following substitute paragraph which shall have no force or effect until or unless an injunction or restraining order is again in effect.

(c) (i) If such a pregnant woman elects not to allow the notification of one or both of her parents or guardian or conservator, any judge of a court of competent jurisdiction shall, upon petition, or motion, and after an appropriate hearing, authorize a physician to perform the abortion if said judge determines that the pregnant woman is mature and capable of giving informed consent to the proposed abortion. If said judge determines that the pregnant woman is not mature, or if the pregnant woman does not claim to be mature, the judge shall determine whether the performance of an abortion upon her without notification of her parents, guardian, or conservator would be in her best interests and shall authorize a physician to perform the abortion without such notification if said judge concludes that the pregnant woman's best interests would be served thereby.

(ii) Such a pregnant woman may participate in proceedings in the court on her own behalf, and the court may appoint a guardian ad litem for her. The court shall, however, advise her that she has a right to court appointed counsel, and shall, upon her request, provide her with such counsel.

(iii) Proceedings in the court under this section shall be confidential and shall be given such precedence over other pending matters so that the court may reach a decision promptly and without delay so as to serve the best interests of the pregnant woman. A judge of the court who conducts proceedings under this section shall make in writing specific factual findings and legal conclusions supporting his decision and shall order a record of the evidence to be maintained including his own findings and conclusions.

(iv) An expedited confidential appeal shall be available to any such pregnant woman for whom the court denies an order authorizing an abortion without notification. An order authorizing an abortion without notification shall not be subject to appeal. No filing fees shall be required of any such pregnant woman at either the trial or the appellate level. Access to the trial court for the purposes of such a petition or motion, and

access to the appellate courts for purposes of making an appeal from denial of the same, shall be afforded such a pregnant woman 24 hours a day, seven days a week.

Subd. 7. If any provision, word, phrase or clause of this act or the application thereof to any person or circumstance shall be held invalid, such invalidity shall not affect the provisions, words, phrases, clauses or application of this act which can be given effect without the invalid provision, word, phrase, clause, or application, and to this end the provisions words, phrases, and clauses of this act are declared to be severable."

Offered by Eliooff:

As previously amended:

Page 2, line 5, delete everything after the period

Page 2, delete lines 6 and 7 and insert *"Time of delivery shall be deemed to occur at 12 o'clock noon on the next day on which regular mail delivery takes place, subsequent to mailing."*

On the motion of Eken the report of the Committee of the Whole was adopted.

ROLL CALLS IN COMMITTEE OF THE WHOLE

Pursuant to rule 1.6, the following roll calls were taken in the Committee of the Whole:

McEachern moved to amend H. F. No. 1078, as follows:

Page 1, line 26, delete "\$25,000" and insert "\$7,000"

The question was taken on the amendment and the roll was called. There were 93 yeas and 12 nays as follows:

Those who voted in the affirmative were:

Aasness	Erickson	Levi	Onnen	Sherman
Ainley	Esau	Long	Otis	Sherwood
Anderson, I.	Greenfield	Ludeman	Peterson, D.	Sieben, M.
Battaglia	Gruenes	Luknic	Piepho	Simoneau
Begich	Gustafson	Mann	Pogemiller	Skoglund
Blatz	Halberg	McCarron	Redalen	Stadum
Byrne	Hauge	McDonald	Reding	Staten
Carlson, L.	Haukoos	McEachern	Rees	Stumpf
Clark, J.	Hoberg	Mehrkens	Rice	Sviggum
Clark, K.	Hokanson	Metzen	Rodriguez, C.	Swanson
Clawson	Jacobs	Minne	Rodriguez, F.	Tomlinson
Dahlvang	Johnson, D.	Murphy	Rose	Vellenga
Dean	Jude	Nelsen, B.	Samuelson	Weaver
Dempsey	Kalis	Nelson, K.	Sarna	Welker
Den Ouden	Kelly	Niehaus	Schafer	Wenzel
Drew	Kostohryz	Norton	Schoenfeld	Wynia
Eken	Kvam	Novak	Schreiber	Sprk. Sieben, H.
Eliooff	Lehto	Ogren	Searles	
Ellingson	Lemen	Olsen	Shea	

Those who voted in the negative were:

Anderson, R.	Friedrich	Kaley	Nysether	Stowell
Brandl	Heap	Marsh	Osthoff	Zubay
Evans	Himle			

The motion prevailed.

Byrne moved to amend H. F. No. 61, the first engrossment, as follows:

Page 1, lines 15 to 22, strike the old language, delete the new language and page 1, after line 22, insert:

"Subd. 2. Any person under 18 years of age who uses, possesses, or furnishes tobacco or a tobacco related device is guilty of a petty misdemeanor."

Subd. 3. Any person 18 years of age or older who furnishes tobacco or a tobacco related device in any form to a person not entitled thereto under subdivision 2 is guilty of a misdemeanor."

The question was taken on the amendment and the roll was called. There were 64 yeas and 49 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	Kaley	O'Connor	Simoneau
Anderson, R.	Evans	Kelly	Ogren	Skoglund
Battaglia	Fjoslien	Kostohryz	Otis	Staten
Berkelman	Greenfield	Lehto	Peterson, D.	Stumpf
Brandl	Gruenes	Long	Pogemiller	Vellenga
Brinkman	Gustafson	Ludeman	Redalen	Voss
Byrne	Hanson	Luknic	Rees	Welker
Clark, J.	Hauge	McCarron	Rice	Wenzel
Clark, K.	Hoberg	Mehrkens	Rose	Wieser
Dean	Jacobs	Metzen	Samuelson	Wigley
Dempsey	Johnson, D.	Murphy	Shea	Wynia
Eken	Jude	Nelson, K.	Sherman	Zubay
Elioff	Kahn	Norton	Sieben, M.	

Those who voted in the negative were:

Aasness	Erickson	Jennings	Niehaus	Schafer
Ainley	Esau	Kalis	Nysether	Schoenfeld
Anderson, B.	Ewald	Lemen	Olsen	Schreiber
Begich	Forsythe	Levi	Onnen	Searles
Blatz	Harens	Mann	Peterson, B.	Sherwood
Carlson, L.	Haukoos	Marsh	Piepho	Sviggum
Clawson	Heap	McDonald	Reif	Swanson
Dahlvang	Heinitz	McEachern	Rodriguez, F.	Weaver
Den Ouden	Himle	Minne	Rothenberg	Welch
Drew	Hokanson	Nelsen, B.	Sarna	

The motion prevailed and the amendment was adopted.

Clawson moved to amend H. F. No. 61, as amended, as follows:

Page 1, line 22, after the period insert:

"Within the meaning of this section shall include the placement of any vending machine capable of dispensing tobacco or tobacco-related devices in any area which might reasonably be expected to be frequented by persons under the age of 18 years."

The question was taken on the amendment and the roll was called. There were 21 yeas and 89 nays as follows:

Those who voted in the affirmative were:

Brandl	Kahn	Nelson, K.	Schoenfeld	Wynia
Carlson, L.	Lehto	Norton	Simoneau	
Clark, J.	Lemen	Rice	Swanson	
Clawson	Long	Rothenberg	Voss	
Gustafson	Murphy	Samuelson	Welch	

Those who voted in the negative were:

Aasness	Elioff	Jude	Nelsen, B.	Sarna
Ainley	Erickson	Kaley	Niehaus	Schafer
Anderson, B.	Esau	Kalis	Nysether	Schreiber
Anderson, G.	Evans	Kelly	O'Connor	Shea
Anderson, R.	Fjoslien	Kostohryz	Ogren	Sherman
Battaglia	Forsythe	Kvam	Olsen	Sherwood
Begich	Greenfield	Levi	Onnen	Staten
Berkelman	Gruenes	Ludeman	Osthoff	Stumpf
Blatz	Harens	Luknic	Otis	Sviggum
Brinkman	Haukoos	Mann	Peterson, B.	Tomlinson
Byrne	Heap	Marsh	Peterson, D.	Vellenga
Clark, K.	Heimitz	McCarron	Piepho	Weaver
Dahlvang	Himle	McDonald	Redalen	Welker
Dean	Hoberg	McEachern	Reding	Wenzel
Dempsey	Hokanson	Mehrkens	Rees	Wieser
Den Ouden	Jacobs	Metzen	Reif	Wigley
Drew	Jennings	Minne	Rodriguez, C.	Zubay
Eken	Johnson, D.	Munger	Rodriguez, F.	

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

Wynia moved to amend H. F. No. 284, the first engrossment, as amended, as follows:

Page 2, after line 7, insert:

"(c) At the option of the pregnant woman, the following procedure shall be sufficient to fulfill the notice requirements of this subdivision. Notification of the pending abortion shall be sent by certified mail to the county agency designated to provide social services. It shall be the agency's responsibility to immediately contact by certified mail the parent of the pregnant woman to advise the parent of his responsibility to contact the

designated agency to arrange for a family conference to take place within three working days. If the parent fails to respond to the agency request, then the original notice to the social service agency shall be considered fulfillment of the requirements of subdivisions 2 to 4."

The question was taken on the amendment and the roll was called. There were 30 yeas and 86 nays as follows:

Those who voted in the affirmative were:

Brandl	Forsythe	Kaley	Norton	Simoneau
Carlson, L.	Greenfield	Lehto	Ogren	Skoglund
Clark, J.	Hauge	Long	Otis	Staten
Clark, K.	Heimitz	McCarron	Peterson, D.	Tomlinson
Clawson	Himle	Munger	Pogemiller	Vellenga
Dean	Kahn	Nelson, K.	Rodriguez, C.	Wynia

Those who voted in the negative were:

Aasness	Esau	Lemen	Osthoff	Sherwood
Ainley	Evans	Levi	Peterson, B.	Sieben, M.
Anderson, B.	Fjoslien	Ludeman	Piepho	Stumpf
Anderson, G.	Friedrich	Luknic	Redalen	Sviggum
Anderson, I.	Gruenes	Mann	Reding	Swanson
Anderson, R.	Hanson	Marsh	Rees	Voss
Battaglia	Harens	McDonald	Reif	Weaver
Begich	Haukoos	McEachern	Rice	Welch
Blatz	Heap	Mehrkins	Rodriguez, F.	Welker
Byrne	Hoberg	Metzen	Rose	Wenzel
Dahlvang	Hokanson	Minne	Rothenberg	Wieser
Dempsey	Jacobs	Murphy	Samuelson	Wigley
Den Ouden	Jennings	Nelsen, B.	Sarna	Zubay
Drew	Jude	Niehaus	Schafer	Spkr. Sieben, H.
Eken	Kalis	Nysether	Schoenfeld	
Elioff	Kelly	O'Connor	Schreiber	
Ellingson	Kostohryz	Olsen	Shea	
Erickson	Kvam	Onnen	Sherman	

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

Kahn moved to amend H. F. No. 284, the first engrossment, as amended, as follows:

Page 2, after line 7, insert:

"(c) Those persons entitled to written notice shall register for notification with the commissioner of health. The names and addresses of those persons desiring notice shall be recorded with the commissioner. The commissioner shall notify the registered parties in accordance with subdivisions 2 to 4."

The question was taken on the amendment and the roll was called. There were 11 yeas and 99 nays as follows:

Those who voted in the affirmative were:

Clark, J.	Kahn	Nelson, K.	Staten	Wynia
Clark, K.	Lehto	Peterson, D.		
Greenfield	Long	Rodriguez, C.		

