

STATE OF MINNESOTA

SEVENTY-THIRD SESSION - 1983

FIFTY-NINTH DAY

SAINT PAUL, MINNESOTA, SATURDAY, MAY 21, 1983

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 Father Roman J. Schaefer, Church of St. Adalbert, St. Paul, Minnesota.

The roll was called and the following members were present:

Anderson, B.	Findlay	Krueger	Pauly	Simoneau
Anderson, G.	Fjoslien	Kvam	Peterson	Skoglund
Anderson, R.	Forsythe	Larsen	Piepho	Solberg
Battaglia	Frerichs	Levi	Piper	Sparby
Beard	Graba	Long	Price	Stadum
Begich	Greenfield	Ludeman	Quinn	Staten
Bennett	Gruenes	Mann	Quist	Sviggum
Bergstrom	Gustafson	Marsh	Redalen	Swanson
Berkelman	Gutknecht	McDonald	Reif	Thiede
Blatz	Halberg	McEachern	Rice	Tomlinson
Brandl	Haukoos	McKasy	Riveness	Tunheim
Brinkman	Heap	Metzen	Rodosovich	Uphus
Burger	Heinitz	Minne	Rodriguez, C.	Vaia
Carlson, L.	Himle	Munger	Rodriguez, F.	Valento
Clark, J.	Hoffman	Murphy	Rose	Vanasek
Clark, K.	Hokr	Nelson, D.	St. Onge	Vellenga
Clawson	Jacobs	Nelson, K.	Sarna	Voss
Cohen	Jennings	Neuenschwander	Schafer	Waltman
Coleman	Jensen	Norton	Scheid	Welch
Dempsey	Johnson	O'Connor	Schoenfeld	Welker
DenOuden	Kahn	Ogren	Schreiber	Welle
Dimler	Kalis	Olsen	Seaberg	Wenzel
Eken	Kelly	Omamn	Segal	Wigley
Elioff	Knickerbocker	Onnen	Shaver	Wynia
Erickson	Knuth	Osthoif	Shea	Zaffke
Evans	Kostohryz	Otis	Sherman	Speaker Sieben

A quorum was present.

Hoberg was excused.

Bishop and Ellingson were excused until 2:30 p.m.

Carlson, D., was excused until 4:00 p.m.

The Chief Clerk proceeded to read the Journal of the preceding day. DenOuden 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 H. F. Nos. 124, 851, 1025, 512, 857, 1222, 449 and 242 and S. F. Nos. 628 and 1097 have been placed in the members' files.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 149, A bill for an act relating to game and fish; eliminating the separate license for hunting certain animals with dogs; authorizing special permits to possess deer as pets; amending Minnesota Statutes 1982, sections 98.46, subdivision 2; and 98.48, subdivision 3.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 667, A bill for an act relating to employment; providing leaves of absence for adoptive parents; proposing new law coded in Minnesota Statutes, chapter 181.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1067, A bill for an act relating to state government; authorizing the commissioner of the department of economic security to accept gifts; designating the commissioner as administrator of weatherization programs; providing for weatherization grants; regulating summer youth programs; providing financial assistance allocations for community action agencies; amending Minnesota Statutes 1982, sections 268.011, subdivision 2; 268.34; 268.37, subdivisions 2, 4, and 5; and 268.52, subdivision 2.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Neuenschwander moved that the House concur in the Senate amendments to H. F. No. 1067 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 1067, A bill for an act relating to state government; authorizing the commissioner of economic security to accept gifts; removing certain restrictions on administration of summer youth employment programs and weatherization; providing financial assistance allocations for community action agencies; amending Minnesota Statutes 1982, sections 268.011, subdivision 2; 268.34; 268.37, subdivisions 2, 4, and 5; and 268.52, subdivision 2.

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

The question was taken on the repassage of the bill and the roll was called. There were 96 yeas and 9 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Clark, K.	Gutknecht	Kvam	O'Connor
Anderson, G.	Clawson	Haukoos	Larsen	Ogren
Anderson, R.	Cohen	Heinitz	Long	Olsen
Battaglia	Coleman	Hoffman	Mann	Onnen
Bcard	Eken	Jacobs	McEachern	Osthoff
Begich	Elioff	Jensen	McKasy	Pauly
Bennett	Evans	Johnson	Metzen	Peterson
Bergstrom	Findlay	Kahn	Munger	Piepho
Berkelman	Fjoslien	Kalis	Murphy	Piper
Brandl	Forsythe	Knickerbocker	Nelson, D.	Price
Brinkman	Graba	Knuth	Nelson, K.	Quist
Burger	Gruenes	Kostohryz	Neuenschwander	Redalen
Carlson, L.	Gustafson	Krueger	Norton	Reif

Rodosovich	Schoenfeld	Solberg	Uphus	Wenzel
Rodriguez, C.	Schreiber	Sparby	Valan	Wigley
Rodriguez, F.	Seaberg	Staten	Vanasek	Speaker Sieben
Rose	Segal	Sviggum	Voss	
St. Onge	Shaver	Swanson	Waitman	
Sarna	Sherman	Thiede	Welch	
Scheid	Skoglund	Tunheim	Welle	

Those who voted in the negative were:

DepOuden	Erickson	McDonald	Schafer	Welker
Dimler	Ludeman	Omann	Valento	

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

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 672

A bill for an act relating to taxation; sales and use; clarifying the taxability or exempt status of certain items or transactions; allowing for a sales tax refund in certain instances; providing penalties for certain operators or misuse of exemption certificates; clarifying filing dates and penalties for not timely filing or paying the tax; requiring a notice on the sales tax return form; authorizing the filing of security and the use of sampling; providing restrictions on refunds; clarifying payments required before appeal; eliminating the fee for permits; amending Minnesota Statutes 1982, sections 297A.01, subdivisions 3 and 4; 297A.211, by adding a subdivision; 297A.25, subdivision 1; 297A.26, by adding a subdivision; 297A.27, subdivision 1; 297A.275; 297A.28; 297A.31, subdivision 1; 297A.35, subdivision 1, and by adding a subdivision; 297A.391; and 297B.03; proposing new law coded in Minnesota Statutes, chapter 297A; repealing Minnesota Statutes 1982, sections 297A.05 and 297A.251.

