

## STATE OF MINNESOTA

## SEVENTY-SECOND SESSION - 1982

## NINETIETH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MARCH 18, 1982

The House of Representatives convened at 11:00 a.m. and was called to order by Harry A. Sieben, Jr., Speaker of the House.

Prayer was offered by Reverend David Buuck, Joy Lutheran Church, Cambridge, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Anderson, B.; Brinkman; Frerichs; Sherman and Zubay were excused.

Anderson, R.; Elioff; Himle and Olsen were excused until 2:00 p.m. Haukoos and Peterson, B., were excused until 3:00 p.m. Ogren was excused until 4:00 p.m.

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

#### REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of S. F. Nos. 1965, 1957 and 1962 have been placed in the members' files.

#### HOUSE ADVISORIES

The following House Advisory was introduced :

Mann introduced :

H. A. No. 73, A proposal to study effects of summer air tour packages to Minnesota from other states.

The advisory was referred to the Committee on Commerce and Economic Development.

Eken moved that the remaining bills on Special Orders and General Orders be re-referred to the Committee on Rules and Legislative Administration. The motion prevailed.

#### REPORTS FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Eken for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption :

*Be It Resolved*, that the Chief Clerk of the House of Representatives be and hereby is instructed that during the period of time between adjournment sine die in 1982 and convening of the House of Representatives in 1983, the House Chamber, House Retiring Room, House Hearing and Conference Rooms, House Offices, and the Chief Clerk's Offices, shall be left in their present status and reserved for use by the House of Representatives, Legislative Interim Committees, House Standing Committees and Subcommittees, and to such other use as the Speaker of the House may deem necessary. The House Chamber and House Retiring Room shall be available for the annual meeting of the Territorial Pioneers, and the House Chamber, House Retiring Room and the unused Hearing Rooms shall be available annually to the Hi-Y Model Legislature and Girls' State, provided these organizations confirm dates with the Speaker of the House at least 30 days in advance.

*Be It Further Resolved*, that the Custodian of the State Capitol shall be instructed that the corridors and rotunda are to be kept

clear of all furniture and that all legislative furniture is to remain in the legislative rooms.

The motion prevailed and the report was adopted.

Eken for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

*Be It Resolved*, that the House of Representatives retain those parts of parking lots B, C, D, and E, during the period of time between adjournment sine die in 1982 and convening of the House of Representatives in 1983, which are necessary for use of members and employees of the House of Representatives.

The motion prevailed and the report was adopted.

Eken for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

*Be It Resolved*, that the Committee on Rules and Legislative Administration be and hereby is assigned, during the interim following adjournment sine die in 1982, all functions within its usual jurisdiction.

*Be It Further Resolved*, that the Committee on Rules and Legislative Administration shall contract for necessary printing of the House of Representatives for the 73rd Regular Session and any extra sessions held prior to the 74th Regular Session.

The motion prevailed and the report was adopted.

Eken for the Committee on Rules and Legislative Administration, offered the following report and moved its adoption:

*Be It Resolved*, that the Chief Clerk of the House of Representatives be authorized and hereby is directed to correct and approve the Journal of the House for the last day of the 72nd Regular Session.

*Be It Further Resolved*, that the Chief Clerk of the House of Representatives be and hereby is authorized to include in the Journal of the House for the last day of the 72nd Regular Session any subsequent proceedings and any appointments to legislative interim committees or commissions created by legislative action or by law.

The motion prevailed and the report was adopted.

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.

The following conference committee report was received:

**CONFERENCE COMMITTEE REPORT ON H. F. NO. 2190**

A bill for an act relating to education; changing the requirements for membership on the higher education coordinating board; allowing the regional management information centers to be considered governmental units for purposes of the joint powers law; requiring the approval of a plan for spending federal education block grant funds for state administrative purposes; allowing the immigration history research center to use donated services or donated property to meet its matching requirements; broadening the planning process relating to declining enrollments in higher education; repealing mandates; amending Minnesota Statutes 1980, Sections 136A.02, Subdivision 1; 471.59, by adding a subdivision; Laws 1981, Chapter 359, Section 2, Subdivision 8; and Section 9, Subdivision 12; Third Special Session Chapter 2, Article I, Section 6, Subdivision 1; repealing Minnesota Statutes, Sections 120.17, Subdivision 10; and 121.12.

March 18, 1982

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

The Honorable Jack Davies  
President of the Senate

We, the undersigned conferees for H. F. No. 2190, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that House File No. 2190 be further amended as follows:

Delete everything after the enacting clause and insert:

**"ARTICLE I**

**STATE AGENCY APPROPRIATION REDUCTIONS**

**Section 1. [APPROPRIATION REDUCTIONS: SUMMARY.]**

The sums set forth in the columns designated "APPROPRIATION REDUCTIONS" are reduced from the various general fund appropriations to the specified agencies. The figures "1982" or "1983" whenever used in this article, mean that the listed appropriation reductions are from the appropriations for the years ending June 30, 1982 or June 30, 1983, respectively.

**SUMMARY OF REDUCTIONS BY FUNCTION**  
(Including transfers to other funds)

	1982	1983	TOTAL
STATE DEPARTMENTS . . . . .	(\$1,500,000)	(\$15,971,800)	(\$17,471,800)
TRANSPORTATION AND OTHER AGENCIES . . . . .	(348,000)	(1,502,000)	(1,850,000)
EDUCATION . . . . .	(535,000)	(1,685,000)	(2,220,000)
WELFARE, CORRECTIONS, HEALTH . . . . .	(-0-)	(8,623,000)	(8,623,000)
TOTAL . . . . .	(\$2,383,000)	(\$27,781,800)	(\$30,164,800)

**APPROPRIATION REDUCTIONS**

	1982	1983
Sec. 2. [APPROPRIATION REDUCTIONS.]		

Subdivision 1. [STATE DEPARTMENTS.]

The general fund appropriations in Laws 1981, Chapters 306, 346 and 356 as amended by Laws 1981, First Special Session, Chapter 4, Article 4, are reduced by the listed amounts:

(a) Legislature . . . . .	(-0-) (2,000,000)
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The legislative coordinating commission shall apportion this appropriation reduction among the senate, the house of representatives, and the various legislative commissions, including the legislative commission on Minnesota resources. The reduction applied to the legislative commission on Minnesota resources shall be apportioned by that commission among the several programs and activities in Laws 1981, Chapter 356, Section 31.

(b) Contingent Accounts . . . . .	(1,000,000)	(800,000)
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This is a reduction in the fuel and utilities contingent account.

	1982	1983
	\$	\$
(c) Executive Council .....	(500,000)	(-0-)
(d) Administration .....	(-0-)	(290,000)

The commissioner of administration shall implement this appropriation reduction by a delay in implementation of the 911 telephone emergency system.

(e) Agriculture .....	(-0-)	(283,000)
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The commissioner of agriculture shall implement this appropriation reduction by elimination of the shade tree disease control program.

(f) Natural Resources .....	(-0-)	(450,000)
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This reduction shall include closing the metropolitan region office. The commissioner of natural resources shall submit to the legislature by January 1, 1983 a plan to reduce the number of regional offices to three for the 1983-1985 biennium.

(g) Housing Finance Agency

The sum of \$1,600,000 is reappropriated from the general fund appropriation in Laws 1981, Chapter 306, Section 21, Paragraph (b), for the home ownership assistance fund to the housing development fund created in Minnesota Statutes, Section 462A.20 for the purpose of Laws 1982, Chapter 380.