Those who voted in the negative were:

Aasness	Ellingson	Kalis	Olsen	Shea
Ainley	Erickson	Kelly	Onnen	Sherman
Anderson, B.	Esau	Kostohryz	Osthoff	Sherwood
Anderson, G.	Evans	Kvam	Otis	Sieben, M.
Anderson, I.	Fjoslien	Lemen	Peterson, B.	Skoglund
Anderson, R.	Friedrich	Levi	Piepho	Stowell
Battaglia	Gruenes	Ludeman	Pogemiller	Stumpf
Begich	Gustafson	Luknic	Redalen	Sviggum
Berkelman	Hanson	Mann	Reding	Swanson
Blatz	Harens	Marsh	Rees	Tomlinson
Brandl	Hauge	McDonald	Reif	Voss
Byrne	Haukoos	McEachern	Rice	Weaver
Carlson, L.	Heap	Mehrkins	Rodriguez, F.	Welch
Dahlvang	Himle	Metzen	Rose	Welker
Dean	Hoberg	Minne	Rothenberg	Wenzel
Dempsey	Hokanson	Murphy	Samuelson	Wieser
Den Ouden	Jacobs	Nelsen, B.	Sarna	Wigley
Drew	Jennings	Niehaus	Schafer	Zubay
Eken	Johnson, D.	O'Connor	Schoenfeld	Spkr. Sieben, H.
Elioff	Jude	Ogren	Schreiber	

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

Hokanson moved to amend H. F. No. 284, as amended, as follows:

Page 1, line 22, delete the second "*the*" and insert "*her*" and delete "*either*"

Page 1, line 23, delete the first "*be*" and after "*to*" delete the first "*the*" and insert "*her*"

Page 1, line 23, after "*parent*" insert a period and delete the balance of the line

Page 1, delete line 24

Page 2, delete lines 1 and 2

Page 2, line 4, delete "*the persons*"

Page 2, delete line 5 to the period and insert "*her parents.*"

The question was taken on the amendment and the roll was called. There were 46 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Aasness	Drew	Kostohryz	Ogren	Stowell
Anderson, G.	Eken	Lehto	Osthoff	Stumpf
Berkelman	Ellingson	Levi	Otis	Tomlinson
Blatz	Forsythe	Long	Peterson, D.	Vellenga
Brandl	Gustafson	McCarron	Pogemiller	Welker
Byrne	Heinitz	Minne	Rice	Wynia
Carlson, L.	Himle	Munger	Shea	
Clark, J.	Hokanson	Nelson, K.	Simoneau	
Clawson	Kaley	Norton	Skoglund	
Dean	Kelly	Nysether	Staten	

Those who voted in the negative were:

Ainley	Greenfield	Kvam	Piepho	Sherwood
Anderson, B.	Gruenes	Ludeman	Redalen	Sieben, M.
Anderson, I.	Hanson	Luknic	Reding	Sviggun
Anderson, R.	Harens	Mann	Rees	Swanson
Battaglia	Hauge	Marsh	Reif	Voss
Begich	Haukoos	McDonald	Rodriguez, C.	Weaver
Clark, K.	Heap	Mehrkens	Rodriguez, F.	Welch
Dahlvang	Hoberg	Metzen	Rose	Wenzel
Dempsey	Jacobs	Nelsen, B.	Rothenberg	Wieser
Den Ouden	Jennings	Niehaus	Samuelson	Wigley
Elioff	Johnson, D.	O'Connor	Sarna	Spkr. Sieben, H.
Erickson	Jude	Olsen	Schafer	
Esau	Kahn	Onnen	Schoenfeld	
Fjoslien	Kalis	Peterson, B.	Sherman	

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

Byrne moved to amend H. F. No. 284, as amended, as follows:

Page 1, line 22, after "*the parent*" insert "*of the pregnant woman and to the parent of the putative father*".

Page 1, line 23, after "*parent*" insert "*of the pregnant woman and to the parent of the putative father*".

Page 1, line 24, delete "*parent's*" and insert "*parents*"

Page 2, after line 2, insert:

"(b) If the putative father is an adult, notice shall be delivered to him personally or to his usual place of abode and left with a person of suitable age and discretion living therein. The putative father or his parents, or both, shall become involved only to the extent of offering or providing emotional, financial, or other assistance or support to the minor woman. Notice to the putative father or his parents is not required when the pregnancy resulted from criminal sexual conduct."

Page 2, line 3, delete "(b)" and insert "(c)"

Page 2, line 3, delete "clause" and insert "clauses"

Page 2, line 3, after "(a)" insert "and (b)"

Page 2, line 5, delete "clause" and insert "clauses"

Page 2, line 5, after "(a)" insert "and (b)"

Page 2, line 9, after "woman" insert "and both parents of the putative father"

Page 2, line 10, after "woman" insert "and one parent of the putative father"

Page 2, line 13, after "woman" insert "or the putative father"

The question was taken on the amendment and the roll was called. There were 26 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Berkelman	Clawson	Long	Otis	Staten
Brandl	Dean	McCarron	Peterson, D.	Wynia
Byrne	Greenfield	Munger	Pogemiller	
Carlson, L.	Gustafson	Nelson, K.	Rodriguez, C.	
Clark, J.	Hauge	Norton	Simoneau	
Clark, K.	Kahn	Ogren	Skoglund	

Those who voted in the negative were:

Aasness	Esau	Kvam	Peterson, B.	Stowell
Ainley	Fjoslien	Lemen	Piepho	Stumpf
Anderson, B.	Forsythe	Ludeman	Redalen	Sviggum
Anderson, G.	Friedrich	Luknic	Reding	Swanson
Anderson, I.	Gruenes	Marsh	Rees	Tomlinson
Anderson, R.	Hanson	McDonald	Reif	Vellenga
Battaglia	Harens	McEachern	Rice	Voss
Begich	Haukoos	Mehrkens	Rodriguez, F.	Weaver
Blatz	Heap	Metzen	Rose	Welch
Dahlvang	Himle	Minne	Rothenberg	Wenzel
Dempsey	Hoberg	Murphy	Sarna	Wieser
Den Ouden	Hokanson	Nelsen, B.	Schafer	Wigley
Drew	Jacobs	Niehaus	Schoenfeld	Zubay
Eken	Jennings	Nysether	Schreiber	Spkr. Sieben, H.
Elioff	Johnson, D.	O'Connor	Sherman	
Ellingson	Jude	Onnen	Sherwood	
Erickson	Kelly	Osthoff	Sieben, M.	

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

The question was taken on the motion to recommend passage of H. F. No. 284, as amended, and the roll was called. There were 97 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Aasness	Evans	Kostohryz	Olsen	Sieben, M.
Ainley	Fjoslien	Kvam	Onnen	Simoneau
Anderson, B.	Forsythe	Lemen	Osthoff	Skoglund
Anderson, G.	Friedrich	Levi	Peterson, B.	Stowell
Anderson, I.	Gruenes	Ludeman	Piepho	Stumpf
Anderson, R.	Gustafson	Luknic	Redalen	Sviggum
Battaglia	Hanson	Mann	Reding	Swanson
Begich	Harens	Marsh	Rees	Vellenga
Blatz	Hauge	McCarron	Reif	Voss
Clawson	Haukoos	McDonald	Rice	Weaver
Dahlvang	Heap	McEachern	Rodriguez, F.	Welch
Dean	Himle	Mehrkens	Rose	Welker
Dempsey	Hoberg	Metzen	Rothenberg	Wenzel
Den Ouden	Hokanson	Minne	Sarna	Wieser
Drew	Jacobs	Murphy	Schafer	Wigley
Eken	Jennings	Nelsen, B.	Schoenfeld	Zubay
Ellioff	Johnson, D.	Niehaus	Schreiber	Spkr. Sieben, H.
Ellingson	Jude	Nysether	Shea	
Erickson	Kalis	O'Connor	Sherman	
Esau	Kelly	Ogren	Sherwood	

Those who voted in the negative were:

Brandl	Greenfield	Lehto	Norton	Staten
Carlson, L.	Heinitz	Long	Otis	Tomlinson
Clark, J.	Kahn	Munger	Peterson, D.	Wynia
Clark, K.	Kaley	Nelson, K.	Rodriguez, C.	

The motion prevailed.

There being no objection the order of business reverted to Reports of Standing Committees.

REPORTS OF STANDING COMMITTEES

Anderson, I., from the Committee on Taxes to which was referred:

H. F. No. 1445, A bill for an act relating to taxation; adjusting the motor vehicle registration tax on certain vehicles; increasing the fees for duplicate license plates and registration certificates for certain motor vehicles; providing for the deposit of fees from motor vehicle dealers' license plates in the trunk highway fund; increasing the fees for dealers' license plates for certain motor vehicles; increasing the fees for transfer of ownership and filing for motor vehicle registration; providing for legislative review of certain capital improvement programs undertaken by the department of transportation; increasing the rate of the general sales and motor vehicle excise taxes; exempting sales of natural gas and electricity used for residential purposes from the sales tax; exempting feminine hygiene products from the sales tax; providing for deposit of the receipts of the motor vehicle excise tax in the trunk highway fund; transferring the financing of the department of public safety and certain other expenditures from the trunk highway to the gen-

eral fund; eliminating the authority for urban trucks to travel outside of their licensed zone of operation for purposes of repair and servicing; indexing the amounts of value of homestead property subject to lower classification ratios; providing property tax relief payments for homestead property receiving net tax increases in excess of five percent; limiting the amount of the federal income tax deduction; imposing a moratorium on indexing of the personal income tax rate brackets, credits, and the standard deduction maximum amount; changing the interest rates on delinquent taxes; rescheduling certain payments to local governments; changing the definition of claimant for the property tax refund; providing for declaration and estimated tax payments of gross earnings tax on telephone and telegraph companies; providing that the distribution of a certain development grant will not affect the distribution of certain future regional planning assistance grants; repealing the distribution of the estate tax to counties; providing a throwback rule for certain sales made outside of Minnesota for purposes of calculating the three factor income allocation formula; providing for deposit of certain receipts of the beer, wine, and liquor taxes in dedicated funds for detoxification and chemical dependency programs; amending Minnesota Statutes 1980, Sections 168.011, Subdivisions 7, 10, 17, and 25; 168.13, Subdivisions 1a, 1c, 1e, 1g, and 2; 168.117, Subdivisions 1 and 3; 168.091, Subdivision 1; 168.10, Subdivisions 1a, 1b, and 1c; 168.27, Subdivisions 16 and 22; 168.29; 168.30; 168.33, Subdivision 7; 168A.29, Subdivision 1; 270.75; 273.13, Subdivisions 6, 7, and 15a; 273.136, Subdivision 3; 290.18, by adding a subdivision; 290A.04, by adding a subdivision; 297A.01, Subdivisions 3, 8, and by adding a subdivision; 297A.02; 297A.14; 297A.24; 297A.25, Subdivision 1, and by adding a subdivision; 297B.03; 297B.035; 297B.08; 297B.09; 299D.02, Subdivision 1; 299D.04; 299D.05; 340.60, Subdivision 1, and by adding a subdivision; 477A.01, Subdivision 4b; 477A.13; proposing new law coded in Minnesota Statutes, Chapters 174, 273, 295, and 299A; repealing Minnesota Statutes 1980, Sections 168.013, Subdivisions 16 and 17; and 291.33.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE I

Section 1. Minnesota Statutes 1980, Section 124.213, is amended to read:

124.213 [STATE SCHOOL AGRICULTURAL CREDIT.]

The county auditor shall reduce the tax for school purposes on all property receiving the homestead credit pursuant to section 273.13, subdivision 6, by an amount equal to the tax levy that would be produced by applying a rate of (17) 18 mills on up to

320 acres of the property. The county auditor shall reduce the tax for school purposes on all other agricultural lands and all real estate devoted to temporary and seasonal residential occupancy for recreational purposes, but not devoted to commercial purposes, by an amount that would be produced by applying a rate of ten mills on the property. No state agricultural credit shall be applied on any property in excess of 640 acres. The amounts so computed by the county auditor shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjustments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

In 1977, payment shall be made according to the procedure provided in section 273.13, subdivision 15a, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in this section. In 1978, payment shall be made pursuant to sections 124.212, subdivision 7b and 124.11, for the purpose of replacing revenue lost as a result of the reduction in property taxes provided in this section. (THERE IS APPROPRIATED FROM THE GENERAL FUND IN THE STATE TREASURY TO THE COMMISSIONER OF REVENUE THE AMOUNT NECESSARY TO MAKE THESE PAYMENTS IN FISCAL YEAR 1978.) There is appropriated from the general fund in the state treasury to the department of education (THE AMOUNT NECESSARY TO MAKE THESE PAYMENTS IN FISCAL YEAR 1979 AND THEREAFTER) *in fiscal year 1982, the amount of \$68,400,000; in fiscal year 1983, the amount of \$75,400,000. In the event that the sum of the county auditors' certifications exceeds the amounts appropriated, the commissioner of revenue shall proportionally reduce the certification amounts so that their sum equals the appropriation.*

Sec. 2. Minnesota Statutes 1980, Section 273.115, Subdivision 4, is amended to read:

Subd. 4. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments provided in subdivision 3 *provided that in fiscal year 1982, the appropriation shall not exceed \$3,200,000 and in fiscal year 1983, the appropriation shall not exceed \$3,700,000. In the event that the sum of the county auditors' certifications exceeds the appropriation, the certification amounts shall be proportionally reduced so that their sum equals the appropriation.*

Sec. 3. Minnesota Statutes 1980, Section 273.116, Subdivision 4, is amended to read:

Subd. 4. There is appropriated from the general fund in the state treasury to the commissioner of revenue the amount necessary to make the payments provided in subdivision 3 *provided that in fiscal year 1982, the appropriation shall not exceed \$100,000 and in fiscal year 1983, the appropriation shall not exceed \$100,000. In the event that the sum of the county auditors' certifications exceeds the appropriation, the certification amounts shall be proportionally reduced so that their sum equals the appropriation.*

Sec. 4. Minnesota Statutes 1980, 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 for taxes payable in 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 shall be reduced by 58 percent of the tax for taxes payable in 1981 and thereafter; provided that the amount of said reduction shall not exceed \$650. Valuation subject to relief shall be limited to (240) 320 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. 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. 5. Minnesota Statutes 1980, Section 273.13, Subdivision 6a, is amended to read:

Subd. 6a. [HOMESTEAD OWNED BY FAMILY FARM CORPORATION OR PARTNERSHIP.] (a) Each family farm corporation and each partnership operating a family farm shall be entitled to class 3b assessment and shall be eligible for the credit provided in subdivision 6 for one homestead occupied by a shareholder or partner thereof who is residing on the land and actively engaged in farming of the land owned by the corporation or partnership. Such a homestead shall not exceed (240) 320 acres, and shall be assessed as provided in subdivision 6, notwithstanding the fact that legal title to the property may be in the name of the corporation or partnership and not in the name of the person residing thereon. "Family farm corporation" and "family farm" shall mean as defined in section 500.24.