May 20, 1983

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 672, report that we have agreed upon the items in dispute and recommend as follows:

That the House accede to the Senate amendments and that H. F. No. 672, the unofficial engrossment, be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, 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 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. *"Sales" also include the transfer of computer software, meaning information and directions which dictate the function to be performed by data processing equipment and which are sold without adaptation to the specific requirements of the purchaser. This type of computer software, whether contained on tape, discs, cards, or other devices, shall be considered tangible personal property;*

(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. 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 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; 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;
- (h) Notwithstanding sections 297A.01, subdivision 4, and 297A.25, subdivision 1, clause (h), the sales of horses including claiming sales and fees paid for breeding a stallion to a mare. This clause applies to sales and fees with respect to a horse to be used for racing whose birth has been recorded by the Jockey Club or the United States Trotting Association or the American Quarter Horse Association but shall not apply with respect to the sale of a horse bred and born in the state of Minnesota.*

Sec. 2. Minnesota Statutes 1982, section 297A.01, subdivision 4, is amended to read:

Subd. 4. A "retail sale" or "sale at retail" means a sale for any purpose other than resale in the regular course of business. Property utilized by the owner only by leasing such property

to others or by holding it in an effort to so lease it, and which is put to no use by the owner other than resale after such lease or effort to lease, shall be considered property purchased for resale. Sales of building materials, supplies and equipment to owners, contractors, subcontractors or builders for the erection of buildings or the alteration, repair or improvement of real property are "retail sales" or "sales at retail" in whatever quantity sold and whether or not for purpose of resale in the form of real property or otherwise. A sale of carpeting, linoleum, or other similar floor covering which includes installation of the carpeting, linoleum, or other similar floor covering is a contract for the improvement of real property. Aircraft and parts for the repair thereof purchased by a non-profit, incorporated flying club or association utilized solely by the corporation by leasing such aircraft to shareholders of the corporation shall not be considered property purchased for resale. The leasing of the aircraft to the shareholders by the flying club or association shall not be considered a sale notwithstanding subdivision 3 if the tax imposed by this chapter was paid on the initial purchase as provided by this subdivision.

Leasing of aircraft utilized by (THE OWNER ONLY) a lessee for the purpose of (BEING LEASED) leasing to others, whether or not the lessee also utilizes the aircraft for flight instruction where no separate charge is made for aircraft rental or for charter service, (OR BY HOLDING THE AIRCRAFT IN AN EFFORT TO LEASE IT, AND WHICH IS PUT TO NO USE BY THE OWNER OTHER THAN RESALE AFTER THE LEASE,) shall be considered (AIRCRAFT PURCHASED) a purchase for resale; provided, however, that a proportionate share of the lease payment reflecting use for flight instruction or charter service is subject to tax pursuant to section 297A.14.

Sec. 3. [297A.041] [OPERATOR OF FLEA MARKETS; SELLER'S PERMITS REQUIRED; PENALTY.]

The operator of a flea market, craft show, antique show, coin show, stamp show, comic book show, or similar selling event, as a prerequisite to renting or leasing space on the premises owned or controlled by the operator to a person desiring to engage in or conduct business as a seller, shall obtain evidence that the seller is the holder of a valid seller's permit issued pursuant to section 297A.04, or a written statement from the seller that he is not offering for sale any item that is taxable under this chapter.

Flea market, craft show, antique show, coin show, stamp show, comic book show, or similar selling event, as used in this section, means an activity involving a series of sales sufficient in number, scope, and character to constitute a regular course of business, and which would not qualify as an isolated or occasional sale pursuant to section 297A.25, subdivision 1, clause (k).

Any operator who fails or refuses to comply with the provisions of this section shall be subject to a penalty payable to the commissioner of revenue of \$100 for each day of each selling event that the operator fails to obtain evidence that the seller is the holder of a valid seller's permit issued pursuant to section 297A.04.

This section shall not apply to an operator of a flea market, craft show, antique show, coin show, stamp show, comic book show, or similar selling event which is held in conjunction with a community sponsored festival which has a duration of four or fewer consecutive days no more than once a year.

Sec. 4. [297A.121] [USE OF EXEMPTION CERTIFICATES TO EVADE TAX; PENALTY.]

Any person who gives an exemption certificate for property which will be used for purposes other than the exemption claimed with the intent to evade payment to the seller of the amount of the tax applicable to the transaction shall be subject to a penalty payable to the commissioner of revenue of \$100 for each transaction where an improper use of an exemption certificate has occurred.

Sec. 5. Minnesota Statutes 1982, section 297A.211, is amended by adding a subdivision to read:

Subd. 3. Any person who pays the tax to the seller as provided in section 297A.03 or pays the tax to the motor vehicle registrar as required by section 297B.02 and who meets the requirements of section 297A.211 at the time of the sale, except that the person has not registered as a retailer pursuant to section 297A.211 at the time of the sale, may register as a retailer, make a return, and file for a refund of the difference between the tax calculated under section 297A.02, 297A.14, or 297B.02 and the tax calculated under subdivision 2. The person must file for a refund within the time limitations provided in section 297A.35. Notwithstanding the provisions of section 297A.35, subdivision 1, interest shall be allowed for any refund allowed under this subdivision only from the date on which the person has both registered as a retailer and filed a claim for refund.