(h) Salary Supplement .....	(-0-)	(2,000,000)
(i) Retirements .....	(-0-)	(7,648,800)

(1) \$2,648,800 of this reduction is made in recognition of the reduced employer contributions required by Minnesota Statutes, Sections 352.04 and 352.92, as amended by this act.

Of this amount \$450,000 is reduced from the appropriations made to the University of Minnesota in Laws 1981, Chap-

	1982	1983
\$		\$

ter 359, Sections 7 to 11, allocated among the various appropriation accounts by the commissioner of finance.

\$268,800 is reduced from the public transit appropriation made to the metropolitan transit commission in Laws 1981, Chapter 363, Section 55, Subdivision 1.

It is estimated that the rate changes in Minnesota Statutes, Sections 352.04, Subdivision 3 and 352.92, Subdivision 2, as amended by this article, will produce reductions from employer general fund contributions for state employees to the Minnesota state retirement system of \$1,930,000 in fiscal year 1983.

If an actuarial valuation prepared pursuant to Minnesota Statutes, Section 356.20 or 356.215 and filed with the commissioner of finance before June 30, 1983 shows that the reduced employer and employee contributions provided for by this article will not be sufficient to amortize the unfunded accrued liability of the state employees retirement fund by the established date for full funding, the reduced employer and employee contributions provided for by this article shall cease to be effective and the employer and employee contributions shall return to the rates in effect before the enactment of this article, effective the first full pay period beginning more than 30 days following the filing of the actuarial valuation with the commissioner of finance.

(2) \$2,500,000 of this reduction shall be applied to the appropriation for teachers retirement association contributions statewide, pursuant to Minnesota Statutes, Section 354.43.

(3) \$2,500,000 of this reduction represents a reduction in teachers social security contributions pursuant to Minnesota Statutes, Section 355.46.

(j) Supplies and Expenses .....	(-0-) (2,500,000)
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	1982	1983
\$		\$

The commissioner of finance shall apportion this reduction against general fund appropriations to all state agencies in the executive branch, other than the state university system, state community college system, and the University of Minnesota. The commissioner of finance shall determine the proportion of supply and expense budgets which shall be reduced for each agency. The proportion may differ by agency if the commissioner determines that an agency has a particular need because of other appropriations reductions. The agencies may propose to accomplish the reduced expenditures in categories other than supply and expenses. The commissioner shall submit his proposed apportionment of the reductions to the chairman of the senate finance committee and the chairman of the house appropriations committee, who shall make their recommendations on the apportionment. The recommendations are advisory only. Failure or refusal to make a recommendation promptly is deemed a negative recommendation.

#### Subd. 2. [TRANSPORTATION AND OTHER AGENCIES.

The general fund appropriations in Laws 1979, Special Session, Chapter 1, and Laws 1981, Chapters 346, 357, and 363, as amended by Laws 1981, First Special Session, Chapter 4, Article 4, are reduced by the listed amounts:

(a) Transportation .....	(348,000)	(937,000)
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\$687,000 of this reduction is from metropolitan transit commission operating grants.

\$250,000 of this reduction shall be implemented by a reduction in statewide non-metropolitan transit commission operating assistance grants.

The \$348,000 reduction in fiscal year 1982 represents the unencumbered balances of the appropriations in Laws 1977,

	1982	1983
\$		\$

Chapter 454, Section 5, Paragraph (b) for paratransit service demonstration grant programs and for regular route transit demonstration program grants, which are hereby canceled. Any portion of the encumbered balance of these appropriations that becomes unencumbered is also canceled.

(b) Public Safety .....	(-0-)	(200,000)
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The bureau of criminal apprehension shall bear part of the burden of this appropriation reduction.

(c) Commerce .....	(-0-)	(100,000)
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A plan for the reorganization of the department shall be developed by the commissioner of administration in coordination and cooperation with all affected state agencies and submitted to the legislature by September 15, 1982. The plan shall provide for the net reduction of at least six positions from upper level management and their attendant clerical support staff. The plan shall include draft legislation to implement the reorganization. The biennial budget submitted by the agency shall be based on this reorganization plan.

(d) Minnesota Historical Society ...	(-0-)	(122,000)
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The executive director of the Minnesota historical society shall implement this appropriation reduction by reductions in the Minnesota Historical Society Operations program, other than the Minnesota military history museum at Fort Snelling and Camp Ripley.

(e) Arts, Board of the .....	(-0-)	(143,000)
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The board of the arts shall apply \$33,900 of this appropriation reduction to appropriations for regional arts programs.

	1982	1983
\$		\$

## Subd. 3. [EDUCATION.]

The general fund appropriations in Laws 1973, Chapter 768, Section 14, Subdivision 8, and in Laws 1981, Chapter 359, as amended by Laws 1981, First Special Session, Chapter 2, are reduced by the listed amounts:

(a) Education, Department of	(-0-)	(420,000)
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None of this reduction shall be taken from appropriations for the Indian scholarship program.

\$120,000 of this reduction shall be apportioned by the state board of education among the fiscal year 1983 appropriations for the Minnesota curriculum services center, the vocational student organization center, and vocational area agricultural coordinators. The commissioner of education is encouraged to solicit contributions from nonpublic sources to supplement state appropriations for these programs.

(b) Higher Education Coordinating Board	(235,000)	(1,265,000)
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The reduction for fiscal year 1982 is intended to cancel any balance remaining from the appropriation and accrued interest on the appropriation in Laws 1973, Chapter 768, Section 14, Subdivision 8.

(c) State University Board	(210,000)	(-0-)
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This reduction is in the state university board contingent account.

(d) State Community College Board	(90,000)	(-0-)
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This reduction is in the state university college board contingent account.

## Subd. 4. [WELFARE, CORRECTIONS, HEALTH.]

The general fund appropriations in Laws 1981, Chapter 360, as amended by Laws 1981, First Special Session, Chapter 2, are reduced by the listed amounts:

	1982	1983
	\$	\$
(a) Public Welfare .....		(-0-) (7,873,000)

\$4,373,000 of this appropriation reduction is attributable to the differential state hospital rates authorized by this act.

Notwithstanding Laws 1981, Third Special Session Chapter 2, Article I, Section 2, Subdivision 4, clause (a), the commissioner of public welfare shall increase grants for aid to families with dependent children and general assistance by seven percent on February 1, 1983, rather than October 1, 1982, unless federal law or regulation requires otherwise. \$3,000,000 of the appropriation reduction in the department of public welfare is attributable to this delay.

\$500,000 of this appropriation reduction is attributable to elimination of mandates as recommended by the governor's task force on health care and authorized by this act.

The commissioner of public welfare shall apply to the department of health and human services to obtain waivers to: (1) eliminate the requirement that each nursing home must have a medical director; (2) require that each resident be seen by a physician only once every six months or less frequently if the physician determines and documents that this frequency is unnecessary; and (3) eliminate the requirement that each nursing home have consultants in the areas of medical records, diet, social work, activities programs, and psychiatric services.

When the commissioner obtains a waiver for any of these purposes, the commissioner shall eliminate any equivalent state requirements and shall reduce rates paid for allowed costs to the extent allowed by the federal waiver or waivers.