(b) In addition to property specified in paragraph (a), any other residences owned by corporations or partnerships described in paragraph (a) which are located on agricultural land and occupied as homesteads by shareholders or partners who are actively engaged in farming on behalf of the corporation or partnership shall also be assessed as class 3b property, and be entitled to the credit provided in subdivision 6, but the property eligible shall be limited to the residence itself and as much of the land surrounding the homestead, not exceeding one acre, as is reasonably necessary for the use of the dwelling as a home, and shall not include any other structures that may be located thereon.

Sec. 6. Minnesota Statutes 1980, Section 273.13, Subdivision 15a, is amended to read:

Subd. 15a. [GENERAL FUND, REPLACEMENT OF REVENUE.] (1) Payment from the general fund shall be made, as provided herein, for the purpose of replacing revenue lost as a result of the reduction of property taxes provided in subdivisions 6, 7, and 14a.

(2) Each county auditor shall certify, not later than May 1 of each year commencing in 1968 to the commissioner of revenue the amount of reduction resulting from subdivisions 6 and 7 in his county, and not later than May 1 of each year commencing in 1970, the amount of reduction resulting from subdivision 14a. In 1975 and subsequent years, this certification shall be submitted to the commissioner of revenue as part of the abstracts of tax lists required to be filed with the commissioner under the provisions of section 275.29. Any prior year adjust-

ments shall also be certified in the abstracts of tax lists. The commissioner of revenue shall review such certifications to determine their accuracy. He may make such changes in the certification as he may deem necessary or return a certification to the county auditor for corrections.

(3) Based on current year tax data reported in the abstracts of tax lists, the commissioner of revenue shall annually determine the taxing district distribution of the amounts certified under clause (2). *Each school district and the metropolitan transit commission shall be paid the amount so determined. Each taxing district other than a school district or the metropolitan transit commission shall be paid the amount so determined or 108 percent of its preceding year's payment, whichever is less.* On or before July 15, (1975) 1981, and each year thereafter, the commissioner of revenue shall pay to each taxing district (ONE-HALF) *one-sixth* of (THEIR DISTRIBUTION) *its total payment for the year.* The remaining (ONE-HALF) *five-sixths* shall be paid in equal installments on or before (NOVEMBER 15, 1975) August 15, September 15, October 15, November 15, and December 15, 1981, and each year thereafter.

Sec. 7. Minnesota Statutes 1980, Section 273.138, Subdivision 5, is amended to read:

Subd. 5. The commissioner of revenue shall calculate the aids pursuant to subdivisions 2 and 3, basing all necessary calculations on the abstracts of assessment of real property for assessment year 1972 transmitted to the commissioner of revenue pursuant to section 270.11 as equalized by the state board of equalization pursuant to sections 270.11 and 270.12, and the 1973 abstracts of tax lists transmitted by the county auditors pursuant to section 275.29. He shall make payments directly to the affected taxing authorities in two equal parts on July 15 and November 15 of each year, commencing in 1974 *provided, however, that the sum appropriated to the commissioner to make the payments in fiscal year 1982 is limited to \$11,500,000 and in fiscal year 1983, \$11,500,000. In the event that the sum of the aid calculations exceeds the amount provided in fiscal years 1982 or 1983, the aid calculation amounts shall be proportionally reduced so that the sum equals the amount appropriated.*

Sec. 8. Minnesota Statutes 1980, Section 273.139, Subdivision 3, is amended to read:

Subd. 3. There is annually appropriated from the general fund to the commissioner of revenue an amount necessary to make the payments required by this section *provided, however, that the sum appropriated in fiscal year 1982 shall not exceed \$10,000,000 and in fiscal year 1983 shall not exceed \$13,500,000. In the event that the sum of the county auditors' certifications exceeds the appropriation, the certification amounts shall be*

proportionally reduced so that their sum equals the appropriation.

Sec. 9. Minnesota Statutes 1980, Section 275.50, Subdivision 2, is amended to read:

Subd. 2. "Governmental subdivision" means any county, city, (STATUTORY CITY, OR) town (HAVING THE POWERS OF A STATUTORY CITY PURSUANT TO SECTIONS 368.01 OR 368.61, OR BY SPECIAL LAW) or special taxing district as determined by the department of revenue except as hereinafter provided. The term does not include school districts (, TOWNS WITHOUT STATUTORY CITY POWERS,) or (SPECIAL TAXING DISTRICTS DETERMINED BY THE DEPARTMENT OF REVENUE) the metropolitan transit commission established by section 473.404.

Sec. 10. [275.512] [PENALTIES IMPOSED UNDER PREVIOUS LAW.]

The repeal of Minnesota Statutes 1980, Sections 275.51, Subdivision 4; 275.551; and 275.552; and the amendments to Minnesota Statutes 1980, Sections 275.51, Subdivision 1; and 275.55 shall not be construed to nullify or in any way diminish a penalty imposed pursuant to Minnesota Statutes 1980, Sections 275.51, Subdivision 1; 275.55; or 275.552, whether in the form of the reduction of local government aid payments made pursuant to section 477A.01 or the reduction in property tax levy in accordance with a stipulation agreement signed by the governmental subdivision.

Sec. 11. [275.511] [ELECTIONS TO INCREASE LEVY.]

Notwithstanding the provisions of section 275.51 but subject to other law or charter provisions establishing per capita, mill or other limitations on the amount of taxes that may be levied, the levy of a governmental subdivision may be increased above the limitation imposed by section 275.51 in any dollar amount which is approved by the majority of voters of the governmental subdivision voting on the question at a general or special election. When the governing body of the governmental subdivision resolves to increase the levy of the governmental subdivision, it shall provide for submission of the proposition of an increase in the levy limit at a general or special election. Notice of the election shall be given in the manner required by law. Such notice shall state the purpose and maximum yearly amount of such additional levy. Within 30 days after the election, the governmental subdivision shall furnish the commissioner with a sample ballot for the question of the increase in levy, an affidavit of publication of the notice, and a certification of the election results.

Sec. 12. Minnesota Statutes 1980, Section 275.51, Subdivision 1, is amended to read:

Subdivision 1. Notwithstanding any provisions of law or municipal charter to the contrary which authorize ad valorem levies in excess of the limitations established by sections 275.50 to 275.56, (BUT SUBJECT TO SECTION 275.56,) the provisions of this section shall apply to the levies by governmental subdivisions (IN THE YEARS 1975, 1976) *for the taxes payable in 1982* and subsequent years for all purposes (OTHER THAN THOSE FOR WHICH SPECIAL LEVIES AND SPECIAL ASSESSMENTS ARE MADE).

Sec. 13. Minnesota Statutes 1980, Section 275.51, is amended by adding a subdivision to read:

Subd. 1a. *The property tax levy of any governmental subdivision for the taxes payable year 1982 shall not exceed 108 percent of the total amount that was levied by the governmental subdivision for the preceding year as certified on the abstracts of tax lists submitted pursuant to section 275.29. For a governmental subdivision within the metropolitan area defined by section 473F.02, subdivision 2, the preceding year's levy includes the tax on distribution value for the same taxes payable year pursuant to section 473F.12. For the purpose of the limitation imposed by this section, the total amount levied by a governmental subdivision for the preceding year does not include the levies for principal and interest on bonded indebtedness or certificates of indebtedness allowable as a special levy pursuant to Minnesota Statutes 1980, Section 275.50, Subdivision 5, Clauses (e), (f), (g), and (h) whether or not the governmental subdivision was subject to the provisions of Minnesota Statutes 1980, Section 275.50. The levies for these purposes are exempt from the limitation imposed by this section. For the taxes payable year 1982, the preceding year's levy does not include any portion of a governmental subdivision's levy for the taxes payable year 1981 which was in excess of the limitation imposed by Minnesota Statutes 1980, Sections 275.50 to 275.56. If the amount levied by a governmental subdivision for the taxes payable year 1982 exceeds 108 percent of its preceding year's levy as defined herein, the levy limitation for the next taxes payable year shall be based on the levy allowed pursuant to this section. Notwithstanding any limitation herein, any city providing nonmandated tax relief for 1981, through the use of its general fund balance, may add to the base upon which any limitation herein is applied, the amount of such tax relief as is shown on its 1981 adopted budget.*

Sec. 14. Minnesota Statutes 1980, Section 275.51, is amended by adding a subdivision to read:

Subd. 1b. *Except as provided in sections 11 and 13, the county auditor shall not extend a property tax levy for a governmental*

subdivision which exceeds 108 percent of its property tax levy for the preceding year.

Sec. 15. Minnesota Statutes 1980, Section 275.55, is amended to read:

275.55 [STATE REVIEW AND REGULATION OF LEVIES.]

The commissioner of revenue, or his designees, shall (ESTABLISH PROCEDURES BY WHICH LEVIES OF ALL GOVERNMENTAL UNITS SHALL BE PERIODICALLY REVIEWED. THE COMMISSIONER SHALL BE EMPOWERED TO ORDER WITHHOLDING OF STATE AIDS WHERE SUCH PENALTIES ARE AUTHORIZED BY LAW, TO ISSUE, IN ACCORDANCE WITH CHAPTER 15, RULINGS INTERPRETING SECTIONS 275.50 TO 275.56, AND TO TAKE SUCH OTHER ADMINISTRATIVE ACTIONS AS HE DEEMS NECESSARY IN ORDER TO CARRY OUT THE PROVISIONS OF SECTIONS 275.50 TO 275.56. IF THE COMMISSIONER OF REVENUE TAKES ADMINISTRATIVE ACTION OR ANY OTHER ACTION AUTHORIZED BY THIS SECTION TO ENFORCE THE PROVISIONS OF SECTIONS 275.50 TO 275.56, HE SHALL GIVE WRITTEN NOTICE OF SUCH ACTION TO THE GOVERNMENTAL SUBDIVISION AFFECTED. SUCH NOTICE SHALL SPECIFY THE ACTUAL OR IMPENDING VIOLATIONS BY THE GOVERNMENTAL SUBDIVISION OF SECTIONS 275.50 TO 275.56 OR THE RULES AND REGULATIONS OF THE DEPARTMENT OF REVENUE PERTAINING THERETO, DESCRIBE THE CORRECTIVE ACTION REQUIRED, INCLUDING, IN THE CASE OF AN EXCESS LEVY, REDUCTION OF THE GOVERNMENTAL SUBDIVISION'S LEVY IN THE NEXT SUCCEEDING LEVY YEAR IN AN AMOUNT EQUAL TO THE AMOUNT OF THE EXCESS LEVY, SET A REASONABLE PERIOD OF TIME WITHIN WHICH THE GOVERNMENTAL SUBDIVISION SHALL CORRECT THE SPECIFIED ACTUAL OR IMPENDING VIOLATIONS AND CAUTION THE GOVERNMENTAL SUBDIVISION THAT IF THE SPECIFIED CORRECTION IS NOT MADE WITHIN THE TIME ALLOWED, THE STATE AIDS TO THE GOVERNMENTAL SUBDIVISION PURSUANT TO SECTIONS 477A.01 AND 298.282, AS AMENDED, WILL BE REDUCED AS PROVIDED IN SECTION 275.51, SUBDIVISION 4. THE TIME PERIOD FIRST ALLOWED FOR CORRECTION MAY BE EXTENDED BY THE COMMISSIONER IF HE FINDS A REASONABLE BASIS FOR DELAY. COUNTY AUDITORS, IN ADDITION TO DUTIES OTHERWISE PROVIDED BY LAW, SHALL COOPERATE WITH THE COMMISSIONER IN ESTABLISHING SUCH PROCEDURES AND ENFORCING THE PROVISIONS OF SECTIONS 275.50 TO 275.56) *calculate the levy limitations in accordance with section 275.51 and certify them to the governmental subdivisions by July 1.*

Sec. 16. Minnesota Statutes 1980, Section 290.06, is amended by adding a subdivision to read:

Subd. 1a. [ADDITIONAL CORPORATE TAX.] In addition to the tax computed according to subdivision 1 and section 290.361, there is hereby imposed an additional privilege and income tax which shall be computed by applying the following rates to the tax computed pursuant to subdivision 1, sections 290.361 and 290.091 less the credits allowed by section 62E.11, subdivision 8 and section 290.06, subdivisions 3f, 9, 9a, and 14:

(1) For taxable years beginning after December 31, 1980, but before January 1, 1982, 2-1/2 percent;

(2) For taxable years beginning after December 31, 1981, but before January 1, 1983, five percent;

(3) For taxable years beginning after December 31, 1982, but before January 1, 1984, 2-1/2 percent.