Sec. 6. Minnesota Statutes 1982, 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, vege-

tables 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 for 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 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, including sales in which title is retained by a seller or a vendor or is assigned to a third party under an installment sale or lease purchase agreement under section 465.71, 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. *Sales exempted by this clause include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f). This exemption shall not*

apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;

(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. *For purposes of this clause, sales by a nonprofit organization shall be deemed to be "isolated or occasional" if they occur at sale events that have a duration of three or fewer consecutive days. The granting of the privilege of admission to places of amusement and the privilege of use of amusement devices by a nonprofit organization at an isolated or occasional event conducted on property owned or leased for a continuous period of more than 30 days by the nonprofit organization are also exempt. The exemption provided for isolated sales of tangible personal property and of the granting of admissions or the privilege of use of amusement devices by nonprofit organizations pursuant to this clause shall be available only if the sum of the days on which the organization and any subsidiary nonprofit organization sponsored by it that does not have a separate sales tax exemption permit conduct sales of tangible personal property, plus the days with respect to which the organization charges for the use of amusement devices or admission to places of amusement, does not exceed eight days in a calendar year. For purposes of this clause, a "nonprofit organization" means any corporation, society, association, foundation, or institution organized and operated exclusively for charitable, religious, or educational purposes, no part of the net earnings of which inures to the benefit of a private individual;*

(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. *Sales exempted by this clause include sales pursuant to section 297A.01, subdivision 3, clauses (d) and (f). This exemption shall not apply to building, construction or reconstruction materials purchased by a contractor or a subcontractor as a part of a lump-sum contract or similar type of contract with a guaranteed maximum price covering both labor and materials for use in the construction, alteration or repair of a building or facility. This exemption does not apply to construction materials purchased by tax exempt entities or their contractors to be used in constructing buildings or facilities which will not be used principally by the tax exempt entities;*

(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 transferring 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 *Minnesota Statutes 1980*, 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) 1982; 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. 7. Minnesota Statutes 1982, section 297A.26, is amended by adding a subdivision to read:

Subd. 3. The sales tax return form must include printed notice in eight point type or larger that the return and payment must be received by the commissioner no later than the due date.

Sec. 8. Minnesota Statutes 1982, section 297A.27, subdivision 1, is amended to read:

Subdivision 1. *Except as provided in section 297A.275, on or before the 25th day of each month in which taxes imposed by sections 297A.01 to 297A.44 are payable, a return for the preceding reporting period shall be filed with the commissioner in such form as the commissioner may prescribe, verified by a written declaration that it is made under the criminal penalties for wilfully making a false return, and in addition shall contain a confession of judgment for the amount of the tax shown due thereon to the extent not timely paid. Any person making sales at retail at two or more places of business may file a consolidated return subject to such regulations as the commissioner may prescribe.*

Sec. 9. Minnesota Statutes 1982, section 297A.275, is amended to read:

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 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 one-half of the estimated June liability to the commissioner and file the return on a form prescribed by the commissioner.

On or before August 25, 1982, or August 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) *amount of June liability required to be paid in June* less the amount remitted in June. However, the penalty shall not be imposed if the amount remitted in June equals the lesser of (a) 45 percent of the actual June liability, or (b) 50 percent of the preceding May's liability.

Sec. 10. Minnesota Statutes 1982, section 297A.28, is amended to read:

297A.28 [SECURITY.]

Whenever he deems it necessary to insure compliance with sections 297A.01 to 297A.44 the commissioner may require a retailer subject thereto to deposit with him security in such form and in such amount as he may determine but not more than twice the estimated average liability for the period for which the returns are required to be filed, or \$10,000, which ever amount is the lesser. The amount of security may be increased or decreased by the commissioner, subject to the limitations herein provided. The commissioner may sell property deposited as security at public auction if necessary in order to recover any tax or any amount required to be collected, including interest and penalties, if any. Notice of the sale must be served upon the person who deposited the security personally, or by mail in the manner hereinafter prescribed for the service of a notice of a deficiency. After any sale any surplus above the amount due not required as security under this section shall be returned to the person who deposited the security. *In lieu of security, the commissioner may require a retailer to file a bond, issued by a surety company authorized to transact business in this state and approved by the insurance commissioner as to solvency and responsibility.*

Sec. 11. Minnesota Statutes 1982, section 297A.31, subdivision 1, is amended to read:

Subdivision 1. The commissioner shall, as soon as practicable after a return is filed, examine the same and make any investigation or examination of the records and accounts of the person

making the return that he deems necessary for determining its correctness. *The commissioner may use statistical or other sampling techniques consistent with generally acceptable accounting principles in examining the returns or records.* The tax computed on the basis of such examination shall be the tax to be paid. If the tax found to be due exceeds the amount of the tax reported as due on the taxpayers return, such excess shall be paid to the commissioner within 60 days after notice of the amount and demand for its payment shall have been mailed to the person making the return. If the amount of the tax found due by the commissioner shall be less than that reported as due on the return, the excess shall be refunded to the person making the return in the manner provided by section 297A.35 (except that no demand therefor shall be necessary), if he has already paid the whole of such tax, or credited against any unpaid tax. Except as otherwise provided in this chapter, no refundment shall be made except as provided in section 297A.35 after the expiration of three years after the filing of the return.

Sec. 12. Minnesota Statutes 1982, section 297A.35, subdivision 1, is amended to read:

Subdivision 1. A person who has, pursuant to the provisions of this chapter, paid to the commissioner an amount of tax for any period in excess of the amount legally due for that period, may file with the commissioner a claim for a refund of such excess *subject to the conditions specified in subdivision 5.* Except as provided in subdivision 4 no such claim shall be entertained unless filed within two years after such tax was paid, or within three years from the filing of the return, whichever period is the longer. The commissioner shall examine the claim and make and file written findings thereon denying or allowing the claim in whole or in part and shall mail a notice thereof to such person at the address stated upon the claim. Any allowance shall include interest on the excess determined at a rate of six percent per annum from the date such excess was paid or collected until the date it is refunded or credited. If such claim is allowed in whole or in part, the commissioner shall credit the amount of the allowance against any taxes under sections 297A.01 to 297A.44 due from the claimant and for the balance of said allowance, if any, the commissioner shall issue his certificate for the refundment of the excess paid, and the commissioner of finance shall cause such refund to be paid out of the proceeds of the taxes imposed by sections 297A.01 to 297A.44, as other state moneys are expended. So much of the proceeds of such taxes as may be necessary are hereby appropriated for that purpose.