(b) Health .....	(-0-) (750,000)
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*Subd. 5. [APPROPRIATION AVAILABILITY.] If the appropriation from the general fund to an agency listed in this section in either year of the biennium ending June 30, 1983, is insufficient, upon the advance approval of the commissioner of finance the appropriation for the other year is available for it.*

*Subd. 6. [RELATION TO PRIOR REDUCTIONS.] The appropriation reductions in this section are in addition to the general reductions, general staff reductions, and other reductions made in previous appropriation acts.*

*Subd. 7. [PROGRESS REPORTS.] Each state agency whose appropriation is reduced by this section shall submit a revised spending plan to the commissioner of finance pursuant to Minnesota Statutes, Section 16A.14. The revised spending plan shall be formulated on a quarterly basis in order to permit the commissioner of finance to monitor the agency's success at meeting its spending and position reduction goals. The commissioner of finance shall notify the committee on finance of the senate and the committee on appropriations of the house of representatives promptly after the end of each quarter of any agency that has failed to meet its spending and position reduction goals for that quarter.*

**Sec. 3.** Minnesota Statutes 1980, Section 161.20, is amended by adding a subdivision to read:

*Subd. 4. [DEBT COLLECTION.] The commissioner shall make reasonable and businesslike efforts to collect money owed to the department arising from damages to state owned property and other causes related to trunk highways. When a debt has been reduced to a money judgment, the commissioner may contract for debt collection services for the purpose of collecting the judgment. Money received as full or partial payment shall be deposited in the trunk highway fund. When money is collected through contracted services, the commissioner may make payment for the service from the money collected. The amount necessary for payment of contractual collection costs is appropriated from the trunk highway fund.*

**Sec. 4.** Minnesota Statutes 1980, Section 246.50, Subdivision 5, is amended to read:

*Subd. 5. "Cost of care" means the commissioner's determination of the anticipated average per capita cost of all maintenance, treatment and expense, including depreciation of buildings and equipment, interest paid on bonds issued for capital improvements to state hospitals, and indirect costs related to the operation other than that paid from the Minnesota state building fund, at all of the state hospitals for the mentally ill or mentally (DEFICIENT) retarded or chemically dependent during the current year for which billing is being made. The commissioner shall determine the anticipated average per capita cost. The commis-*

*sioner may establish one all inclusive rate or separate rates for each patient disability group, and may establish separate charges for each hospital. "Cost of care" for outpatient or day-care patients shall (NOT EXCEED 50 PERCENT OF THE TOTAL AVERAGE PER CAPITA COST FOR RESIDENT PATIENTS AS DETERMINED BY THE COMMISSIONER OF PUBLIC WELFARE) be on a cost for service basis under a schedule the commissioner shall establish.*

For purposes of this subdivision "resident patient" means a person who occupies a bed while housed in a hospital for observation, care, diagnosis, or treatment.

For purposes of this subdivision "outpatient" or "day-care" patient means a person who makes use of diagnostic (OR), therapeutic, counseling, or other service in a state hospital facility or through state hospital personnel but does not occupy a (REGULAR) hospital bed overnight.

For the purposes of collecting from the federal government for the care of those patients eligible for medical care under the social security act "cost of care" shall be determined as set forth in the rules and regulations of the Department of Health (, EDUCATION, AND WELFARE) and Human Services or its successor agency.

Sec. 5. Minnesota Statutes 1980, Section 246.50, Subdivision 6, is amended to read:

Subd. 6. "Relatives" means the spouse, and parents and, in the case of the mentally ill or chemically dependent, children of a patient, in that order of liability for cost of care.

Sec. 6. Minnesota Statutes 1980, Section 246.51, is amended to read:

246.51 [PAYMENT FOR CARE AND TREATMENT; TERMINATION.]

*Subdivision 1. [PROCEDURES.]* The commissioner shall make investigation as necessary to determine, and as circumstances require redetermine, what part of the cost of care, if any, the patient is able to pay. If the patient is unable to pay the full cost of care the commissioner shall make a determination as to the ability of the relatives to pay. *The patient or relatives or both shall provide the commissioner documents and proofs necessary to determine their ability to pay.* (HOWEVER, IN NO CASE SHALL THE RELATIVES, UNLESS THEY RESIDE OUTSIDE THE STATE, BE ORDERED TO PAY MORE THAN TEN PERCENT OF THE COST OF CARE FOR EACH PATIENT NOT TO EXCEED \$125 PER MONTH. VOLUNTARY PAYMENTS IN EXCESS OF \$125 PER MONTH MAY BE ACCEPTED BY THE COMMISSIONER. THE COMMISSIONER

MAY REQUIRE PAYMENT OF THE FULL PER CAPITA COST OF CARE IN STATE HOSPITALS FOR CHILDREN WHOSE PARENTS OR GUARDIANS DO NOT RESIDE IN MINNESOTA.) *Failure to provide the commissioner with sufficient information to determine ability to pay may make the patient or relatives, both, liable for the full per capita cost of care until the time when sufficient information is provided. No parent shall be liable for the cost of care given a patient at a state hospital after the patient has reached the age of 18 years. The commissioner's determination shall be conclusive in any action to enforce payment of the cost of care unless appealed from as provided in section 246.55. All money received shall be paid to the state treasurer and placed in the general fund of the state and a separate account kept of it. Responsibility under this section shall not apply to those relatives having gross earnings of less than \$11,000 per year.*

*Subd. 2. [RULES.] The commissioner shall adopt, pursuant to the administrative procedure act, rules establishing uniform standards for determination of patient liability and relative, guardian or conservator responsibility for care provided at state hospitals. These rules shall have the force and effect of law.*

Sec. 7. Minnesota Statutes 1981 Supplement, Section 246.511 is amended to read:

**246.511 [RELATIVE RESPONSIBILITY.]**

(NOTWITHSTANDING THE PROVISIONS OF LAWS 1981, CHAPTER 360, ARTICLE I, SECTION 2, SUBDIVISION 5, THE COMMISSIONER OF PUBLIC WELFARE SHALL DETERMINE WHAT PART OF THE COST OF CARE FOR STATE HOSPITAL TREATMENT A PATIENT OR HIS RELATIVES ARE ABLE TO PAY.) In no case, shall a patient's relatives, pursuant to the commissioner's authority under section 246.51, be ordered to pay more than ten percent of the cost of care, unless they reside outside the state. *The commissioner may accept voluntary payments in excess of ten percent. The commissioner may require full payment of the full per capita cost of care in state hospitals for patients whose parent, parents, spouse, guardian or conservator do not reside in Minnesota.*

Sec. 8. Minnesota Statutes 1980, Section 246.53, is amended to read:

**246.53 [CLAIM AGAINST ESTATE OF DECEASED PATIENT.]**

*Subdivision 1. [PATIENT'S ESTATE.] Upon the death of a patient, or a former patient, the total cost of care given (HIM) the patient, less the amount actually paid toward the cost of (SUCH) care by the patient and (HIS) the patient's relatives,*

shall be filed by the commissioner as a claim against the estate of (SUCH) *the* patient with the court having jurisdiction to probate the estate and all proceeds collected by the state in (SUCH) *the* case shall be divided between the state and county in proportion to the cost of care each has borne.