Sec. 17. Minnesota Statutes 1980, 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 \$400 in any taxable year, and the total credit for all dependents of a claimant shall not exceed \$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 \$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. 18. Minnesota Statutes 1980, Section 290.09, Subdivision 10, is amended to read:

Subd. 10. [MEDICAL EXPENSES.] Payments (not compensated for by insurance or otherwise) for medical, dental, and other expenses (FOR HOSPITAL, NURSING, MEDICAL, SURGICAL, DENTAL, AND OTHER HEALING SERVICES, INCLUDING INSTITUTIONAL CARE AND TREATMENT FOR THE MENTALLY ILL AND PHYSICALLY HANDICAPPED AND THE COST, FEEDING AND MAINTENANCE EXPENSES OF A GUIDE DOG FOR A BLIND OR DEAF PERSON, AS DEFINED IN SECTION 290.06, SUBDIVISION 3C, CLAUSES (4) (D) AND (H), AND FOR MEDICAL SUPPLIES AND AMBULANCE HIRE, INCURRED BY THE

TAXPAYER ON ACCOUNT OF SICKNESS, MENTAL ILLNESS, PHYSICAL HANDICAP OR PERSONAL INJURY TO HIMSELF OR HIS DEPENDENTS AND PREMIUMS PAID FOR HOSPITALIZATION AND MEDICAL INSURANCE INCLUDING NONPROFIT HOSPITAL SERVICE AND NONPROFIT MEDICAL SERVICE PLANS. PAYMENTS FOR TRAVELING EXPENSES SHALL NOT BE DEDUCTIBLE UNDER THE PROVISIONS OF THIS SUBDIVISION. PAYMENTS FOR HOTEL OR SIMILAR LODGING EXPENSES SHALL BE DEDUCTIBLE IN THE SAME MANNER AS PAYMENTS FOR HOSPITAL SERVICES, IF THE TAXPAYER OR HIS DEPENDENT IS NOT HOSPITALIZED BUT IS NEVERTHELESS REQUIRED TO REMAIN IN A MEDICAL CENTER AWAY FROM HIS USUAL PLACE OF ABODE, FOR THE PURPOSE OF RECEIVING PRESCRIBED MEDICAL TREATMENT) *as provided and as limited by section 213 of the Internal Revenue Code of 1954, as amended through December 31, 1980.*

Sec. 19. Minnesota Statutes 1980, Section 477A.03, is amended to read:

477A.03 [APPROPRIATION.]

A sum sufficient to discharge the duties imposed by section 477A.01, subdivisions 1, 2 and 4e is annually appropriated from the general fund to the commissioner of revenue *provided, however, that the appropriation for fiscal year 1982 shall not exceed \$270,520,300 and for fiscal year 1983, \$270,520,300. In the event that the sum of the aid calculations provided by section 477A.01 exceeds the appropriation, the aid calculation amounts shall be proportionally reduced so that their sum equals the appropriation.*

Sec. 20. [REPEALER.]

Minnesota Statutes 1980, Sections 275.50, Subdivisions 5 and 6; 275.51, Subdivisions 3d, 4, and 5; 275.52; 275.53; 275.54; 275.551; 275.552; 275.58; and 275.59 are repealed.

Sec. 21. [STUDY OF LEVY LIMITS.] *The commissioner of revenue shall study the impacts of the levy limits contained in Minnesota Statutes for years prior to the 1981 levy year and the provisions of this article and shall prepare a report to be submitted to the governor and the legislature by February 1, 1982, recommending methods of financing the needs of local governments.*

Sec. 22. [EFFECTIVE DATES.]

Sections 1, 2, 3, 7, 8, 11, and 19 are effective July 1, 1981. Sections 4 and 5 are effective for property taxes levied in 1981

and subsequent years, and payable in 1982 and subsequent years. Section 6 is effective for homestead credits to be paid in calendar year 1982 and subsequent years. Sections 9, 10, 11 to 15, and 20, are effective for taxes levied in 1981, payable 1982 and subsequent years. Sections 16 to 18 are effective for taxable years beginning after December 31, 1980.

ARTICLE II

Section 1. Minnesota Statutes 1980, Section 270.75, is amended to read:

270.75 [INTEREST PAYABLE TO COMMISSIONER.]

Subdivision 1. If any tax payable to the commissioner of revenue or to the department of revenue is not paid within the time specified by law for payment, the unpaid tax shall bear interest at the rate of (EIGHT) 12 percent per annum from the date such tax should have been paid until the date that the tax was paid, unless otherwise provided by law. (UNPAID TAXES COLLECTED UNDER SECTION 290.92 OR UNDER CHAPTER 297A SHALL BEAR INTEREST AT THE RATE OF TEN PERCENT PER ANNUM FROM THE DATE SUCH TAX SHOULD HAVE BEEN PAID UNTIL THE DATE THAT THE TAX WAS PAID.)

Subd. 2. When an extension of time has been granted by the commissioner, interest shall be paid at the rate of (EIGHT) 12 percent per annum from the date such payment should have been made, if no extension had been granted, until the date of payment of such tax. (UNPAID TAXES COLLECTED UNDER SECTION 290.92 OR UNDER CHAPTER 297A SHALL BEAR INTEREST AT THE RATE OF TEN PERCENT PER ANNUM FROM THE DATE SUCH PAYMENT SHOULD HAVE BEEN MADE, IF NO EXTENSION HAD BEEN GRANTED, UNTIL THE DATE OF PAYMENT OF SUCH TAX.)

Subd. 3. If any penalty payable to the commissioner of revenue shall by law bear interest, such penalty shall bear interest at the rate of (EIGHT) 12 percent per annum from the date the penalty was assessable until the date that such penalty was paid, unless a different rate of interest is otherwise provided by law. (ANY PENALTY COLLECTED UNDER SECTION 290.92 OR UNDER CHAPTER 297A SHALL BEAR INTEREST AT THE RATE OF TEN PERCENT PER ANNUM FROM THE DATE THE PENALTY WAS ASSESSABLE UNTIL THE DATE THAT SUCH PENALTY WAS PAID.)

Subd. 4. There shall be added to the amount of any underpayment of estimated income tax, computed pursuant to chapter 290, an amount in lieu of interest determined at the rate of (EIGHT) 12 percent per annum.

Sec. 2. Minnesota Statutes 1980, Section 273.136, Subdivision 3, is amended to read:

Subd. 3. The commissioner of finance shall pay out of the taconite property tax relief account to each county treasurer one-half of the amount certified under subdivision 2 not later than (JUNE 15) *July 15* and the remaining half not later than November 15 of each year commencing in (1974) *1982*.

Sec. 3. Minnesota Statutes 1980, Section 290A.03, Subdivision 8, is amended to read:

Subd. 8. [CLAIMANT.] "Claimant" means a person, other than a dependent, who filed a claim authorized by sections 290A.01 to 290A.21 and who was domiciled in this state during the calendar year for which the claim for relief was filed. In the case of a claim relating to rent constituting property taxes, the claimant shall have resided in a rented or leased unit on which ad valorem taxes or payments made in lieu of ad valorem taxes are payable at some time during the calendar year covered by the claim (, EXCEPT THAT A CLAIMANT WHO IS DISABLED OR WHO HAS ATTAINED THE AGE OF 65 ON THE DATE SPECIFIED IN SECTION 290A.04, SUBDIVISION 1, MAY FILE A CLAIM BASED ON RESIDENCE IN A UNIT ON WHICH AD VALOREM TAXES WERE NOT PAYABLE). In the case of a part year resident, the income and rental reflected in this computation shall be for the period of Minnesota residency only. Any rental expenses paid which may be reflected in arriving at federal adjusted gross income cannot be utilized for this computation. When two individuals of a household are able to meet the qualifications for a claimant, they may determine among them as to who the claimant shall be. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final.

If a homestead is occupied by two or more renters; who are not husband and wife, the rent shall be deemed to be paid equally by each, and separate claims shall be filed by each. The income of each shall be his household income for purposes of computing the amount of credit to be allowed.

Sec. 4. Minnesota Statutes 1980, Section 290A.04, is amended by adding a subdivision to read:

Subd. 4. Any claim for refund based on rent paid to a licensed skilled nursing or intermediate care facility shall be reduced by the amount of medical assistance paid to or on behalf of the claimant pursuant to Minnesota Statutes, Chapter 256B.

Sec. 5. Minnesota Statutes 1980, Section 290A.07, Subdivision 2, is amended to read:

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

Sec. 6. [295.365] [DECLARATIONS OF ESTIMATED GROSS EARNINGS TAX BY TELEGRAPH AND TELEPHONE COMPANIES.]

Every telegraph company subject to taxation pursuant to section 295.32 and every telephone company subject to taxation pursuant to section 295.34, shall make a declaration of estimated gross earnings tax for the calendar year. The declaration of estimated tax shall be filed on or before March 15. The amount of estimated tax with respect to which a declaration is required shall be paid in four equal installments on or before the 15th day of March, June, September, and December. An amendment of a declaration may be filed in any interval between installment dates prescribed above but only one amendment may be filed in each such interval.

If any amendment of a declaration is filed, the amount of each remaining installment shall be the amount which would have been payable if the new estimate had been made when the first estimate for the calendar year was made, increased or decreased, as the case may be, by the amount computed by dividing

(1) the difference between (A) the amount of estimated tax required to be paid before the date on which the amendment was made, and (B) the amount of estimated tax which would have been required to be paid before such date if the new estimate had been made when the first estimate was made, by

(2) the number of installments remaining to be paid on or after the date on which the amendment is made.

The commissioner of revenue may grant a reasonable extension of time for filing any declaration but such extension shall not be for more than six months.

Sec. 7. [295.366] [FAILURE BY TELEGRAPH OR TELEPHONE COMPANY TO PAY ESTIMATED GROSS EARNINGS TAX.]

Subdivision 1. [ADDITION TO THE TAX.] In case of any underpayment of estimated tax by a telegraph or telephone company, except as provided in subdivision 4, there shall be added to the tax for the taxable year an amount determined at the rate specified in section 270.75 upon the amount of the underpayment (determined under subdivision 2) for the period of the underpayment (determined under subdivision 3).

Subd. 2. [AMOUNT OF UNDERPAYMENT.] For purposes of subdivision 1, the amount of the underpayment shall be the excess of

- (1) the amount of the installment, over*
- (2) the amount, if any, of the installment paid on or before the last date prescribed for payment.*

Subd. 3. [PERIOD OF UNDERPAYMENT.] The period of the underpayment shall run from the date the installment was required to be paid to whichever of the following dates is the earlier

- (1) The 15th day of the third month following the close of the taxable year.*

- (2) With respect to any portion of the underpayment, the date on which such portion is paid. For purposes of this paragraph, a payment of estimated tax on any installment date shall be considered a payment of any previous underpayment only to the extent such payment exceeds the amount of the installment determined under subdivision 2(1) for such installment date.*

Subd. 4. [EXCEPTION.] Notwithstanding the provisions of the preceding subdivisions, the addition to the tax with respect to any underpayment of any installment shall not be imposed if the total amount of all payments of estimated tax made on or before the last date prescribed for the payment of such installment equals or exceeds the amount which would have been required to be paid on or before such date if the estimated tax were whichever of the following is the lesser

- (1) The tax shown on the return of the corporation for the preceding taxable year.*
- (2) Eighty per cent of the actual liability for the calendar year.*

Sec. 8. Minnesota Statutes 1980, Section 477A.01, Subdivision 4b, is amended to read:

Subd. 4b. For aids to be paid in 1982 and subsequent years, the commissioner of revenue shall make all necessary calculations and make payments directly to the affected taxing authorities in (FOUR) six installments on (MARCH 15,) July 15, August 15, September 15, (AND) October 15, November 15, and December 15 annually.

For calendar year 1981 only, the commissioner shall make the payments in seven installments computed as follows: one-fourth of the calendar year 1981 aids shall be paid on March 15; the re-

maining amounts shall be divided into six equal payments to be made on July 15, August 15, September 15, October 15, November 15, and December 15.

Sec. 9. Minnesota Statutes 1980, Section 477A.13, is amended to read:

477A.13 [TIME OF PAYMENT, DEDUCTIONS.]

Payments to the counties shall be made from the general fund during the month of (JANUARY) *July* of the year next following certification. There shall be deducted from amounts paid any amounts paid to a county or township during the preceding year pursuant to sections 84A.51, 89.036, 97.49, subdivision 3, and 272.68, subdivision 3 with respect to the lands certified pursuant to section 477A.12.

Sec. 10. [REPEALER.]

Minnesota Statutes 1980, Section 291.33, is repealed.

Sec. 11. [EFFECTIVE DATE.]

Section 1 is effective for taxes becoming due after June 30, 1981. Sections 2 and 9 are effective January 1, 1982. Section 8 is effective July 1, 1981. Sections 3 and 4 are effective for claims based on rent paid in 1981 and subsequent years. Section 5 is effective for claims based on rent paid in 1982 and subsequent years. Sections 6 and 7 are effective for taxable years beginning after December 31, 1982. Section 10 is effective January 1, 1981.

ARTICLE III

Section 1. Minnesota Statutes 1980, 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 "homeowners association" as those terms are defined in Section 528 of the Internal Revenue Code of 1954, as amended through December 31, 1979.

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, 1974, shall be in effect for the taxable years beginning after December 31, 1974.

(ii) 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 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.