Sec. 13. Minnesota Statutes 1982, section 297A.35, is amended by adding a subdivision to read:

Subd. 5. If a vendor has collected from a purchaser and remitted to the state a tax on a transaction which is not subject

to the tax imposed by this chapter, the tax shall be refundable to the vendor only if and to the extent that it will be credited to amounts due to the vendor by the purchaser or returned to the purchaser by the vendor.

Sec. 14. Minnesota Statutes 1982, section 297A.391, is amended to read:

297A.391 [PAYMENT OF TAX PENDING APPEAL.]

When a taxpayer appeals (HIS TAX) *any liability assessed under this chapter to the tax court, and the amount in dispute is more than (\$4,000) \$6,000, the entire amount of the tax, penalty, and interest assessed by the commissioner shall be paid at the time it is due unless permission to continue prosecution of the petition without payment is obtained as provided herein. The petitioner, upon ten days notice to the commissioner, may apply to the court for permission to continue prosecution of the petition without payment; and, if it is made to appear*

(1) That the proposed review is to be taken in good faith;

(2) That there is probable cause to believe that the taxpayer may be held exempt from payment of the (TAX) *liability* or that the (TAX) *liability* may be determined to be less than 50 percent of the amount due; and

(3) That it would work a substantial hardship upon petitioner to pay the (TAX) *liability*,

the court may permit the petitioner to continue prosecution of the petition without payment, or may fix a lesser amount to be paid as a condition of continuing the prosecution of the petition.

Failure to make payment of the amount required when due shall operate automatically to dismiss the petition and all proceedings thereunder unless the payment is waived by an order of the court permitting the petitioner to continue prosecution of the petition without payment.

Sec. 15. Minnesota Statutes 1982, section 297B.03, is amended to read:

297B.03 [EXEMPTIONS.]

There is specifically exempted from the provisions of this chapter and from computation of the amount of tax imposed by it the following:

(1) Purchase or use, including use under a lease purchase agreement or installment sales contract made pursuant to section 465.71, of any motor vehicle by any person described in and

subject to the conditions provided in section 297A.25, subdivision 1, clauses (j), (p) and ((S)) (r).

(2) Purchase or use of any motor vehicle by any person who was a resident of another state at the time of the purchase and who subsequently becomes a resident of Minnesota, provided the purchase occurred more than 60 days prior to the date such person moved his residence to the state of Minnesota.

(3) Purchase or use of any motor vehicle by any person making a valid election to be taxed under the provisions of section 297A.211.

(4) Purchase or use of any motor vehicle previously registered in the state of Minnesota by any corporation or partnership when such transfer constitutes a transfer within the meaning of sections 351 or 721 of the Internal Revenue Code of 1954, as amended through December 31, 1974.

Sec. 16. [REPEALER.]

Minnesota Statutes 1982, sections 297A.05 and 297A.251 are repealed.

Sec. 17. [EFFECTIVE DATE.]

The amendments to clauses (a) and (g) of section 1 and sections 3 and 10, are effective July 1, 1983. The new clause (h) added to section 1 is effective April 1, 1984. Sections 2, 4, 5, 8, 9, and 11 to 16 are effective the day following final enactment. The amendments to clauses (j) and (p) of section 6, relating to construction contracts, are effective for contracts entered into after December 31, 1983. The remainder of section 6 is effective the day following final enactment. Section 7 is effective January 1, 1984."

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

House Conferees: LONA MINNE, GLEN H. ANDERSON and JIM EVANS.

Senate Conferees: GENE MERRIAM, RON SIELOFF and CONRAD M. VEGA.

Minne moved that the report of the Conference Committee on H. F. No. 672 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 672, A bill for an act relating to taxation; sales and use; clarifying the taxability or exempt status of certain items or transactions; allowing for a sales tax refund in certain instances;

providing penalties for certain operators or misuse of exemption certificates; clarifying filing dates and penalties for not timely filing or paying the tax; requiring a notice on the sales tax return form; authorizing the filing of security and the use of sampling; providing restrictions on refunds; clarifying payments required before appeal; eliminating the fee for permits; amending Minnesota Statutes 1982, sections 297A.01, subdivisions 3 and 4; 297A.211, by adding a subdivision; 297A.25, subdivision 1; 297A.26, by adding a subdivision; 297A.27, subdivision 1; 297A.275; 297A.28; 297A.31, subdivision 1; 297A.35, subdivision 1, and by adding a subdivision; 297A.391; and 297B.03; proposing new law coded in Minnesota Statutes, chapter 297A; repealing Minnesota Statutes 1982, sections 297A.05 and 297A.251.

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

The question was taken on the repassage of the bill and the roll was called. There were 69 yeas and 45 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Elioff	Mann	Piper	Sparby
Battaglia	Evans	Minne	Price	Staten
Beard	Greenfield	Munger	Rodalen	Swanson
Begich	Gutknecht	Murphy	Rice	Tomlinson
Bergstrom	Jacobs	Nelson, D.	Rodosovich	Tunheim
Berkelman	Jensen	Nelson, K.	Rodriguez, C.	Vanasek
Brandl	Johnson	Neuenschwander	Rodriguez, F.	Vellenga
Brinkman	Kahn	O'Connor	St. Orge	Voss
Carlson, L.	Kalis	Ogren	Scheid	Welch
Clark, J.	Kelly	Onnen	Schoenfeld	Welle
Clark, K.	Kostohryz	Osthoff	Segal	Wenzel
Clawson	Krueger	Otis	Simoneau	Wynia
Coleman	Larsen	Pauly	Skoglund	Speaker Sieben
Eken	Long	Peterson	Solberg	

Those who voted in the negative were:

Anderson, R.	Fjoslien	Hokr	Olsen	Sviggum
Bennett	Forsythe	Jennings	Omann	Thiede
Blatz	Frerichs	Knickerbocker	Piepho	Uphus
Burger	Graba	Kvam	Quist	Valan
Dempsey	Gruenes	Levi	Reif	Valento
DenOuden	Haukoos	Ludeman	Schafer	Waltman
Dimler	Heap	Marsh	Schreiber	Welker
Erickson	Heinitz	McDonald	Seaberg	Wigley
Findlay	Hoffman	McKasy	Sherman	Zaffke