*Subd. 2. [PREFERRED STATUS.] An estate claim in subdivision 1 shall be considered an expense of the last illness for purposes of section 524.3-805.*

If the commissioner of public welfare (SHALL DETERMINE) *determines* that the property or estate of any (SUCH) patient is not (TO) *more than needed to care for and maintain the (WIFE) spouse and minor or dependent children of (SUCH) a deceased patient, (HE SHALL HAVE) the commissioner has* the power to compromise the claim of the state in (SUCH) *a* manner (AS HE, IN HIS JUDGMENT AND UPON INVESTIGATION, MAY DEEM) *deemed* just and proper.

*Subd. 3. [EXCEPTION FROM STATUTE OF LIMITATIONS.] Any statute of limitations which limits the commissioner in recovering the cost of care obligation incurred by a patient or former patient shall not apply to any claim against an estate made hereunder to recover cost of care.*

Sec. 9. Minnesota Statutes 1980, Section 352.04, Subdivision 2, as amended by Laws 1981, Third Special Session Chapter 2, Article I, Section 64, is amended to read:

Subd. 2. [EMPLOYEE CONTRIBUTIONS.] The employee contribution to the fund shall be an amount equal to (3.73) *3.46* percent of salary, beginning with the first full pay period after December 31, 1981 (; PROVIDED, HOWEVER, THAT FOR THE PERIOD BEGINNING WITH THE FIRST FULL PAY PERIOD AFTER DECEMBER 31, 1981, AND ENDING WITH THE LAST FULL PAY PERIOD BEFORE JULY 1, 1982, THE CONTRIBUTION SHALL BE AN AMOUNT EQUAL TO 3.46 PERCENT OF SALARY). These contributions shall be made by deduction from salary in the manner provided in subdivision 4.

Sec. 10. Minnesota Statutes 1980, Section 352.04, Subdivision 3, as amended by Laws 1981, Third Special Session Chapter 2, Article I, Section 65, is amended to read:

Subd. 3. [EMPLOYER CONTRIBUTIONS.] The employer contribution to the fund shall be an amount equal to the total amount deducted from the salaries of employees on each payroll abstract, plus an additional (1.87) *1.58* percent of salary beginning with the first full pay period after (DECEMBER 31, 1981; PROVIDED, HOWEVER, THAT) *July 1, 1982*. For the period beginning with the first full pay period after December 31, 1981, and ending with the last full pay period before July 1, 1982, the

contribution shall be an amount equal to 3.46 percent of salary plus an additional 1.74 percent of salary. The employer contribution shall be made in the manner provided in subdivisions 5 and 6.

Sec. 11. Minnesota Statutes 1980, Section 352.92, Subdivision 1, as amended by Laws 1981, Third Special Session Chapter 2, Article I, Section 66, is amended to read:

Subdivision 1. [EMPLOYEE CONTRIBUTIONS.] Beginning with the first full pay period after (DECEMBER 31, 1981) *July 1, 1982*, in lieu of employee contributions payable under section 352.04, subdivision 2, contributions by covered correctional employees shall be in an amount equal to (4.89) *4.50* percent of salary (; PROVIDED, HOWEVER, THAT). For the period beginning with the first full pay period after December 31, 1981, and ending with the last full pay period before July 1, 1982, the contribution shall be in an amount equal to 3.78 percent of salary.

Sec. 12. Minnesota Statutes 1980, Section 352.92, Subdivision 2, as amended by Laws 1981, Third Special Session Chapter 2, Article I, Section 67, is amended to read:

Subd. 2. [EMPLOYER CONTRIBUTIONS.] Beginning with the first full pay period after (DECEMBER 31, 1981) *July 1, 1982*, in lieu of employer contributions payable under section 352.04, subdivision 3, the employer shall contribute for covered correctional employees (1) an amount equal to 1-1/2 times the deduction from salaries of covered correctional employees on each payroll abstract, plus (2) an additional amount of (4.08) *1.32* percent of salaries of covered correctional employees on each payroll abstract (; PROVIDED, HOWEVER, THAT). For the period beginning with the first full pay period after December 31, 1981, and ending with the last full pay period before July 1, 1982, the contribution shall be an amount equal to 5.66 percent of salaries of covered correctional employees on each payroll abstract plus an additional amount equal to 3.16 percent of salaries of covered correctional employees on each payroll abstract.

Sec. 13. [362.43] [CERTIFIED STATE DEVELOPMENT COMPANY.]

*Subdivision 1. [PURPOSE; OBJECTIVES.] The commissioner of energy, planning and development may create, promote and assist a state development company, also known as a "503" certified development company, which will qualify as a certified development company for the purposes of 15 United States Code, section 697 and Code of Federal Regulations, title 13, section 108.503.*

*The commissioner shall utilize the development company program to stimulate the state's economic activity.*

*The development company and its directors and officers shall comply with the organizational, operational, regulatory and reporting requirements as promulgated by the United States small business administration and the guidelines contained in the by-laws, articles of incorporation, and standard operating procedure prescribed by the small business administration.*

**Subd. 2. [CAPITAL, LOAN LIMITS; MEMBERSHIP REQUIREMENTS.]** *The capital for a certified state development company shall be derived from corporate holders or members, each of whom shall not have more than ten percent of the voting control of the certified state development company. The company shall have a minimum of ten members. Membership shall be, to the greatest extent practicable, in proportion to the population of each economic development region to the total population of the state. The loan limit of each member shall be established at the time of its acceptance as a member and shall be computed on the basis of the financial information contained in or made a part of its application for membership. All loan limits shall be established at the thousand dollar amount nearest the amount computed in accordance with the provisions of the articles of incorporation and this section.*

**Subd. 3. [MEMBERS.]** *Members shall be representatives of local government, community organizations, financial institutions, and businesses in Minnesota and which, upon application, have been accepted for membership by a majority vote of the members of the board of directors present at any regular or special meeting of the board at which there is a quorum. A "financial institution" is a business organization recognized under Minnesota or federal law as a banking institution, trust company, savings and loan association, insurance company, or a corporation, partnership, foundation or other institution licensed to do business in the state of Minnesota and engaged primarily in lending or investing money.*

**Subd. 4. [MEMBERSHIP APPLICATIONS.]** *Applications for membership shall be submitted to the board of directors on forms provided by the corporation and accompanied by additional information as the form may require. Application forms shall provide that if the application is approved, and the applicant accepted for membership by the board of directors prior to withdrawal of the application, the applicant agrees to become a member upon the acceptance and to assume all of the rights and obligations of a member as set forth in the corporation's by-laws, the articles of incorporation, and Minnesota Statutes, Chapters 301 and 362. Notice of approval or rejection of an application shall be forwarded, by certified or registered United States mail, to the applicant for the attention of the person signing the application, within 15 days following the date upon which the approval or rejection is made. Approval of the application constitutes acceptance of the applicant as a member of the corporation.*

**Subd. 5. [OFFICERS.]** *The executive officers of the corporation shall be a president, one or more vice presidents including the executive vice president, a secretary, and a treasurer. None of the officers, except the president, need be directors. One person may hold the offices and perform the duties of any two or more of the offices. The board of directors by majority vote may leave unfilled for any period it may fix any office except that of president, treasurer, or secretary.*

**Subd. 6. [DEPARTMENT ASSISTANCE.]** *The commissioner of energy, planning and development shall make available the professional staff of the department to provide services to the certified state development company including, but not limited to, accounting, legal and business assistance services. The staff shall have the capability to package, process, close and service loans made through the development company.*