(iii) 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 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 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 the previous taxable year *and to the extent the deduction resulted in a tax benefit.*

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 to the extent of the credit under section 38 of the Internal Revenue Code of 1954 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 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, if the nonprofit corporation is domiciled outside of Minnesota;

(14) Exempt-interest dividends, as defined in section 852 (b)(5)(A) of the Internal Revenue Code of 1954, not included in federal adjusted gross income pursuant to section 852(b)(5)(B) of the Internal Revenue Code of 1954, except for that portion of 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 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);

(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; and

(19) The amount of a distribution from an individual housing account which is to be included in gross income as required under clause (c) of section 290.09, subdivision 30.

(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 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 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 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 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. The maximum amount

of this subtraction shall be \$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 \$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 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 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;

(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 before January 1, 1982 that is guaranteed by the commissioner of agriculture as provided in sections 41.51 to 41.60;

(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);

(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 subdivision 27.

(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 the corporation and shall add to federal adjusted gross income the amount of any loss claimed as a result of 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 the corporation is liquidated or the individual shareholder disposes of 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, 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 the reserve is distributed to shareholders 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 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 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, clause (2) in computing Minnesota inheritance or estate 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 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 1980, Section 290.01, Subdivision 23, is amended to read:

Subd. 23. [ADJUSTED GROSS INCOME.] The term "adjusted gross income" means the gross income, as defined in

subdivision 20, less the allowable *federal income tax* deductions provided in sections 290.09, (290.075, 290.077, AND 290.16, SUBDIVISION 6,) *subdivision 4 limited by section 290.10, clauses (8), (9), and (10) to the extent allowed by section 290.18.*

Sec. 3. Minnesota Statutes 1980, Section 290.09, Subdivision 4, is amended to read:

Subd. 4. [TAXES.] Taxes paid or accrued within the taxable year, except (a) income or franchise taxes imposed by this chapter and income or franchise taxes paid to any other state or to any province or territory of Canada for which a credit is allowed under section 290.081; (b) taxes assessed against local benefits of a kind deemed in law to increase the value of the property assessed; (c) inheritance, gift and estate taxes except as provided in section 290.077, subdivision 4; (d) cigarette and tobacco products excise tax imposed on the consumer; (e) that part of Minnesota property taxes for which a credit or refund is claimed and allowed under chapter 290A; (f) federal income taxes, by corporations, national and state banks except as provided in section 290.18; (g) mortgage registry tax; (h) real estate transfer tax; (i) federal telephone tax; (j) federal transportation tax; and (k) tax paid by any corporation or national or state bank to any foreign country or possession of the United States to the extent that a credit against federal income taxes is allowed under the provisions of the Internal Revenue Code of 1954, as amended through December 31, 1979. If the taxpayer's foreign tax credit consists of both foreign taxes deemed paid and foreign taxes actually paid or withheld, it will be conclusively presumed that foreign taxes deemed paid were first used by the taxpayer in its foreign tax credit. Minnesota gross income shall include the amount of foreign tax paid which had been allowed as a deduction in a previous year, provided such foreign tax is later allowed as a credit against federal income tax. (INCOME TAXES PERMITTED TO BE DEDUCTED HEREUNDER SHALL, REGARDLESS OF THE METHODS OF ACCOUNTING EMPLOYED, BE DEDUCTIBLE ONLY IN THE TAXABLE YEAR IN WHICH PAID.) Taxes imposed upon a shareholder's interest in a corporation which are paid by the corporation without reimbursement from the shareholder shall be deductible only by such corporation.

Sec. 4. Minnesota Statutes 1980, Section 290.10, is amended to read:

290.10 [NONDEDUCTIBLE ITEMS.]

In computing the net income no deduction shall in any case be allowed for:

- (1) Personal, living or family expenses;

(2) Amounts paid out for new buildings or for permanent improvements or betterments made to increase the value of any property or estate, except as otherwise provided in this chapter;

(3) Amounts expended in restoring property or in making good the exhaustion thereof for which an allowance is or has been made;

(4) Premiums paid on any life insurance policy covering the life of the taxpayer or of any other person;

(5) The shrinkage in value, due to the lapse of time, of a life or terminable interest of any kind in property acquired by gift, devise, bequest or inheritance;

(6) Losses from sales or exchanges of property, directly or indirectly, between members of a family, or, except in the case of distributions in liquidation, between an individual and a corporation in which such individual owns, directly or indirectly, more than 50 percent in value of the outstanding stock; or between any person or corporation and a trust created by him or it or of which he or it is a beneficiary, directly or indirectly; for the purpose of this clause, an individual shall be considered as owning the stock owned, directly or indirectly, by his family; and the family of an individual shall include only his brothers and sisters (whether by the whole or half blood), spouse, ancestor, and lineal descendants, but such losses shall be allowed as deductions if the taxpayer shows to the satisfaction of the commissioner that the sale or exchange was bona fide and for a fair and adequate consideration;

(7) In computing net income, no deduction shall be allowed under section 290.09, subdivision 2, relating to expenses incurred or under section 290.09, subdivision 3, relating to interest accrued;

(a) If such expenses or interest not paid within the taxable year or within two and one-half months after the close thereof; and

(b) If, by reason of the method of accounting of the person to whom the payment is to be made, the amount thereof is not, unless paid, includible in the gross income of such person for the taxable year in which or with which the taxable year of the taxpayer ends; and

(c) If, at the close of the taxable year of the taxpayer or at any time within two and one-half months thereafter, both the taxpayer and the person to whom the payment is to be made are persons between whom losses would be disallowed under clause (6);

(8) (a) Contributions by employees under the federal railroad retirement act (,) and the federal social security act (, OR) (b) Payments to Minnesota or federal public employee retirement funds (, AND THAT). (c) *Three-fourths (75 percent)* of the amount of taxes imposed on self-employment income under section 1401 of the Internal Revenue Code of 1954, as amended through December 31, 1979 (, WHICH WOULD HAVE BEEN IMPOSED ON THE SAME AMOUNT OF INCOME IF SUCH INCOME HAD BEEN TREATED AS WAGES FROM EMPLOYMENT AND SUBJECT TO TAX UNDER THE PROVISIONS OF SECTION 3101 OF THE INTERNAL REVENUE CODE OF 1954, AS AMENDED THROUGH DECEMBER 31, 1979).

(9) Expenses, interest and taxes connected with or allocable against the production or receipt of all income not included in the measure of the tax imposed by this act. (WHEN THE FEDERAL INCOME TAX LIABILITY IS JOINT AND SEVERAL UNDER A JOINT FEDERAL RETURN OF HUSBAND AND WIFE, THE ALLOWABLE FEDERAL INCOME TAX PAID ON THE INCOME INCLUDED IN THE JOINT FEDERAL RETURN MAY BE TAKEN AS A DEDUCTION FROM GROSS INCOME BY THE SPOUSE WHO PAID THE FEDERAL INCOME TAX.)

(10) In situations where this chapter provides for an exclusion from gross income of a specific dollar amount of an item of income assignable to this state, and within the measure of the tax imposed by this chapter, that portion of the federal income tax (PAID) *liability assessed* upon such income excluded, and any expenses attributable to earning such income, shall not be deductible in computing net income.

(11) Amounts paid or accrued for such taxes and carrying charges as, under regulations prescribed by the commissioner, are chargeable to capital account with respect to property, if the taxpayer elects, in accordance with such regulations, to treat such taxes or charges as so chargeable.

Sec. 5. Minnesota Statutes 1980, Section 290.18, Subdivision 2, is amended to read:

Subd. 2. [FEDERAL INCOME TAX PAYMENTS AND REFUNDS.] ((A) THE ADJUSTED GROSS INCOME SHALL, EXCEPT INsofar AS SECTION 290.19 IS APPLICABLE, BE COMPUTED BY DEDUCTING FROM THE GROSS INCOME ASSIGNABLE TO THIS STATE UNDER SECTION 290.17, THE FOLLOWING DEDUCTIONS:)

(ALLOWABLE) Federal income taxes determined under the provisions of sections 290.09, subdivision 4, 290.10(9) and 290.18 (.)

(THE DEDUCTION ENUMERATED IN THIS SUBDIVISION) shall be allowed to (THE EXTENT PROVIDED IN SUBDIVISION 1 AND AS PROVIDED IN CLAUSES (B) AND (C).)

((B) IN THE CASE OF) (a) corporations (,) and national and state banks (i) for taxable years beginning prior to July 1, 1971 and ending subsequent thereto, federal income taxes allowable as a deduction shall be that part of the federal income tax determined by multiplying the federal income tax liability for such taxable year as reflected on the return filed with the Internal Revenue Service by a fraction, the numerator of which is the number of months in the taxable year prior to July 1, 1971 and the denominator which is the number of months in the entire taxable year; provided that if the taxable period is other than a full year the denominator of the fraction shall be the total number of months for which the federal return is filed.

((C)) (ii) The amount of any additional federal income taxes for 1971 and prior years, where such additional federal income taxes would have been allowed as a deduction from gross income under clause (b) or under prior law, shall be allowed as a deduction in the year in which such additional federal income taxes are paid.

((D)) (iii) The amount of any overpayment of federal income taxes, whether allowed as a refund or allowed as a credit to any liability, where such overpayment has previously been allowed as a deduction from gross income under Extra Session Laws 1971, Chapter 31, Article 6 or under prior law, shall be added to gross income in the year in which received or credited.

(b) individuals, estates, or trusts (i) for taxable years beginning after December 31, 1980 in the taxable year to which the liability applies. Such liability includes the portion of self-employment tax allowed under section 290.10, clause (8). The self-employment tax must be deducted by the person who is deriving the income. When the federal tax liability is joint and several under the computation of a joint federal return of husband and wife, the federal tax liability must be split between the spouses in the same ratio that the federal adjusted gross income of that spouse bears to the total federal adjusted gross income.

(ii) taxes paid for a taxable year beginning before January 1, 1981 shall be allowed as follows:

(1) Those taxes paid in a taxable year beginning before January 1, 1981, shall be claimed in the year which the payment was made.

(2) Those paid in a taxable year beginning after December 31, 1980 shall be divided and deducted in equal installments re-

flected by the yearly periods beginning with the first day of the taxable year in which the payment was made and ending December 31, 1986.

(iii) In the case of a person who was self employed during all or a portion of the taxable year, the federal income tax liability for purposes of this section shall be increased by the self-employment tax allowed under section 290.10, clause (8).

(iv) If a taxpayer's federal tax liability is eventually not paid by reason of compromise, discharge, or court order, the deduction allowed pursuant to this subdivision shall be disallowed for the taxable year in which the liability was accrued.

(v) In the event a federal tax liability for a taxable year commencing after December 31, 1980 is increased, decreased or modified, and such increase, decrease or modification has resulted in a change in the amount of Minnesota income tax in the year to which such increase, decrease or modification is attributable, the taxpayer's deduction under this section shall be modified for such year.

(vi) If the readjustments required in (iv) or (v) are for taxes reflected in the transition rule described in (ii)(2), the readjustment shall be made equally to the remaining installments and if a reduction to such installments is required under this readjustment which exceeds the total of all remaining installments, the remaining installments will be reduced to zero and the excess included in income as a federal income tax refund.

(vii) Refunds which are not involved with any readjustments under the transition rule shall be included in income under section 290.01, subdivision 20, clause (a)(6) if it is from a year beginning before January 1, 1981.

(viii) Refunds of taxes for years beginning after December 31, 1980, shall be used to adjust the deduction in the taxable year of the liability unless that year is closed by statute and no other adjustments are to be required or allowable in which case such refund shall be reportable in the year received.

Sec. 6. [EFFECTIVE DATE.]

This article is effective for taxable years beginning after December 31, 1980.

ARTICLE IV

Section 1. Minnesota Statutes 1980, Section 124.01, Subdivision 3, is amended to read:

Subd. 3. "Basic maintenance mill rates" means the maximum permissible mill rate applicable to the adjusted assessed valuation of a district, specified for use in the computation of foundation aid or a particular school year pursuant to section 124.212 and of permissible levies for use in that school year pursuant to section 275.125, subdivision 2a, clause (1) or (2). (FOR 1979 PAYABLE 1980 LEVIES AND FOR FOUNDATION AID FOR THE 1980-1981 SCHOOL YEAR, THE BASIC MAINTENANCE MILL RATE SHALL BE .023.) For 1980 payable 1981 levies and for foundation aid for the 1981-1982 school year, the basic maintenance mill rate shall be .021. *For 1981 payable 1982 levies and for foundation aid for the 1982-1983 school year, the basic maintenance mill rate shall be .023.*

ARTICLE V

Section 1. Minnesota Statutes 1980, 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 for taxes payable in 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. *Effective for taxes payable in 1982 and thereafter, the maximum amount of the market value of the homestead bracket subject to the 14 percent rate shall be adjusted by the commissioner of revenue as provided in section 3.* The property tax to be paid on class 3b property as otherwise determined by law less any reduction received pursuant to section 273.135 shall be reduced by 58 percent of the tax for taxes payable in 1981 and thereafter; provided that the amount of said reduction shall not exceed \$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. 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. 2. Minnesota Statutes 1980, 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 for taxes payable in 1981 and 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. *Effective for taxes payable in 1982 and thereafter, the maximum amounts of the market value of the homestead brackets subject to the 16 percent and 22 percent rates shall be adjusted by the commissioner of revenue as provided in section 3.* The property tax to be paid on class 3c property as otherwise determined by law, less any reduction received pursuant to section 273.135 shall be reduced by 58 percent of the tax for taxes payable in 1981 and thereafter; provided that the amount of said reduction shall not exceed \$650. 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 real estate 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 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. *Effective for taxes payable in 1982 and thereafter, in the case of agricultural land including a mobile home used for purposes of a homestead, the commissioner of revenue shall adjust, as provided in section 3, the maximum amount of the market value of the homestead brackets subject to the five percent and 14 percent rates; and for all other real estate and mobile homes, the commissioner of revenue shall adjust, as provided in section 3, the maximum amount of the market value of the homestead brackets subject to the five percent and 22 percent rates.* 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 shall be reduced by 58 percent of the tax for taxes payable in 1981 and thereafter; provided that the amount of said reduction shall not exceed \$650.