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

MESSAGES FROM THE SENATE, Continued

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 218.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 218

A bill for an act relating to commitment of persons who are mentally ill, mentally retarded, or mentally ill and dangerous; requiring mental commitment proceedings for persons acquitted of a criminal charge pursuant to a verdict of not guilty by reason of mental illness or not guilty by reason of mental deficiency to be held in the court in which acquittal took place; modifying the burden of going forward with the evidence on the issues of mental illness, mental retardation, and mental illness and dangerousness in certain cases; amending Minnesota Statutes 1982, sections 253B.02, subdivision 4, and by adding subdivisions; 253B.07, subdivisions 1, 2, 3, and 7, and by adding a subdivision; 253B.08, subdivision 7; 253B.12, subdivision 4; 253B.18, subdivision 1; 253B.19, subdivision 1; 253B.21, subdivision 5; and 253B.23, subdivision 7.

May 20, 1983

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S. F. No. 218, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 218 be further amended as follows:

Page 1, lines 26 and 27, delete "*pursuant to a verdict of not guilty by reason of mental illness or not guilty by reason of mental deficiency*" and insert "*under section 611.026*"

Page 2, lines 21 to 23, delete "*pursuant to a verdict of not guilty by reason of mental illness or not guilty by reason of mental deficiency*" and insert "*under section 611.026*"

Page 3, lines 29 and 30, delete "*on the grounds of mental illness or mental deficiency*" and insert "*under section 611.026*"

Page 4, lines 2 and 3, delete "*on the grounds of mental illness or mental deficiency*" and insert "*under section 611.026*"

Page 5, line 25, delete "*on the grounds of mental illness or mental deficiency*" and insert "*under section 611.026*"

Page 6, lines 3 and 4, delete "*on the grounds of mental illness or mental deficiency*" and insert "*under section 611.026*"

Page 8, line 5, strike "solely on the ground of"

Page 8, lines 5 and 6, delete the new language and insert "*under section 611.026*"

Amend the title as follows:

Page 1, lines 5 to 7, delete "pursuant to a verdict of not guilty by reason of mental illness or not guilty by reason of mental deficiency" and insert "*under section 611.026*"

Page 1, line 11, after "certain" insert "commitment"

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

Senate Conferees: MICHAEL O. FREEMAN, GENE MERRIAM and RON SIELOFF.

House Conferees: RANDY C. KELLY, DEE LONG and BERT J. MCKASY.

Kelly moved that the report of the Conference Committee on S. F. No. 218 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 218, A bill for an act relating to commitment of persons who are mentally ill, mentally retarded, or mentally ill and dangerous; requiring mental commitment proceedings for persons acquitted of a criminal charge pursuant to a verdict of not guilty by reason of mental illness or not guilty by reason of mental deficiency to be held in the court in which acquittal took place; modifying the burden of going forward with the evidence on the issues of mental illness, mental retardation, and mental illness and dangerousness in certain cases; amending Minnesota Statutes 1982, sections 253B.02, subdivision 4, and by adding subdivisions; 253B.07, subdivisions 1, 2, 3, and 7, and by adding a subdivision; 253B.08, subdivision 7; 253B.12, subdivision 4; 253B.18, subdivision 1; 253B.19, subdivision 1; 253B.21, subdivision 5; and 253B.23, subdivision 7.

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

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Findlay	Kvam	Pauly	Simoneau
Anderson, G.	Fjoslien	Larsen	Peterson	Skoglund
Anderson, R.	Forsythe	Levi	Piepho	Solberg
Battaglia	Frerichs	Long	Piper	Sparby
Beard	Graba	Ludeman	Price	Staten
Begich	Greenfield	Mann	Quinn	Sviggum
Bennett	Gruenes	Marsh	Quist	Swanson
Berkelman	Gustafson	McDonald	Redalen	Thiede
Blatz	Gutknecht	McEachern	Reif	Tomlinson
Brandl	Haukoos	McKasy	Rice	Tunheim
Brinkman	Heap	Metzen	Riveness	Uphus
Burger	Heinitz	Minne	Rodosovich	Valan
Carlson, L.	Himle	Munger	Rodriguez, C.	Valento
Clark, J.	Hokr	Murphy	Rodriguez, F.	Vanasek
Clark, K.	Jacobs	Nelson, D.	Rose	Vellenga
Clawson	Jennings	Nelson, K.	St. Onge	Voss
Cohen	Jensen	Neuenschwander	Sarna	Waltman
Coleman	Johnson	Norton	Schafer	Welch
Dempsey	Kahn	O'Connor	Scheid	Welker
DenOuden	Kalis	Ogren	Schoenfeld	Welle
Dimler	Kelly	Olsen	Schreiber	Wenzel
Eken	Knickerbocker	Omamn	Seaberg	Wigley
Elioff	Knuth	Onnen	Segal	Wynia
Erickson	Kostohryz	Osthoff	Shea	Zaffke
Evans	Krueger	Otis	Sherman	Speaker Sieben

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

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1189.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1189

A bill for an act relating to employment; exempting search firms from employment agency licensing; subjecting certain search firms to fee and bond requirements; requiring certain statements, fees, and bonds to be submitted at the time a search firm is established; amending Minnesota Statutes 1982, sections 184.22, subdivision 2, and by adding subdivisions; 184.29; 184.30, subdivision 1; and 184.41.