**Subd. 7. [REPORTS.]** *The development company shall submit to the small business administration annual reports on its operation. When requested by the small business administration, interim reports of a similar nature will be provided. The reports shall be provided in accordance with the instructions and attachments set forth by the small business administration. The development company shall comply with all regulations issued under the small business investment act of 1958, as amended, as well as applicable state and federal laws affecting its operation.*

**Subd. 8. [REVOLVING FUND.]** *The certified state development company may charge a one time processing fee up to the maximum allowed by the small business administration on a debenture issued for loan purposes. In addition, a fee for servicing loans may be imposed up to the maximum allowed by the small business administration based on the unpaid balance of each debenture. There is established a program of business services revolving fund in the state treasury. Proceeds from fees collected on loans processed with assistance from department staff shall be deposited in the program of business services revolving fund. Moneys in the fund are appropriated to the commissioner of energy, planning and development for the purposes of this section.*

**Sec. 14.** Minnesota Statutes 1980, Section 362.51, Subdivision 1, is amended to read:

**Subdivision 1.** A small business finance agency is hereby created and is constituted as an authority to act on behalf of the state within the scope of the powers granted to it in sections 362.-132 and 362.50 to 362.53 to implement a loan program by which, in cooperation with cities, towns, counties and private or public lenders, adequate funds may be provided on sufficiently favorable terms to assist and encourage the establishment, maintenance and growth of small business in Minnesota and to reduce

to a manageable level the cost of the control of pollution and disposal of waste resulting from the operations of small business.

Because of its ability to pool or combine loans to be funded from one or more issues of bonds, *whether or not the interest on the bonds is exempt from federal income taxes*, the agency will be able to spread its financing costs among the small businesses to which the agency makes loans, thereby reducing costs incurred by each small business.

Sec. 15. Minnesota Statutes 1981 Supplement, Section 362.52, Subdivision 2, is amended to read:

Subd. 2. The agency may participate with financial institutions in making or purchasing business loans not exceeding \$1,000,000 in principal amount, to be serviced by such institutions, provided that:

(a) The agency's share shall not exceed 90 percent of the total principal amount, and shall be payable with interest at the same times but not necessarily at the same interest rate as the share of the financial institution, and both shares shall be equally and ratably secured by a valid mortgage on or security interest in real or personal property or by any other security satisfactory to the agency to secure payment of the loan *provided, that the agency's share may equal 100 percent of the total principal amount of the business loan if the financial institution participating in the making or purchasing of the business loan by servicing the loan, purchases 100 percent of the total amount of the bonds issued by the agency in connection with the loan;*

(b) The total principal amount shall not exceed 90 percent of the value of the property securing the loan, unless the amount in excess of 90 percent is:

(1) Loaned from available funds which are not proceeds received directly from the sale of the agency's bonds or notes and are not restricted under the terms of any resolution or indenture securing bonds or notes, or

(2) Insured or guaranteed by a federal agency or by a private insurer qualified to write such insurance in the state, insuring a percentage of any claim for loss at least equal to that percentage of the value by which the loan exceeds 90 percent thereof;

(c) The value of the property securing the loan shall be certified by the participating financial institution, on the basis of such appraisals, bids, purchase orders, and engineers' certificates as the agency may require; provided that the value of items purchased and constructed from the proceeds of the loan shall not be deemed to exceed the contract price of purchase or construction;

(d) The agency shall not disburse funds under a commitment to participate in a loan for the construction or substantial improvement of property until the construction or improvement has been completed, unless a financial institution furnishes an irrevocable letter of credit or a qualified corporate surety furnishes payment and performance bonds, satisfactory to the agency and in an aggregate amount equal to the amount payable under the construction contract; and

(e) No other indebtedness may be secured by a mortgage on or security interest in property securing a business loan made or purchased pursuant to this subdivision without the prior express written authorization of the agency.

Sec. 16. Minnesota Statutes 1980, Section 362.53, Subdivision 13, is amended to read:

Subd. 13. It may sell any of its obligations at public or private sale, at such price or prices as the agency shall determine, notwithstanding the limitation on sale price in the fourth sentence of section 462A.09, *and notwithstanding whether or not the interest on any of its obligations is subject to federal income taxes.*

Sec. 17. Minnesota Statutes 1980, Section 487.39, Subdivision 1, is amended to read:

Subdivision 1. An aggrieved party may appeal to the district court from a determination of a county court or a county municipal court. The provisions of this section govern all appeals from the county court and the county municipal court; appeal provisions of all other statutes are inapplicable except as stated in section 484.63.

(a) Except as provided in clause (b), the appeal in a civil case shall be taken by filing written notice thereof with the clerk of court of the county in which the action was heard not more than 30 days after written notice of the court's determination has been served upon the aggrieved party or (HIS) *the party's attorney (, OR IN ANY EVENT WITHIN THREE MONTHS AFTER THE DETERMINATION IN A CIVIL CASE).* *Written notice of the court's determination shall be served by the clerk of court upon the aggrieved party or the party's attorney within 45 days after the determination in a civil case.*

(b) In the appeal of petty misdemeanor, ordinance or criminal cases the written notice of appeal shall be filed with the clerk of court of the county in which the action was heard within ten days of the conviction or other determination, and sentencing thereon, appealed from.

(c) A written notice of appeal shall be served by the appellant upon all parties to the original proceedings or their at-

torneys not more than five days after filing a written notice of appeal and proof of (SUCH) service shall be filed with the clerk of county court or county municipal court in the county in which the action was heard not more than three days after the service of (SUCH) notice on the opposite party or (HIS) *the party's* attorney. The appeal shall be heard and determined by a district court appellate panel pursuant to section 484.63.

Sec. 18. Minnesota Statutes 1981 Supplement, Section 510.05, is amended to read:

#### 510.05 [LIMITATIONS.]

Such homestead exemption shall not extend to any mortgage lawfully obtained thereon, to any valid lien for taxes or assessments, *to a claim filed pursuant to section 256B.15 or section 246.53* or to any charge arising under the laws relating to laborers or materialmen's liens.

Sec. 19. Minnesota Statutes 1980, Section 524.3-805, is amended to read:

#### 524.3-805 [CLASSIFICATION OF CLAIMS.]

(a) If the applicable assets of the estate are insufficient to pay all claims in full, the personal representative shall make payment in the following order:

- (1) costs and expenses of administration;
- (2) reasonable funeral expenses;
- (3) debts and taxes with preference under federal law;
- (4) reasonable and necessary medical and hospital expenses of the last illness of the decedent, including compensation of persons attending him;
- (5) debts and taxes with preference under other laws of this state;
- (6) all other claims.

(b) No preference shall be given in the payment of any claim over any other claim of the same class, and a claim due and payable shall not be entitled to a preference over claims not due, *except that if claims for expenses of the last illness involve only claims filed under section 246.53 for costs of state hospital care and claims filed under section 256B.15, claims filed under section 246.53 have preference over claims filed under section 256B.15.*

Sec. 20. Minnesota Statutes 1981 Supplement, Section 525.145, is amended to read:

525.145 [DESCENT OF HOMESTEAD.]

(1) Where there is a surviving spouse the homestead, including a mobile home which is the family residence, shall descend free from any testamentary or other disposition thereof to which the spouse has not consented in writing or by election to take under the will as provided by law, as follows:

(a) If there be no surviving child or issue of any deceased child, to the spouse;

(b) If there be children or issue of deceased children surviving, then to the spouse for the term of the spouse's natural life and the remainder in equal shares to the children and the issue of deceased children by right of representation.