Sec. 3. [273.125] [FLEXIBLE HOMESTEAD BRACKETS.]

Effective for taxes payable in 1982 and subsequent years, the maximum amount of the market value of the homestead brackets shall be adjusted as provided in this section. The equalization aid review committee shall divide the statewide average purchase price of a residential home as indicated by bona fide real estate sales during the previous assessment year by the statewide average purchase price of a residential home during the year immediately preceding the previous assessment year. The resulting quotient shall be multiplied by the maximum amounts of the homestead brackets as provided in section 273.13, subdivisions 6 and 7 for the preceding assessment year, to obtain the revised

homestead brackets for the current assessment year. The revised homestead brackets shall be rounded to the nearest \$100. On or before December 1, 1981 and each subsequent year the commissioner of revenue shall announce the revised homestead brackets as adjusted by this section.

Sec. 4. Minnesota Statutes 1980, Section 290.06, Subdivision 2d, is amended to read:

Subd. 2d. [INFLATION ADJUSTMENT OF BRACKETS.]

(FOR TAXABLE YEARS BEGINNING AFTER DECEMBER 31, 1978,) *The first seven taxable net income brackets in subdivision 2c shall be adjusted for inflation. For the purpose of making the adjustment as provided in this subdivision all of the brackets provided in subdivision 2c shall be the adjusted brackets as they existed for taxable years beginning after December 31, 1979 and before January 1, 1981. The commissioner of revenue shall determine the percentage increase for each year in the (REVISED CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS FOR THE MINNEAPOLIS-ST. PAUL METROPOLITAN AREA) annual average weekly earnings for U.S. workers (private, nonfarm, seasonally adjusted) prepared by the United States department of labor (WITH 1967 AS A BASE YEAR). The commissioner shall determine the percentage increase from August, (1978) 1980 to, in (1979) 1981, August, (1979) 1981 and in each subsequent year, from August of the preceding year to August of the current year, and shall announce the percentage figure by October 1 each year. The dollar amounts in each of the first seven taxable net income (BRACKET) brackets for the prior year in subdivision 2c shall be multiplied by a figure equal to (85) 75 percent of that percentage. The product of the calculation shall be added to each of the first seven inflation adjusted taxable net income (BRACKET) brackets for the prior year to produce the inflation adjusted taxable net income brackets for each succeeding year. If the product exceeds a whole dollar amount, it shall be raised to the next highest whole dollar.*

Sec. 5. Minnesota Statutes 1980, Section 290.06, Subdivision 3g, is amended to read:

Subd. 3g. [INFLATION ADJUSTMENT OF CREDITS.]
For taxable years beginning after December 31, 1980, the credits provided for individuals in subdivision 3f shall be adjusted for inflation. The commissioner of revenue shall determine the percentage increase for each year in the (REVISED CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS FOR THE MINNEAPOLIS-ST. PAUL METROPOLITAN AREA) annual average weekly earnings for U. S. workers (private, nonfarm, seasonally adjusted) prepared by the United States department of labor (WITH 1967 AS A BASE YEAR). The commissioner shall determine the percentage in-

crease from August, 1980 to, in 1981, August, 1981 and in each subsequent year, from August of the preceding year to August of the current year, and shall announce the percentage figure by October 1 each year. The dollar amount of each inflation adjusted credit for the prior year in subdivision 3f shall be multiplied by a figure equal to that percentage. The product of the calculation shall be added to the inflation adjusted credit for the prior year to produce the inflation adjusted individual credits for each succeeding year. If the product exceeds a whole dollar amount, it shall be rounded to the nearest whole dollar.

Sec. 6. Minnesota Statutes 1980, Section 290.09, Subdivision 15, is amended to read:

Subd. 15. [STANDARD DEDUCTION.] In lieu of all deductions provided for in this chapter other than those enumerated in section 290.18, subdivision 2, and in lieu of the credits enumerated in section 290.21, subdivision 3, an individual may claim or be allowed a standard deduction as follows:

(a) Subject to modification pursuant to clause (b), the standard deduction shall be an amount equal to ten percent of the adjusted gross income of the taxpayer, up to a maximum deduction of \$2,000; in the case in which a standard deduction tax table is provided by the commissioner of revenue pursuant to the provisions of section 290.06, subdivision 2, the standard deduction shall be available to individuals with adjusted gross income of less than \$20,000 only through the use of such table.

In the case of a husband and wife living together, the standard deduction shall not be allowed to either if the net income of one of the spouses is determined without regard to the standard deduction. For the purposes of this paragraph the determination of whether an individual is living with his spouse shall be made as of the last day of the taxable year unless the spouse dies during the taxable year in which case such determination shall be made as of the date of such spouse's death.

(b) For each taxable year beginning after December 31, 1980, the maximum amount of the standard deduction shall be adjusted for inflation. That amount shall be multiplied each year by a figure equal to the percentage increase in the (REVISED CONSUMER PRICE INDEX FOR ALL URBAN CONSUMERS FOR THE MINNEAPOLIS-ST. PAUL METROPOLITAN AREA) *annual average weekly earnings for U. S. workers (private, nonfarm, seasonally adjusted)* used for purposes of section 290.06, subdivision 3g. The product of the calculation shall be added to the dollar amount of the maximum standard deduction established in clause (a) to produce the inflation-adjusted maximum standard deduction for each succeeding year.

(c) The commissioner of revenue may establish a standard deduction tax table incorporating the rates set forth in section 290.06, subdivision 2c, and the standard deduction. The tax of any individual taxpayer whose adjusted gross income is less than \$20,000 shall, if an election is made not to itemize non-business deductions, be computed in accordance with tables prepared and issued by the commissioner of revenue. The tables shall be prepared to reflect the allowance of the standard deduction and the personal and dependent credits.

Sec. 7. Minnesota Statutes 1980, Section 297A.02, is amended to read:

297A.02 [IMPOSITION OF TAX.]

Except as otherwise provided in (EXTRA SESSION LAWS 1971, CHAPTER 31, ARTICLE 1) *Chapter 297A*, there is hereby imposed an excise tax of four percent of the gross receipts from sales at retail, as hereinbefore defined, made by any person in this state after October 31, 1971.

(NOTWITHSTANDING THE FOREGOING,) The tax imposed hereby upon sales at retail through coin-operated vending machines shall be (THREE) *four* percent of the gross receipts of such sales.

Sec. 8. [297A.275] [ACCELERATED PAYMENT OF JUNE LIABILITY.]

Every vendor having a liability of \$1,500 or more in May 1982 or in May of each subsequent year, shall be required to remit the June liability in the manner required by this section.

On or before June 25, 1982, or June 25 of each subsequent year, the vendor shall remit the actual May liability and the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

On or before July 25, 1982, or July 25 of each subsequent year, the vendor shall submit a return showing the actual June liability and paying any additional amount of tax not remitted in June. A penalty is hereby imposed equal to ten percent of the actual June liability less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) 90 percent of the actual June liability, or (b) 100 percent of the preceding May's liability.

Sec. 9. Minnesota Statutes 1980, Section 423A.02, is amended to read:

423A.02 [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 section 69.77, apply, unless the municipality has adopted a municipal resolution retaining the local relief association pursuant to section 423A.01, 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 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 Laws 1980, Chapter 607, 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 Laws 1980, Chapter 607, 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) *six* equal installments on (MARCH 15,) July 15, August 15, September 15 (AND), October 15, November 15, and December 15 annually. *For calendar year 1981 only, the payments shall be made in seven installments computed as follows: one-fourth of the calendar year 1981 aids shall be paid on March 15; the remaining amounts shall be divided into six equal payments to be made on July 15, August 15, September 15, October 15, November 15 and December 15.* 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. 10. [EFFECTIVE DATE.]

Sections 4, 5, and 6 are effective for taxable years beginning after December 31, 1980. Sections 7 and 9 are effective July 1, 1981.

ARTICLE VI

Section 1. Minnesota Statutes 1980, Section 297A.01, Subdivision 3, is amended to read:

Subd. 3. A "sale" and a "purchase" includes, but is not limited to, each of the following transactions:

(a) Any transfer of title or possession, or both, of tangible personal property, whether absolutely or conditionally, and the leasing of or the granting of a license to use or consume tangible personal property, for a consideration in money or by exchange or barter;

(b) The production, fabrication, printing or processing of tangible personal property for a consideration for consumers who furnish either directly or indirectly the materials used in the production, fabrication, printing or processing;

(c) The furnishing, preparing or serving for a consideration of food, meals or drinks, not including hospitals, sanatoriums, nursing homes or senior citizens homes, meals or drinks purchased for and served exclusively to individuals who are 60 years of age or over and their spouses or to the handicapped and their spouses by governmental agencies, nonprofit organizations, agencies, or churches or pursuant to any program funded in whole or part through 42 USCA sections 3001 through 3045, wherever delivered, prepared or served, meals and lunches served at public and private schools, universities or colleges, or the occasional meal thereof by a charitable or church organization;

(d) The granting of the privilege of admission to places of amusement or athletic events and the privilege of use of amusement devices or *athletic facilities*;

(e) The furnishing for a consideration of lodging and related services by a hotel, rooming house, tourist court, motel or trailer camp and of the granting of any similar license to use real property other than the renting or leasing thereof for a continuous period of 30 days or more;

(f) The furnishing for a consideration of electricity, gas, water, or steam for use or consumption within this state, or local exchange telephone service and intrastate toll service except such service provided by means of coin operated telephones; the tax imposed on amounts paid for telephone services is the liability of and shall be paid by the person paying for the services. Sales by municipal corporations in a proprietary capacity are included in the provisions of this clause. The furnishing of water and sewer services for residential use shall not be considered a sale.

Sec. 2. Minnesota Statutes 1980, Section 297A.25, Subdivision 1, is amended to read:

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, *but not including foods which are prepared or specially sliced, wrapped, arranged or displayed, and sold cold or hot for immediate consumption on or off the premises on which the sale is made, whether sold in individual servings or in larger quantities*;

(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 of 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, salesmen's sample and display cases, purses, handbags, pocketbooks, 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 com-

pany 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 purchase 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 consumers 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.

(aa) *The gross receipts from the sale of sanitary napkins, tampons, or similar items used for feminine hygiene.*

Sec. 3. [EFFECTIVE DATE.]

Section 2 is effective for sales made after June 30, 1981. Section 1 is effective the day following final enactment and the commissioner of revenue shall entertain claims for refund filed pursuant to the Minnesota Supreme Court decision in C. G. Rein Company vs. Commissioner of Revenue only if the vendor can demonstrate to the satisfaction of the commissioner that the sales tax will be refunded by the vendor to the person who originally paid the tax.

ARTICLE VII

Section 1. Minnesota Statutes 1980, Section 270.11, Subdivision 2, is amended to read:

Subd. 2. [COUNTY (AUDITOR'S) ASSESSOR'S REPORTS OF ASSESSMENT FILED WITH COMMISSIONER.] The commissioner of revenue may require the (AUDITOR) assessor of each county in the state to file with him, on or before August 1, each year, complete abstracts of all real and personal property in the county, as equalized by the county board of equalization, and itemized by assessment districts, accompanied by a printed or typewritten copy of the proceedings of the county board of equalization, and it shall be the duty of the county (AUDITOR) assessor to so report to the commissioner of revenue.

The final abstract of assessments after adjustments by the state board of equalization and inclusion of any omitted property shall be submitted to the commissioner of revenue on or before January 1 of each calendar year.