May 19, 1983

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S. F. No. 1189, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 1189 be further amended as follows:

Page 1, line 14, after "[EXEMPTIONS.]" insert "*Except as otherwise specifically provided,*"

Page 1, line 15, delete "*to 184.28 and 184.32*"

Page 3, line 5, after "agency" insert "*; provided, that no registered search firm may offer licensed employment agency services at the same location*"

Page 3, line 22, delete "*or*" and insert a comma, and after "*184.30*" insert "*, 184.37, or 184.38*"

Page 3, after line 22, insert:

"Sec. 4. Minnesota Statutes 1982, section 184.22, is amended by adding a subdivision to read:

Subd. 5. [FEE PAYMENT PROHIBITED.] No employer may require any job candidate placed with the employer by a search firm to pay, directly or indirectly, all or part of the search firm's fee."

Page 4, after line 21, insert:

"Sec. 7. Minnesota Statutes 1982, section 184.37, is amended to read:

184.37 [CONTRACTS WITH APPLICANTS FOR EMPLOYMENT.]

Subdivision 1. [EMPLOYMENT AGENTS.] Every employment agent shall contract, in writing, with every applicant for employment for services to be rendered to the applicant by the employment agent, which contract shall contain the date, the name and address of the employment agency, the name of the employment agent, the service charge to be made to the appli-

cant, and the time and method of payments, and, on either the face or back of the contract, shall appear the definition of "accept," "method of payment," "temporary position," and "charge for permanent position which proves to be temporary."

Subd. 2. [SEARCH FIRMS.] Every search firm must give to each job candidate a written statement confirming that the candidate will in no instance become liable in whole or in part to pay a fee of any kind, directly or indirectly, on account of any service performed by the search firm. A copy of this statement must be kept on file by the search firm for at least one year.

Sec. 8. Minnesota Statutes 1982, section 184.38, subdivision 6, is amended to read:

Subd. 6. (a) No employment agent or search firm shall send out any applicant for employment without having obtained a job order, and if no employment of the kind applied for existed at the place to which the applicant was directed, the employment agent or search firm shall refund to the applicant, within 48 hours of demand, any sums paid by the applicant for transportation in going to and returning from the place.

(b) Nothing in this chapter shall be construed to prevent an employment agent or search firm from directing an applicant to an employer where the employer has previously requested that he be accorded interviews with applicants of certain types and qualifications, even though no actual vacancy existed in the employer's organization at the time the applicant was so directed; nor shall it prevent the employment agent or search firm from attempting to sell the services of an applicant to the employer even though no order has been placed with the employment agent or search firm; provided, that prior to scheduling an interview with an employer, when no opening currently exists with that employer, the applicant is clearly informed that no opening exists at that time.

Sec. 9. Minnesota Statutes 1982, section 184.38, subdivision 8, is amended to read:

Subd. 8. No employment agent or search firm shall knowingly cause to be printed or published a false or fraudulent notice or advertisement for help or for obtaining work or employment. For purposes of this subdivision the phrase "false or fraudulent notice or advertisement" shall include the following:

(a) The advertisement of any job for which there is no bona fide oral or written job order and completed job order form in existence at the time the advertisement is placed;

(b) The inclusion in any advertisement of any information concerning the identity, availability, features, or requirements

of any advertised job when such information is not substantiated by, and included in, the supporting job order form;

(c) The advertisement of any job opening of the type described in subdivision 6, clause (b);

(d) The advertisement of any job without the inclusion in the advertisement of the "job order number" required in subdivision 18;

(e) If an applicant appears at any agency or search firm in response to the advertisement of a particular job, the failure to attempt placement of the applicant in the advertised job; provided however, that the agency or search firm may refuse to attempt such placement if the reason(s) for the refusal are clearly and truthfully disclosed to the applicant either orally or in writing.

Sec. 10. Minnesota Statutes 1982, section 184.38, subdivision 9, is amended to read:

Subd. 9. No employment agent or search firm shall place or assist in placing any person in unlawful employment.

Sec. 11. Minnesota Statutes 1982, section 184.38, subdivision 10, is amended to read:

Subd. 10. No employment agent or search firm shall fail to state in any advertisement, proposal, or contract for employment, that there is a strike or lockout at the place of proposed employment, if (HE) *the agent or firm* has knowledge that such condition exists.

Sec. 12. Minnesota Statutes 1982, section 184.38, subdivision 11, is amended to read:

Subd. 11. (ANY PERSON, FIRM, OR CORPORATION WHO SHALL) *No employment agency or its employee may split, divide, or share, directly or indirectly, any fee, charge, or compensation received from any (EMPLOYEE) employer or applicant with any employer, or person in any way connected with the employer's business (THEREOF,). No search firm or its employee may split, divide, or share, directly or indirectly, any fee, charge, or compensation received from any employer with any person connected in any way with the employer's business. A violation of this subdivision shall be punished by a fine of not less than \$100, and not more than \$1,000, or on failure to pay (SUCH) the fine by imprisonment for a period not to exceed one year, or both, at the discretion of the court.*

Sec. 13. Minnesota Statutes 1982, section 184.38, subdivision 17, is amended to read:

Subd. 17. Except for applicant information given in the course of normal agency or firm operations, no employment agent or search firm shall voluntarily sell, give, or otherwise transfer any files, records, or other information relating to his employment agency or search firm applicants and employers to any person other than a licensed employment agent or registered search firm or a person who agrees to obtain an employment agency license or register as a search firm. Every employment agent or search firm who ceases to engage in the business of or act as an employment agent or search firm shall notify the department of such fact within 30 days thereof, and shall advise the department as to the disposition of all files and other records relating to his employment agency or search firm business.

Sec. 14. Minnesota Statutes 1982, section 184.38, subdivision 18, is amended to read:

Subd. 18. Every job order communicated to an agency or search firm shall be recorded by the agency or search firm on a job order form which form shall contain specific information as prescribed by the department. A job order form shall be filled out for each job order prior to any attempt to advertise the job opening or to place persons in said job. Such forms shall each be assigned a separate number and shall be maintained by the agency or search firm for a period of one year.