(2) Where there is no surviving spouse and the homestead has not been disposed of by will it shall descend as other real estate.

(3) Where the homestead passes by descent or will to the spouse or children or issue of deceased children, it shall be exempt from all debts which were not valid charges thereon at the time of decedent's death; (IN ALL OTHER CASES) *except that the homestead shall be subject to a claim filed pursuant to section 246.53 for state hospital care or 256B.15. If the homestead passes to a person other than a spouse or child or issue of a deceased child, it shall be subject to the payment of the items mentioned in section 525.16. No lien or other charge against any homestead which is so exempted shall be enforced in the probate court, but the claimant may enforce the lien or charge by an appropriate action in the district court.*

Sec. 21. [EFFECTIVE DATE.]

*This article is effective the day following final enactment.*

ARTICLE II

TAXES AND PAYMENT SHIFTS

Section 1. Minnesota Statutes 1981 Supplement, Section 275.50, Subdivision 2, as amended by House File No. 1872, Article XXXV, Section 1, of the 1982 Regular Session, is amended to read:

Subd. 2. [GOVERNMENTAL SUBDIVISION.] "Govern-

mental subdivision" means a county, home rule charter city, statutory city, (OR) town or *special taxing district determined by the department of revenue*, except a town that has a population of less than 5,000 according to the most recent federal census, provided that the population of an incorporated municipality located within the boundaries of a town is not included in the population of the town. The term does not include school districts or the metropolitan transit commission created pursuant to section 473.404.

Sec. 2. Minnesota Statutes 1981 Supplement, Section 290A.07, Subdivision 2a, is amended to read:

Subd. 2a. A claimant (NOT INCLUDED IN SUBDIVISION 2) who is a renter shall receive full payment prior to August 15 or 60 days after receipt of the application, whichever is later.

Sec. 3. Minnesota Statutes 1981 Supplement, Section 290A.07, Subdivision 3, is amended to read:

Subd. 3. Any claimant not included in subdivision (2 OR) 2a shall receive full payment after September 30 and prior to October 15. Interest shall be added at six percent per annum from October 15 or 60 days after receipt of the application if the application is filed after August 31. Interest will be computed until the date the claim is paid.

Sec. 4. Minnesota Statutes 1981 Supplement, Section 297A.01, Subdivision 3, as amended by House File No. 1872, Article XXXIV, Section 1, of the 1982 Regular Session, 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 other than manufactured homes used for residential purposes for a continuous period of 30 days or more, 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; church organization. Notwithstanding section 297A.-25, subdivision 1, clause (a), taxable food or meals include, but is not limited to, the following:

- (i) heated food or drinks;
- (ii) sandwiches prepared by the retailer;
- (iii) single sales of prepackaged ice cream or ice milk novelties prepared by the retailer;
- (iv) hand-prepared or dispensed ice cream or ice milk products including cones, sundaes, and snow cones;
- (v) soft drinks and other beverages prepared or served by the retailer;
- (vi) gum;
- (vii) ice;
- (viii) all food (, EXCEPT CANDY,) sold in vending machines;
- (ix) party trays prepared by the retailers; and
- (x) all meals and single servings of packaged snack food, single cans or bottles of pop, sold in restaurants and bars;
- (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;

*(g) The furnishing for a consideration of cable television services, including charges for basic monthly service, charges for monthly premium service, and charges for any other similar cable television services.*

Sec. 5. Minnesota Statutes 1981 Supplement, Section 297A.-25, Subdivision 1, as amended by Laws 1981, Third Special Session Chapter 2, Article V, Section 2, and as amended by House File No. 1872, Article XXXIV, Section 2, of the 1982 Regular Session, 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, and food products which are not taxable pursuant to section 297A.01, subdivision 3, clause (c) and which are sold by a retailer, organized as a nonprofit corporation or association, within a place located on property owned by the state or an agency or instrumentality of the state, the entrance to which is subject to an admission charge. *This exemption does not include the following:*

*(i) candy and candy products;*

*(ii) carbonated beverages, beverages commonly referred to as soft drinks containing less than 15 percent fruit juice, or bottled water other than noncarbonated and noneffervescent bottled water sold in individual containers of one gallon or more in size;*

(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 *by the purchaser* 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); *provided that the property is not subject to tax in that state or country to which it is transported for storage or use, or, if subject to tax in that other state, that state allows a similar exemption from property purchased therein and transported to Minnesota for use in this state; except that sales of tangible personal property that is shipped or transported for use outside Minnesota shall be taxed at the rate of the use tax imposed by the state to which the property is shipped or transported, unless that state has no use tax, in which case the sale shall be taxed at the rate generally imposed by this state; and provided further that sales of tangible personal property to be used in other states or countries as part of a maintenance contract shall be specifically exempt;* 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 there-

with shall be exempt. For this purpose, advertising in any such publication shall be deemed to be a service and not tangible personal property, and persons or their agents who publish or sell such newspapers shall be deemed to be engaging in a service with respect to gross receipts realized from such newsgathering or publishing activities by them, including the sale of advertising. Machinery, equipment, implements, tools, accessories, appliances, contrivances, furniture and fixtures used in such publication and fuel, electricity, gas or steam used for space heating or lighting, are not exempt;

(j) The gross receipts from all sales of tangible personal property to, and all storage, use or consumption of such property by, the United States and its agencies and instrumentalities or a state and its agencies, instrumentalities and political subdivisions;

(k) The gross receipts from the isolated or occasional sale of tangible personal property in Minnesota not made in the normal course of business of selling that kind of property, and the storage, use, or consumption of property acquired as a result of such a sale;

(l) The gross receipts from sales of rolling stock and the storage, use or other consumption of such property by railroads, freight line companies, sleeping car companies and express companies taxed on the gross earnings basis in lieu of ad valorem taxes. For purposes of this clause "rolling stock" is defined as the portable or moving apparatus and machinery of any such company which moves on the road, and includes, but is not limited to, engines, cars, tenders, coaches, sleeping cars and parts necessary for the repair and maintenance of such rolling stock.

(m) The gross receipts from sales of airflight equipment and the storage, use or other consumption of such property by airline companies taxed under the provisions of sections 270.071 to 270.079. For purposes of this clause, "airflight equipment" includes airplanes and parts necessary for the repair and maintenance of such airflight equipment, and flight simulators.

(n) The gross receipts from the sale of telephone central office telephone equipment used in furnishing intrastate and interstate telephone service to the public.

(o) The gross receipts from the sale of and the storage, use or other consumption by persons taxed under the in lieu provisions of chapter 298, of mill liners, grinding rods and grinding balls which are substantially consumed in the production of taconite, the material of which primarily is added to and becomes a part of the material being processed.

(p) The gross receipts from the sale of tangible personal property to, and the storage, use or other consumption of such

property by, any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious or educational purposes if the property purchased is to be used in the performance of charitable, religious or educational functions, or any senior citizen group or association of groups that in general limits membership to persons age 55 or older and is organized and operated exclusively for pleasure, recreation and other nonprofit purposes, no part of the net earnings of which inures to the benefit of any private shareholders;

(q) The gross receipts from the sale of caskets and burial vaults;

(r) The gross receipts from the sale of an automobile or other conveyance if the purchaser is assisted by a grant from the United States in accordance with 38 United States Code, Section 1901, as amended.