Sec. 2. Minnesota Statutes 1980, Section 271.10, Subdivision 2, is amended to read:

Subd. 2. [SERVICE OF WRIT.] Within 60 days after notice of the making and filing of the order of the tax court, or the making and filing of an order on a petition for rehearing, the petitioner for review shall obtain from the supreme court a writ of certiorari, and shall serve the same upon (THE COMMISSIONER OF REVENUE AND UPON) all other parties appearing in the proceedings before the tax court, (ALSO UPON THE ATTORNEY GENERAL, UNLESS HE IS THE PETITIONER,) and shall file the original, with proof of such service, with the clerk of the tax court. Every petitioner, except the attorney general, the commissioner of revenue, the state and its political subdivisions, shall also pay to the clerk the fee prescribed by rule 103.01 of the rules of civil appellate procedure which shall be disposed of in the manner provided by that rule, and file a bond or make a deposit in like manner and amount as in case of an appeal from the district court. The fee shall be disposed of as in such case. Return upon the writ shall be made to the supreme court and the matter shall be heard and determined by the court as in other certiorari cases, subject to the provisions hereof and to such rules as the court may prescribe for cases arising hereunder.

Sec. 3. Minnesota Statutes 1980, Section 272.02, Subdivision 1, is amended to read:

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, clause (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 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.

(17) Native prairie. The commissioner of the department of natural resources shall determine lands in the state which are native prairie and shall notify the county assessor of each county in which the lands are located. *Pasture land used for livestock grazing purposes shall not be considered native prairie for the purposes of this clause and section 273.116.* Upon receipt of an application for the exemption and credit provided in this clause and section 273.116 for lands for which the assessor has no determination from the commissioner of natural resources, the assessor shall refer the application to the commissioner of natural resources who shall determine within 30 days whether the land is native prairie and notify the county assessor of his decision. Exemption of native prairie pursuant to this clause shall not grant the public any additional or greater right of access to the native prairie or diminish any right of ownership to it.

Sec. 4. Minnesota Statutes 1980, Section 272.025, Subdivision 3, is amended to read:

Subd. 3. (DURING EACH OF THE THREE YEARS FOLLOWING THE YEAR IN WHICH A TAXPAYER FILES A STATEMENT OF EXEMPTION, THE REQUIREMENTS OF THIS SECTION SHALL NOT APPLY TO PROPERTY COVERED BY THE STATEMENT OF EXEMPTION UNLESS THE PROPERTY WAS LISTED AND ASSESSED AS TAXABLE PROPERTY IN THE PRECEDING YEAR.) *Any taxpayer who has filed the statement required by subdivision 1 more than 12 months prior to February 1, 1983, or February 1 of each third year after 1983, shall file a statement by February 1, 1983, and by February 1 of each third year thereafter.*

Sec. 5. Minnesota Statutes 1980, Section 272.46, is amended to read:

272.46 [AUDITOR TO FURNISH STATEMENT OF TAX LIENS AND TAX SALES; FEES; APPLICATION.]

The county auditor, upon written application of any person, shall make search of the records of his office, and ascertain the existence of all tax liens and tax sales as to any lands described in the application, and certify the result of such search under his hand and the seal of his office, giving the description of the land and all tax liens and tax sales shown by such records, and the amount thereof, the year of tax covered by such lien, the date of tax sale, and the name of the purchaser at such tax sale.

For such service the county auditor shall charge a fee (OF \$1) *not to exceed \$5 for each lot or tract of land described in the certificate. The amount of the fee will be established by the county board on or before July 1 of each year.* Any number of contiguous tracts of land not exceeding one section, assessed as broad acres, or adjoining lots in the same block, in the city,

shall be considered as one lot or parcel within the meaning of this section. The provisions of this section shall not apply to counties having a population of more than 225,000.

Sec. 6. Minnesota Statutes 1980, Section 272.47, is amended to read:

272.47 [COUNTY TREASURER, CERTIFICATE OF CURRENT TAXES; FEE.]

The county treasurer, upon written application of any person, shall make search of the tax duplicates and records of his office and ascertain the amount of current tax against any lot or parcel of land described in the application, and shall certify the result of such search under his hand and seal of office, giving the description of land, year of tax and amount, if any, and for such certificate he shall be entitled to charge the applicant (THEREFOR THE SUM OF \$1) *a fee not to exceed \$5. The amount of the fee will be established by the county board on or before July 1 of each year.* The definition of "lot or parcel," for the purposes of this section, shall be the same as set forth in section 272.46.

This section shall not authorize such treasurer to charge any amount for certifying to taxes on a deed to be recorded or for information with reference to the current tax on any subdivision of land in his county, where no certificate thereof is necessary or required. The provisions of this section shall not apply to counties having a population of more than 200,000.

Sec. 7. Minnesota Statutes 1980, Section 273.138, Subdivision 2, is amended to read:

Subd. 2. Each county government, city and township shall receive reimbursement in 1978 and subsequent years in an amount equal to the product of its total mill rate for taxes payable in the calendar year *prior to the calendar year* in which the aid is to be paid, times the total 1972 assessed value of real property exempted from taxation by section 272.02, subdivision 1 which was located within the territory of such governmental unit, times 1.25. For the purpose of this subdivision, the "total mill rate" of a county government, city or township includes mill rates for taxes levied by such governmental unit which were not levied on the entire taxable value of such governmental unit.

Sec. 8. Minnesota Statutes 1980, Section 273.40, is amended to read:

273.40 [ANNUAL TAX ON COOPERATIVE ASSOCIATIONS.]

Cooperative associations organized under the provisions of Laws 1923, Chapter 326, and laws amendatory thereof and laws supplemental thereto, and engaged in electrical heat, light or power business upon a mutual, non-profit, and cooperative plan in rural areas, as hereinafter defined, are hereby recognized as quasi-public in their nature and purposes; but such cooperative associations, which operate within the corporate limits of any city shall be assessed on the basis of (40) 43 percent of the market value of that portion of its property located within the corporate limits of any city as provided for in section 273.13.

Sec. 9. Minnesota Statutes 1980, Section 275.075, is amended to read:

275.075 [OMISSION BY INADVERTENCE; CORRECTION.]

Whenever the amount of taxes as levied and certified by the tax levying body of any county, city, town, or school district has not been, as the result of error (OR), inadvertence, *or from the estimates as provided in section 10*, by the county auditor extended and spread in conformity therewith, such tax levying body may include in its tax levy for the year following, the whole or any part of the amount so omitted through error (OR), inadvertence, *or from the estimates as provided in section 10*, in addition to its current levy and in addition to and notwithstanding any limitations to the contrary.

Sec. 10. Minnesota Statutes 1980, Section 275.08, is amended to read:

275.08 [AUDITOR TO FIX RATE.]

Subdivision 1. [GENERALLY.] The rate percent of all taxes, except the state tax and taxes the rate of which may be fixed by law, shall be calculated and fixed by the county auditor according to the limitations in this chapter hereinafter prescribed; provided, that if any county, city, town, or school district shall return a greater amount than the prescribed rates will raise, the auditor shall extend only such amount of tax as the limited rate will produce.

Subd. 2. [ESTIMATES.] If, by December 15 of any year, the county auditor has not received from another county auditor the mill rate or assessed value applicable to any taxing district lying in two or more counties, the county auditor who has not received the necessary information may levy taxes for the overlapping district by estimating the mill rate or the assessed value.

Subd. 3. [ASSISTANCE OF COUNTY AUDITOR.] A county auditor who has not furnished the mill rate or assessed value of property in the county by December 15 shall, on request,

furnish the county auditor of a county in the overlapping district an estimate of the values or the mill rate. The auditor may request the assistance of the county assessor in determining the estimate.

Subd. 4. [SUBSEQUENT ADJUSTMENT.] After the correct mill rate or assessed value has been certified, the amount of taxes over or under levied shall be computed and notice sent to each affected taxing district. If the estimated tax levy exceeds the correct tax levy based on actual assessed value and mill rate, the county treasurer shall remit any amount of excess which he collects to the affected taxing district. In the following levy year, the estimating county auditor shall adjust the levy of the affected taxing district to compensate for the amount of variance.

In the event that the estimated tax levy is less than the correct tax levy based on actual assessed value and mill rate, the auditor shall adjust the levy of the affected taxing district as provided in section 275.075.

Sec. 11. Minnesota Statutes 1980, Section 276.01, is amended to read:

276.01 [DELIVERY OF LISTS TO TREASURER.]

On or before the first (MONDAY) *business day* in January in each year, the county auditor shall deliver the lists of the several districts of the county to the county treasurer, taking therefor his receipt, showing the total amount of taxes due upon the lists. Where the names of taxpayers appear in the property tax lists, the county auditor shall show the addresses of such taxpayers. Such lists shall be authority for the treasurer to receive and collect taxes therein levied.

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

Sec. 12. Minnesota Statutes 1980, Section 277.15, is amended to read:

277.15 [INTEREST.]

When a judgment has heretofore been entered and docketed, or shall hereafter be entered and docketed, for the recovery of taxes, except in the case of real estate tax judgments provided for in section 279.19, the same shall bear interest until paid at the rate of six percent per annum *until January 1, 1981, and at the rate determined under section 549.09 thereafter.*

Sec. 13. Minnesota Statutes 1980, Section 279.02, is amended to read:

279.02 [DUTIES OF COUNTY AUDITOR AND TREASURER.]

On the first (MONDAY) *business day* in January, of each year, the county treasurer shall return the tax lists in his hands to the county auditor, who shall compare the same with the statements receipted for by the treasurer on file in the auditor's office and each tract or lot of real property against which the taxes, or any part thereof, remain unpaid, shall be deemed delinquent, and thereupon an additional penalty of two percent on the amount of the original tax remaining unpaid shall immediately accrue and thereafter be charged upon all such delinquent taxes; and any auditor who shall make out and deliver any statement of delinquent taxes without including therein the penalties imposed by law, and any treasurer who shall receive payment of such taxes without including in such payment all items as shown on the auditor's statement, shall be liable to the county for the amounts of any items omitted.

Sec. 14. Minnesota Statutes 1980, Section 279.03, is amended to read:

279.03 [INTEREST ON DELINQUENT REAL ESTATE TAXES.]

The rate of interest on delinquent real estate taxes levied in 1979 and prior years is fixed at six percent per annum. The rate of interest on delinquent real estate taxes levied in 1980 and subsequent years (IS FIXED AT EIGHT PERCENT PER ANNUM) *shall be the rate determined pursuant to section 549.09.* All provisions of law providing for the calculation of interest at any different rate on delinquent taxes in any notice or proceeding in connection with the payment, collection, sale, or assignment of delinquent taxes, or redemption from such sale or assignment are hereby amended to correspond herewith. (IN CALCULATING SUCH INTEREST FOR ANY FRACTIONAL PART OF A YEAR, IT SHALL BE CALCULATED ON THE BASIS OF ONE-HALF OF ONE PERCENT FOR ANY MONTH OR MAJOR FRACTION THEREOF.)

Such interest shall be calculated from the second Monday of May following the year in which the taxes became due, on the full amount of the taxes, penalties and costs accrued.

The provisions of this section shall not apply to any taxes which have heretofore been bid in by an actual purchaser at a May tax sale or which have heretofore been assigned.

Sec. 15. Minnesota Statutes 1980, Section 279.14, is amended to read:

279.14 [CONCLUSIVENESS OF JUDGMENT, JURISDICTIONAL DEFECTS.]

When the last publication shall have been made the notice shall be deemed to have been served and the court to have acquired full and complete jurisdiction to enforce against each parcel of land in such published list described in the taxes, accrued penalties, and costs upon it then delinquent, so as to bind every estate, right, title, interest, claim, or lien, in law or equity, in, to, or upon such parcel of land, of every person, company, or corporation. Such jurisdiction shall not be affected by any error in making the list filed with the clerk, nor by any error, irregularity, or omission in the assessment or levy of the taxes, or in any other proceedings, prior to filing the list; nor by any mistake in copying the list for publication, or in publishing the list, or in the designation of the newspaper wherein such list is published; (NOR BY REASON OF THE FAILURE OF THE PUBLISHER TO GIVE THE BOND REQUIRED;) nor by reason of the taxes having been charged in any other name than that of the rightful owner; nor by any mistake in the amount of tax in such published list appearing against any piece or parcel of land therein described; provided, that any judgment rendered in such proceedings shall be void upon satisfactory proof made at any time that such real estate was exempt from taxation or that such taxes were paid before judgment was rendered.

Sec. 16. Minnesota Statutes 1980, Section 290A.03, Subdivision 13, is amended to read:

Subd. 13. [PROPERTY TAXES PAYABLE.] "Property taxes payable" means the property tax exclusive of special assessments, penalties, and interest payable on a claimant's homestead before reductions made pursuant to section 273.13, subdivisions 6 and 7, but after deductions made pursuant to sections 273.132 and 273.135, in any calendar year. No apportionment or reduction of the "property taxes payable" shall be required for the use of a portion of the claimant's homestead for a business purpose if the claimant does not deduct any business depreciation expenses for the use of a portion of the homestead in the determination of federal adjusted gross income. For

homesteads which are mobile homes as defined in section 168.011, subdivision 8, "property taxes payable" shall also include 23 percent of gross rent paid in the preceding year for the site on which the homestead is located, exclusive of charges for utilities or services. When a homestead is owned by two or more persons as joint tenants or tenants in common, such tenants shall determine between them which tenant may claim the property taxes payable on the homestead. If they are unable to agree, the matter shall be referred to the commissioner of revenue and his decision shall be final. Property taxes are considered payable in the year prescribed by law for payment of the taxes.