Sec. 15. Minnesota Statutes 1982, section 184.38, subdivision 19, is amended to read:

Subd. 19. No person shall be required to pay a fee to an employment agency for a position, whether temporary or permanent, if the applicant withdraws acceptance of (A) *the position (WITHIN THREE DAYS, EXCLUDING SATURDAY, SUNDAY AND LEGAL HOLIDAYS, OF SIGNING AN ACCEPTANCE FORM AND NOTIFIES THE AGENCY IN WRITING OF THE WITHDRAWAL)*, provided that the applicant did not actually start the job. (THE THREE DAY WITHDRAWAL PERIOD APPLIES REGARDLESS OF WHO IS TO PAY THE FEE TO THE EMPLOYMENT AGENCY).

Sec. 16. Minnesota Statutes 1982, section 184.38, is amended by adding a subdivision to read:

Subd. 20. *No employment agent or search firm shall knowingly misrepresent to any employer the educational background, skills, or qualifications of any job candidate; or knowingly misrepresent to a job candidate the responsibilities, salary, or other features of any position of employment.*

Page 4, line 30, after "the" insert "applicable"

Page 4, line 30, delete "section 184.22," and insert "this chapter"

Page 4, line 31, delete "*subdivision 2*"

Page 5, line 1, after "184.22" insert "*, or who engages in the business of or acts as a search firm without first filing the registration required under section 184.22, subdivision 3,*"

Page 5, line 1, strike "or" and after "counselor" insert "*, or search firm*"

Page 5, line 2, after "the" insert "*applicable*"

Page 5, line 3, strike "or" and after "counselor" insert "*, or search firm*"

Page 5, line 5, after "agency" insert "*or search firm*"

Page 5, line 5, after "license" insert "*or registration*"

Page 5, line 6, strike "or" and after "counselor" insert "*, or search firm*"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 6, after the semicolon insert "*prohibiting certain practices; requiring certain practices;*"

Page 1, line 8, after "1;" insert "*184.37; 184.38, subdivisions 6, 8, 9, 10, 11, 17, 18, 19, and by adding a subdivision;*"

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

Senate Conferees: MICHAEL O. FREEMAN, DARRIL WEGSCHEID and DON A. ANDERSON.

House Conferees: PAUL ANDERS OGREN, WES SKOGLUND and O. J. (LON) HEINITZ.

Ogren moved that the report of the Conference Committee on S. F. No. 1189 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1189. A bill for an act relating to employment; exempting search firms from employment agency licensing; subjecting certain search firms to fee and bond requirements; requiring certain statements, fees, and bonds to be submitted at the time a search firm is established; amending Minnesota Statutes 1982, sections 184.22, subdivision 2, and by adding subdivisions; 184.29; 184.30, subdivision 1; and 184.41.

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

The question was taken on the repassage of the bill and the roll was called. There were 121 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Frerichs	Levi	Piper	Sparby
Anderson, G.	Graba	Long	Price	Staten
Anderson, R.	Greenfield	Ludeman	Quinn	Sviggum
Battaglia	Gruenes	Mann	Quist	Swanson
Beard	Gustafson	Marsh	Redalen	Thiede
Begich	Guiknecht	McDonald	Reif	Tomlinson
Bennett	Haukoos	McEachern	Rice	Tunheim
Bergstrom	Heap	McKasy	Riveness	Uphus
Blatz	Heinitz	Metzen	Rodosovich	Valan
Brandl	Himle	Minne	Rodriguez, C.	Valento
Burger	Hoffman	Munger	Rodriguez, F.	Vanasek
Carlson, L.	Hokr	Murphy	Rose	Vellenga
Clark, J.	Jacobs	Nelson, D.	St. Onge	Voss
Clark, K.	Jennings	Nelson, K.	Sarna	Waltman
Clawson	Jensen	Neuenschwander	Schafer	Welch
Coleman	Johnson	O'Connor	Scheid	Welle
Dempsey	Kahn	Ogren	Schoenfeld	Wenzel
Dimler	Kalis	Olsen	Schreiber	Wigley
Eken	Kelly	Omann	Seaberg	Wynia
Elioff	Knickerbocker	Onnen	Segal	Zaffke
Erickson	Knuth	Osthoff	Shea	Speaker Sieben
Evans	Kostohryz	Otis	Sherman	
Findlay	Krueger	Pauly	Simoneau	
Fjoslien	Kvam	Peterson	Skoglund	
Forsythe	Larsen	Piepho	Solberg	

Those who voted in the negative were:

DenOuden Welker

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

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendment to:

S. F. No. 1097, A bill for an act relating to agriculture; making certain changes in the grain buyers act; changing the place of filing of farm product liens; imposing a penalty; amending Minnesota Statutes 1982, sections 223.16, subdivisions 1, 7, 8, 11, and by adding subdivisions; 223.17; 223.18; 223.19; and 336.9-401; Laws 1982, chapter 635, section 9; proposing new law coded in Minnesota Statutes, chapter 223.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Stumpf, Purfeerst and Bernhagen.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Shea moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1097. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendment to:

S. F. No. 428, A bill for an act relating to state government; extending the expiration date of certain advisory committees and councils; repealing certain inactive advisory councils, committees, and task forces; amending Minnesota Statutes 1982, sections 3.9223, subdivision 1; 4.31, subdivision 5; 11A.08, subdivision 4; 15.059, subdivision 5; 16.02, subdivision 28; 16.872, subdivision 3; 21.112, subdivision 2; 41.54, subdivision 2; 52.062, subdivisions 1 and 2; 115A.12, subdivision 1; 121.938; 123.581, subdivision 1; 126.531; 145.919; 145.93, subdivision 3; 145.98, subdivision 1; 148.191, subdivision 2; 152.02, subdivision 13; 155A.06, subdivision 5; 156A.06, subdivision 1; 161.1419, by adding a subdivision; 198.055, by adding a subdivision; 241.64; 241.71; 246.017, subdivision 2; 256B.58; 268.12, subdivision 6; and 507.09; Laws 1975, chapter 235, section 2; Laws 1976, chapter 314, section 3; and Laws 1980, chapter 614, section 192; repealing Minnesota Statutes 1982, sections 16.91; 16.853; 31.60, subdivisions 2 and 3; 43A.31, subdivision 4; 52.061; 52.062, subdivision 3; 82.30; 84.524; 86A.10; 115A.12, subdivision 2; 116J.04; 121.934; 123.581, subdivisions 2, 3, 4, 5, and 7; 124.215; 128A.03; 129B.09, subdivision 8; 136A.02, subdivision 6; 141.24; 144.011, subdivision 2; 144.571; 144A.17; 144A.55; 145.93, subdivision 2; 151.13, subdivision 2; 152.02, subdivision 11; 184.23; 214.14; 222.65; 245.84, subdivision 4; and 363.04, subdivisions 4, 4a, and 5.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Pogemiller; Moe, D. M., and Mrs. McQuaid.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Knuth moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of