(s) 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.

(t) 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.

(u) 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.

(v) 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 trans-

ferring outside the state by the purchaser for use thereafter solely outside the state of Minnesota.

(w) The gross receipt from the sale of residential heating fuels in the following manner:

(i) all fuel oil, coal, wood, steam, propane gas, and L.P. gas sold to residential customers for residential use;

(ii) natural gas sold for residential use to customers who are metered and billed as residential users and who use natural gas for their primary source of residential heat, for the billing months of November, December, January, February, March and April;

(iii) electricity sold for residential use to customers who are metered and billed as residential users and who use electricity for their primary source of residential heat, for the billing months of November, December, January, February, March and April.

(x) 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).

(y) 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.

(z) The gross receipts from the sale of sanitary napkins, tampons, or similar items used for feminine hygiene.

#### Sec. 6. [340.986] [ON-SALE LIQUOR TAX.]

*In addition to the taxes imposed by section 297A.02 and chapter 340, a tax is imposed in the amount of five percent on the*

*gross receipts from all retail on-sales of intoxicating liquor and fermented malt beverages when sold at a licensed on-sale liquor establishment or municipal liquor store within the state. The tax shall be reported and paid to the commissioner of revenue with and as part of the state sales and use taxes, and shall be subject to the same penalties, interest, and enforcement provisions. The tax collected pursuant to this section shall be deposited in the general fund.*

Sec. 7. Laws 1981, Third Special Session Chapter 2, Article III, Section 22, is amended to read:

**Sec. 22. [EFFECTIVE DATE.]**

Sections 1 and 19 to 21 are effective February 1, 1982. The provision of section 2 relating to commodity tax straddles and section 7 are effective for taxable years beginning after December 31, 1980. The provisions of section 2 relating to the exclusion of dividend and interest income are effective for taxable years beginning after December 31, 1981. Section 2, clauses (a)(22), (b)(24), the portion of clause (a)(16) relating to recovery property, (b)(25), and sections 8, 11, and 12 are effective for property placed in service after December 31, 1980 in taxable years ending after that date. Section 2, clauses (a)(17), (b)(2), the portion of clause (a)(16) relating to gain from the sale or disposition of property and section 9 are effective for (THE SALE OR OTHER DISPOSITION OF PROPERTY AFTER JUNE 30, 1982) *taxable years beginning after December 31, 1982*. Section 6 is effective for taxable years beginning after December 31, 1981. Section 10 is effective for the sale or other disposition of property after December 31, 1982. Sections 13, 14, and 15 are effective for income earned after December 31, 1981. Section 16 is effective for taxable years beginning after December 31, 1981. Sections 17 and 18 are effective for petitions filed after January 31, 1982.

Sec. 8. House File No. 1872, Article I, Section 73, as enacted by the 1982 Regular Session, is amended to read:

**Sec. 73. [EFFECTIVE DATE.]**

Sections 2, 19 and 67 are effective for taxable years beginning after December 31, 1980, Sections 47, 51, 52, 53, 55, 57, and 59 are effective May 1, 1982. Sections 46 and 54 are effective for bankruptcy proceedings filed on or after October 1, 1979. Sections 12, 45, 50, 56, 58, 64, 66, and 68 are effective the day after final enactment. Section 65 is effective for claims based on rent paid in 1982 and subsequent years. The provisions of section 42 requiring that non-game wildlife designations be made on original returns is effective for taxable years beginning after December 31, 1979, and claims based on rent paid in 1980 and subsequent years, and property taxes payable in 1981 and subsequent years. Those provisions of section 63 that relate to net

operating loss carrybacks are effective the day after final enactment. The balance of section 63 is effective for claims based on rent paid in 1982 and succeeding years and property taxes payable in 1983 and succeeding years. The change in section 1, clause (b)(2) is effective for (THE SALE OR OTHER DISPOSITION OF PROPERTY AFTER JUNE 30, 1982) *taxable years beginning after December 31, 1982*. The rest of this article is effective for taxable years beginning after December 31, 1981.

#### Sec. 9. [HOMESTEAD CREDIT; REDUCTIONS.]

*The certification of homestead credit for taxes payable 1982 as shown on the abstract of tax lists shall be reduced by \$30,000,000 by the commissioner of revenue as follows:*

(a) *\$20,500,000 shall be subtracted from the total certifications relating to the county levies;*

(b) *\$5,500,000 shall be subtracted from the total certifications relating to the city levies;*

(c) *\$2,000,000 shall be subtracted from the total certification relating to the town levies; and*

(d) *\$2,000,000 shall be subtracted from the total certification relating to special taxing district levies.*

*Each county, each city, each town, and each special taxing district will receive a proportionate reduction from its original certification after the reduction pursuant to section 10.*

#### Sec. 10. [ADDITIONAL REDUCTION FOR COUNTIES CONTAINING A FIRST CLASS CITY.]

*Before reducing the original certifications pursuant to section 9, the commissioner shall reduce the certification for Hennepin, Ramsey, and St. Louis counties. Hennepin county shall be reduced by \$1,160,900; Ramsey county shall be reduced by \$565,200; and St. Louis county shall be reduced by \$273,900. These counties shall apply at least one-half of this aid reduction to reduce county administrative costs rather than to reduce services provided directly to the public.*

#### Sec. 11. [HOMESTEAD CREDIT; PAYMENT.]

*The total amount of the appropriation from the general fund to the commissioner of revenue for homestead credit payments for taxes payable in 1982, including the amount appropriated to the commissioner of education pursuant to section 12, shall not exceed \$451,600,000. If the amount of homestead credit payable in 1982, following the reduction in sections 9 and 10 exceeds \$451,600,000, the amount in excess of \$451,600,000 shall be pro-*

*portionately reduced from the amounts due to each county, special taxing district, city, town and school district.*

*The proportionate distribution will be made using the certifications after the reductions made pursuant to sections 9 and 10.*

**Sec. 12. [273.1392] [PAYMENT; AIDS TO SCHOOL DISTRICTS.]**

*The amounts of homestead credit under section 273.13, subdivisions 6, 7, and 14a; wetlands credit and reimbursement under section 273.115; native prairie credit and reimbursement under Section 273.116; attached machinery aid under section 273.138; reimbursement under section 273.139; and agricultural preserve credit under section 473H.10, shall be certified to the department of education by the department of revenue. The amounts so certified shall be paid according to the schedule for payment of foundation aids pursuant to section 124.11. The sum sufficient to make the payments required by this section is appropriated from the general fund to the commissioner of education.*

**Sec. 13. [REPEALER.]**

*(a) Minnesota Statutes 1981 Supplement, Section 290A.07, Subdivision 2, is repealed.*

*(b) Laws 1981, First Special Session, Chapter 1, Article III, Section 3, Subdivision 6, as amended by Laws 1981, Third Special Session Chapter 2, Article IV, Section 15, is repealed.*

**Sec. 14. [EFFECTIVE DATE.]**

*Section 1 is effective for taxes levied in 1982 and thereafter, payable in 1983, and thereafter. Sections 2, 3, and 13, clause (a), are effective for claims based on rent paid in 1982 and thereafter, and property taxes payable in 1983 and thereafter. Sections 4, 5, and 6 are effective for sales occurring on or after May 1, 1982. Sections 7, 8, 9, 10, 11, 12, and 13, clause (b), are effective the day after final enactment."*