In the case of a claim relating to "property taxes payable", the claimant must have owned and occupied the homestead on January 2 of the year in which the tax is payable and (i) the property must have been classified as homestead property pursuant to section 273.13, subdivisions 6, 7, or 14a on or before June 1 of the year in which the "property taxes payable" were levied; or (ii) the claimant must provide documentation from the local assessor that application for homestead classification has been made prior to July 1 of the year in which the "property taxes payable" were payable.

Sec. 17. Minnesota Statutes 1980, Section 375.192, Subdivision 2, is amended to read:

Subd. 2. Notwithstanding section 270.07, upon written application by the owner of the property, where such application seeks a reduction in (FULL AND TRUE VALUATION) *estimated market value* not in excess of (300) \$2,000, the county board may grant such reduction or abatement of (ASSESSED) *estimated market valuation* or taxes and of any costs, penalties or interest thereon as said board may deem just and equitable and to order the refundment in whole or in part of any taxes, costs, penalties or interest thereon which have been erroneously or unjustly paid. Such application must be approved by the county assessor, or if the property is located in a city of the first class or city of the second class having a city assessor, by such assessor, and by the (COUNTY) *county* auditor prior to consideration by the county board. The methods of obtaining a reduction or abatement of ad valorem values contained in subdivisions 1 and 2 shall be in addition to the method provided in Minnesota Statutes 1965, Section 270.07.

Sec. 18. Minnesota Statutes 1980, Section 473.626, is amended to read:

473.626 [VALUATION AND ASSESSMENT OF TAXABLE PROPERTY IN DETACHED AREA.]

The (COMMISSIONER OF REVENUE OF THE STATE OF MINNESOTA) *county assessor of the county in which the prop-*

erty is situated shall value and assess the taxable property in said area and shall report the same to the county auditor of the county in which such property is situated on or before October 1 of each year.

Sec. 19. [REPEALER.]

Minnesota Statutes 1980, Section 279.11, is repealed.

Sec. 20. [EFFECTIVE DATES.]

Sections 1, 2, 4, 5, 6, 15, 17, and 19 are effective July 1, 1981. Sections 3, 7, and 10 are effective for taxes levied in 1981 and subsequent years, payable in 1982 and subsequent years. Sections 8, 11, and 13 are effective the day following final enactment. Section 9 is effective for taxes levied in 1982 and subsequent years, payable in 1983 and subsequent years. Sections 12 and 14 are effective January 1, 1981. Section 16 is effective for claims based on property taxes payable in 1982 and subsequent years. Section 18 is effective January 1, 1982.

ARTICLE VIII

Section 1. Minnesota Statutes 1980, Section 270.051, Subdivision 2, is amended to read:

Subd. 2. The commissioner of revenue shall collect five percent of the gross receipts from admission to every *wrestling*, boxing and sparring exhibition other than an amateur *wrestling*, boxing and sparring exhibition held within the state, and five percent of the gross receipts from the lease or sale of radio, motion picture and television rights therein. All complimentary tickets for a *wrestling*, boxing and sparring exhibition other than an amateur *wrestling*, boxing and sparring exhibition presented at any entrance gate shall likewise be assessed for the tax herein provided five percent of the value thereof.

Each person issued a license in accordance with section 341.05, subdivision 2, shall also, within 24 hours after the termination of the telecast or subscription television program, pay to the commissioner five percent of the gross receipts from the sale of tickets of admission or money received from subscription for the showing or exhibiting of the telecast or program. If the boxing or sparring match, exhibition, or performance shown or exhibited is wholly amateur no payment is due.

Sec. 2. Minnesota Statutes 1980, Section 340.621, is amended to read:

340.621 [INTOXICATING OR NONINTOXICATING LIQUOR; REGISTRATION OF BRAND BY OWNER.]

The label of any brand of *intoxicating liquor such as distilled spirits, wine*, intoxicating or nonintoxicating malt beverage may be registered only by the brand owner or its authorized agent. No such brand may be imported for sale within the state without the consent of the brand owner or its authorized agent.

Nothing in this section shall be construed to repeal, limit or otherwise affect the provisions of section 340.114.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective for gross receipts of tickets sold or admissions charged after June 30, 1981. Section 2 is effective July 1, 1981.

ARTICLE IX

Section 1. Minnesota Statutes 1980, Section 273.112, Subdivision 3, is amended to read:

Subd. 3. Real estate shall be entitled to valuation and tax deferment under this section only if it is:

(a) actively and exclusively devoted to golf (OR), skiing or archery or firearms range recreational use or uses and other recreational uses carried on at (SUCH GOLF OR SKIING) the establishment;

(b) five acres in size or more, *except in the case of an archery or firearms range*; and

(c) (1) operated by private individuals and open to the public; or

(2) operated by firms or corporations for the benefit of employees or guests; or

(3) operated by private clubs having a membership of 50 or more.

Sec. 2. Minnesota Statutes 1980, Section 279.37, Subdivision 6, is amended to read:

Subd. 6. The county auditor shall give notice by mail not later than November 30 of each year to the person or persons making such confession of judgment at the address given therein of the payment due under the confession on the following December 31. *If the county auditor has not received the installment payment by December 31, he shall give notice by certified mail at the last known address of the person making the confession of judgment, without regard to the county or state of his residency. This notice*

shall state that the property shall be subject to the tax forfeiture laws if payment is not made within 60 days from the preceding December 31. Failure to send or receive the notice shall not operate to postpone any payment or excuse any default under the confession of judgment. Proof of such mailing shall be made by the certificate of the auditor filed in his office.

Sec. 3. Minnesota Statutes 1980, Section 281.23, Subdivision 5, is amended to to read:

Subd. 5. [SERVICE BY SHERIFF OR CERTIFIED MAIL.] Forthwith after the commencement of such publication the county auditor shall deliver to the sheriff of the county a sufficient number of copies of such published notice for service upon the persons in possession of all parcels of such land as are actually occupied, together with a copy of the posted notice or notices referred to in such published notice. Within 30 days after receipt thereof, the sheriff shall make such investigation as may be necessary to ascertain whether the parcels covered by such notice are actually occupied or not, and shall serve a copy of such published notice upon the person in possession of each parcel found to be so occupied, in the manner prescribed for serving summons in a civil action. The sheriff shall make prompt return to the auditor as to all notices so served and as to all parcels found vacant and unoccupied. Such return shall be made upon a copy of such published notice and of the posted notice or notices covered thereby and shall be prima facie evidence of the facts therein stated. Unless compensation for such services is otherwise provided by law, the sheriff shall receive from the county, in addition to his other compensation prescribed by law, such fees and mileage for service on persons in possession as are prescribed by law for such service in other cases, and shall also receive such compensation for making investigation and return as to vacant and unoccupied lands as the county board may fix, subject to appeal to the district court as in case of other claims against the county.

Forthwith after the commencement of such publication, the county auditor shall also give notice by certified mail to the taxpayer as shown on the last statement without regard to the county or state of residency, and give notice by certified mail at the last known address of the person in whose name the property is assessed on the latest tax statement without regard to the county or state of residency. Failure to receive the notice shall not operate to postpone any payment or excuse any default under this section. Proof of such mailing shall be made by the certificate of the auditor filed in his office.

Sec. 4. [TRANSITIONAL PROVISION.]

Any parcel of property forfeited subsequent to January 1, 1974 and prior to the enactment of this act, the landowner of which would have received the notice provided in section 2 if section

2 had been in effect at the time the installment payment on his property became overdue, and which has not been sold pursuant to chapter 282, may be repurchased pursuant to section 282.241 without the approval of the board of county commissioners.

Sec. 5. Laws 1975, Chapter 226, Section 4, as amended by Laws 1979, Chapter 311, Section 1, is amended to read:

Sec. 4. Section 1 is effective for taxable years commencing after December 31, 1975 (AND SHALL, UNLESS REEN-ACTED, EXPIRE AFTER THE TAXABLE YEAR ENDING DECEMBER 31, 1981).

Sec. 6. [EFFECTIVE DATE.]

Section 1 is effective for taxes levied in 1981 and thereafter, payable in 1982 and thereafter. Section 4 is effective the day following final enactment."

Further delete the title and insert:

"A bill for an act relating to taxation; appropriating money for state payments to local units of government; adjusting the school agricultural credit, increasing the rate and acreage and imposing maximum acreage restrictions; limiting the amount of homestead credits; limiting certain local levies; imposing additional income taxes on corporations; limiting certain deductions; changing interest rates on delinquent taxes; rescheduling certain payments to local governments; changing definition of claimant for property tax refund and offsetting credit based on amount of medical assistance; providing for declaration and estimated payments of gross earnings tax; requiring deduction of federal taxes on the accrual basis; repealing distribution of estate taxes to counties; increasing the local effort levy for school districts to 23 mills; adjusting the maximum amount of market value subject to certain homestead classification ratios based upon average sale price of homes; providing a new method of calculating the inflation adjustments for income tax brackets, personal credits and standard deduction; increasing the rate of tax on vending machine sales; providing an accelerated payment schedule of June sales tax liability for certain vendors; providing property tax open space treatment for archery and firearms ranges; modifying the notification procedure prior to forfeiture of real property in certain cases; changing the definition of "sale" for purposes of the sales tax; exempting certain feminine hygiene products from the sales tax; limiting the sales tax exemption on foods; imposing a gross receipts tax on wrestling; providing that intoxicating liquor must be registered by the brand owner; modifying the notification procedure prior to forfeiture of real property in certain cases; providing that

the disallowance of income tax deductions relating to substandard housing shall not expire; clarifying which parties are to be served with notices of appeal; changing requirements for filing certain abstracts and statements of exemption; changing certain fees to be charged by county auditors and treasurers; changing method of computing attached machinery aids; clarifying assessment of property of cooperative associations; providing certain dates for delivery and return of tax lists; providing interest rates on delinquent taxes; repealing publisher's bonds; changing certain definitions for the property tax refund; providing additional authority for county boards to reduce values; providing county valuation of certain airport property; amending Minnesota Statutes 1980, Sections 124.01, Subdivision 3; 124.213; 270.051, Subdivision 2; 270.11, Subdivision 2; 270.75; 271.10, Subdivision 2; 272.02, Subdivision 1; 272.025, Subdivision 3; 272.46; 272.47; 273.112, Subdivision 3; 273.115, Subdivision 4; 273.116, Subdivision 4; 273.13, Subdivisions 6, 6a, 7 and 15a; 273.136, Subdivision 3; 273.138, Subdivisions 2 and 5; 273.139, Subdivision 3; 273.40; 275.075; 275.08; 275.50, Subdivision 2; 275.51, Subdivision 1, and by adding subdivisions; 275.55; 276.01; 277.15; 279.02; 279.03; 279.14; 279.37, Subdivision 6; 281.23, Subdivision 5; 290.01, Subdivisions 20 and 23; 290.06, Subdivisions 2d, 3g, and by adding a subdivision; 290.067, Subdivision 2; 290.09, Subdivisions 4, 10 and 15; 290.10; 290.18, Subdivision 2; 290A.03, Subdivisions 8 and 13; 290A.04, by adding a subdivision; 290A.07, Subdivision 2; 297A.01, Subdivision 3; 297A.02; 297A.25, Subdivision 1; 340.621; 375.192, Subdivision 2; 423A.02; 473.626; 477A.01, Subdivision 4b; 477A.03; 477A.13; Laws 1975, Chapter 226, Section 4, as amended; proposing new law coded in Minnesota Statutes, Chapters 273, 275, 295 and 297A; repealing Minnesota Statutes 1980, Sections 275.50, Subdivisions 5 and 6; 275.51, Subdivisions 3d, 4 and 5; 275.52; 275.53; 275.54; 275.551; 275.552; 275.58; 275.59; 279.11; and 291.33."

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. No. 1445 was read for the second time.

MOTIONS AND RESOLUTIONS

Gustafson moved that the name of Clark, K., be added as an author on H. F. No. 1470. The motion prevailed.

Tomlinson moved that S. F. No. 1265 be recalled from the Committee on Local and Urban Affairs and be re-referred to the Committee on Taxes. The motion prevailed.

Ogren moved that the name of Wigley be added as an author on H. F. No. 1428. The motion prevailed.

CERTIFICATION

May 4, 1981

To the Senate
State of Minnesota

To the House of Representatives
State of Minnesota

This is to certify that the House of Representatives and the Senate in Joint Convention on Monday, May 4, 1981, have elected as members of the Board of Regents of the University of Minnesota the following members each to hold his or her respective office for the term specified from the first Monday of February, 1981:

Willis K. Drake, Third Congressional District, six years

Verne E. Long, Sixth Congressional District, six years

Erwin L. Goldfine, Eighth Congressional District, six years

David K. Roe, At-Large, six years

JACK DAVIES
President of the Senate

HARRY A. SIEBEN, JR.
Speaker of the House
of Representatives

ADJOURNMENT

Eken moved that when the House adjourns today it adjourn until 1:00 p.m., Wednesday, May 6, 1981. The motion prevailed.

Eken moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 1:00 p.m., Wednesday, May 6, 1981.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