**Delete the title and insert:**

**"A bill for an act relating to the financing of government in this state; reducing appropriations for the biennium ending June 30, 1983, with certain conditions; imposing various cost-saving measures; authorizing collection of debts related to trunk highways; clarifying certain provisions for determination of cost of care at state hospitals; directing the commissioner of public welfare to promulgate rules; altering the method of charging for out patient care; reducing employer and employee contributions to the Minnesota state retirement system; authorizing a certified state development company; making certain**

changes in the small business finance agency to provide for small business loans; giving claims against estates of deceased patients preferred status; allowing certain claims against estates for medical assistance in some instances; altering the date on which certain property tax refunds are paid; making technical corrections; imposing a tax on on-sales of liquor; delaying the 60 percent exclusion on capital gains for individuals; reducing certain payments to governmental subdivisions; altering the payment date of certain aids to school districts; imposing the sales tax on sales of candy and soft drinks, cable television services, and certain property transported outside Minnesota; appropriating money; amending Minnesota Statutes 1980, Sections 161.20, by adding a subdivision; 246.50, Subdivisions 5 and 6; 246.51; 246.53; 352.04, Subdivisions 2, as amended; and 3, as amended; 352.92, Subdivisions 1, as amended; and 2, as amended; 362.51, Subdivision 1; 362.53, Subdivision 13; 487.39, Subdivision 1; 524.3-805; Minnesota Statutes 1981 Supplement, Sections 246.511; 275.50, Subdivision 2, as amended; 290A.07, Subdivisions 2a, and 3; 297A.01, Subdivision 3, as amended; 297A.25, Subdivision 1, as amended; 362.52, Subdivision 2; 510.05; 525.145; Laws 1981, Third Special Session Chapter 2, Article III, Section 22; House File No. 1872, Article I, Section 73; proposing new law coded in Minnesota Statutes, Chapters 273; 340; and 362; repealing Minnesota Statutes 1981 Supplement, Sections 290A.07, Subdivision 2; Laws 1981, First Special Session, Chapter 1, Article III, Section 3, Subdivision 6, as amended."

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

House Conferees: MICHAEL R. SIEBEN, DON SAMUELSON, PHYLLIS L. KAHN and LYNDON R. CARLSON.

Senate Conferees: GERALD L. WILLET, GERRY SIKORSKI, WILLIAM P. LUTHER, TIMOTHY J. PENNY and STEVE ENGLER.

Sieben, M., moved that the report of the Conference Committee on H. F. No. 2190 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

#### CALL OF THE HOUSE

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

Aasness	Brandl	Dempsey	Ewald	Hauge
Ainley	Byrne	Den Ouden	Fjoslien	Heap
Anderson, G.	Carlson, D.	Drew	Forsythe	Heinitz
Anderson, I.	Carlson, L.	Eken	Greenfield	Himle
Anderson, R.	Clark, J.	Elioff	Gruenes	Hoberg
Battaglia	Clark, K.	Ellingson	Gustafson	Hokanson
Begich	Clawson	Erickson	Halberg	Hokr
Berkelman	Dahlvang	Esau	Hanson	Jacobs
Blatz	Dean	Evans	Harens	Jennings

Johnson, C.	Luknic	Nysether	Rothenberg	Tomlinson
Johnson, D.	Mann	O'Connor	Samuelson	Valan
Jude	Marsh	Olsen	Sarna	Valento
Kahn	McCarron	Onnen	Schafer	Vanasek
Kaley	McDonald	Osthoff	Schoenfeld	Vellenga
Kalis	McEachern	Otis	Schreiber	Voss
Kelly	Mehrkens	Peterson, D.	Sherwood	Weaver
Knickerbocker	Metzen	Piepho	Sieben, M.	Welch
Kostohryz	Minne	Pogemiller	Simoneau	Welker
Kvam	Munger	Redalen	Skoglund	Wenzel
Laidig	Murphy	Reding	Stadum	Wieser
Lehto	Nelsen, B.	Rees	Staten	Wigley
Lemen	Nelson, K.	Reif	Stowell	Wynia
Levi	Niehaus	Rice	Stumpf	Spkr. Sieben, H.
Long	Norton	Rodriguez, C.	Sviggum	
Ludeman	Novak	Rodriguez, F.	Swanson	

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

H. F. No. 2190, A bill for an act relating to education; changing the requirements for membership on the higher education coordinating board; allowing the regional management information centers to be considered governmental units for purposes of the joint powers law; requiring the approval of a plan for spending federal education block grant funds for state administrative purposes; allowing the immigration history research center to use donated services or donated property to meet its matching requirements; broadening the planning process relating to declining enrollments in higher education; repealing mandates; amending Minnesota Statutes 1980, Sections 136A.02, Subdivision 1; 471.59, by adding a subdivision; Laws 1981, Chapter 359, Section 2, Subdivision 8; and Section 9, Subdivision 12; Third Special Session Chapter 2, Article I, Section 6, Subdivision 1; repealing Minnesota Statutes, Sections 120.17, Subdivision 10; and 121.12.

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

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

Eken moved that those not voting be excused from voting. The motion did not prevail.

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

There were 60 yeas and 67 nays as follows:

Those who voted in the affirmative were :

Anderson, G.	Eken	Kelly	Novak	Sieben, M.
Anderson, I.	Elihoff	Kostohryz	O'Connor	Simoneau
Battaglia	Ellingson	Lehto	Ogren	Skoglund
Begich	Greenfield	Long	Osthoff	Staten
Berkelman	Gustafson	Mann	Otis	Swanson
Brandl	Hanson	McEachern	Peterson, D.	Tomlinson
Byrne	Hokanson	Metzen	Pogemiller	Vanasek
Carlson, L.	Jacobs	Minne	Reding	Vellenga
Clark, J.	Johnson, C.	Munger	Rice	Welch
Clark, K.	Jude	Murphy	Rodriguez, C.	Wenzel
Clawson	Kahn	Nelson, K.	Rodriguez, F.	Wynia
Dahlvang	Kalis	Norton	Samuelson	Spkr. Sieben, H.

Those who voted in the negative were :

Aasness	Forsythe	Knickerbocker	Olsen	Stadum
Ainley	Gruenes	Kvam	Onnen	Stowell
Anderson, R.	Halberg	Laidig	Peterson, B.	Stumpf
Blatz	Harens	Lemen	Piepho	Swiggum
Carlson, D.	Hauge	Levi	Redalen	Valan
Dean	Haukoos	Ludeman	Rees	Valento
Dempsey	Heap	Luknic	Reif	Voss
Den Ouden	Heinitz	Marsh	Rothenberg	Weaver
Drew	Himle	McCarron	Sarna	Welker
Erickson	Hoberg	McDonald	Schafer	Wieser
Esau	Hokr	Mehrrens	Schoenfeld	Wigley
Evans	Jennings	Nelsen, B.	Schreiber	
Ewald	Johnson, D.	Niehaus	Shea	
Fjoslien	Kaley	Nysether	Sherwood	

The bill was not repassed, as amended by Conference.

## MOTIONS AND RESOLUTIONS

Osthoff moved that H. F. No. 678 be recalled from the Governor for further consideration by the House. The motion prevailed.

## ADJOURNMENT

Eken moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Friday, March 19, 1982.

EDWARD A. BURDICK, Chief Clerk, House of Representatives