3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 428. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendment to:

S. F. No. 132, A bill for an act relating to state government; providing for chiropractic positions in state government civil service; providing for the provision of chiropractic services; proposing new law coded in Minnesota Statutes, chapters 43A and 148.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Kroening, Vega and Storm.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Rodriguez, F., moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 132. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 1097:

Shea, Kalis and Dimler.

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 251

A bill for an act relating to retirement; police and salaried firefighters relief associations; modifying the governance of the trust funds after the local relief association ceases to exist; updating obsolete language; clarifying ambiguous language; amending Minnesota Statutes 1982, section 423A.01, subdivisions 2 and 4.

May 20, 1983

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 251, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 251 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [356.71] [REAL ESTATE INVESTMENTS.]

Notwithstanding any law to the contrary, any public pension plan whose assets are not invested by the state board of investment may invest its funds in Minnesota situs non-farm real estate ownership interests or loans secured by mortgages or deeds of trust.

Sec. 2. Minnesota Statutes 1982, section 69.77, subdivision 2, is amended to read:

Subd. 2. The penalty provided for in subdivision 1 shall not apply to a relief association enumerated in subdivision 1a if the following requirements are met:

(1) Each member of the relief association pays into the special fund of the association during a year of covered service, a contribution for retirement coverage including survivorship benefits of not less than eight percent of the maximum rate of salary upon which retirement coverage is credited and service pension and retirement benefit amounts are determined. The member contributions shall be made by payroll deduction from the salary of the member by the municipality, and shall be transmitted by the municipality to the relief association as soon as practical. The relief association shall deposit the member contribution to the credit of the special fund of the relief association, provided that to avoid undue increase in the amount of employee contributions in any one year, any increase in the amount of contributions required by this section may be spread over several years with the approval of the municipality, but the increase in rate of contribution in each year shall not be less than one percent until the appropriate levels of required employee contributions have been reached. The member contribution requirement specified in this clause shall not apply to any members who are volunteer firefighters unless the governing body of the municipality did not approve this member contribution exemption

following the consideration by the municipal governing body of the first actuarial survey filed with the municipality following January 1, 1970.

(2) The officers of the relief association determine the financial requirements of the relief association and minimum obligation of the municipality for the following calendar year in accordance with the requirements of this clause. The financial requirements of the relief association and the minimum obligation of the municipality shall be determined on or before the submission date established by the municipality pursuant to clause (3).

The financial requirements of the relief association for the following calendar year shall be based on the most recent actuarial valuation or survey prepared in accordance with sections 356.215, subdivision 4 and 356.216, whether or not the actuarial valuation or survey was prepared at a greater frequency than minimally required pursuant to clause (8). In the event that an updated actuarial valuation or an actuarial estimate is prepared by the actuary of the relief association as part of obtaining a modification of the benefit plan of the relief association and the modification is implemented, the updated actuarial valuation or actuarial estimate shall be used in calculating the financial requirements of the relief association.

If the relief association has an unfunded accrued liability as reported in the most recent actuarial valuation or survey, the total of the amounts calculated pursuant to clauses (a) and (b) shall constitute the financial requirements of the relief association for the following year. If the relief association does not have an unfunded accrued liability as reported in the most recent actuarial valuation or survey the amount calculated pursuant to subclause (a) shall constitute the financial requirements of the relief association for the following year.

(a) The normal level cost requirement for the following year, expressed as a dollar amount, which shall be determined by applying the normal level cost of the relief association as reported in the actuarial valuation or survey and expressed as a percentage of covered payroll to the estimated covered payroll of the active membership of the relief association, including any projected increase in the active membership, for the following year.

(b) To the dollar amount of normal cost thus determined shall be added an amount equal to the level annual dollar amount which is sufficient to amortize the unfunded accrued liability by December 31, 2010, as determined from the actuarial valuation or survey of the fund, using an interest assumption set at the rate specified in section 356.215, subdivision 4, clause (4). The amortization date specified in this subclause shall apply to all local police or salaried firefighters relief associations and shall

supersede any amortization date specified in any applicable special law.

The minimum obligation of the municipality shall be an amount equal to the financial requirements of the relief association reduced by the estimated amount of member contributions from covered salary anticipated for the following calendar year and the estimated amounts from the applicable state aid program established pursuant to sections 69.011 to 69.051 anticipated as receivable by the relief association after any allocation pursuant to section 69.031, subdivision 5, clause (2), subclause (c) or 423A.01, subdivision 2, clause (6), and from the local police and salaried firefighters' relief association amortization aid program established pursuant to section 423A.02 anticipated for the following calendar year.

(3) The officers of the relief association shall submit determination of the financial requirements of the relief association and of the minimum obligation of the municipality to the governing body on or before the date established by the municipality which shall not be earlier than August 1 and shall not be later than September 1 of each year. The governing body of the municipality shall ascertain whether or not the determinations were prepared in accordance with law.

(4) The municipality shall provide for and shall pay each year at least the amount of the minimum obligation of the municipality to the relief association. If there is any deficiency in the municipal payment to meet the minimum obligation of the municipality as of the end of any calendar year, the amount of the deficiency shall be added to the minimum obligation of the municipality for the following year calculated pursuant to clause (2) and shall include interest at the rate of six percent per annum compounded from the date that the municipality was required to make payment pursuant to this clause until the date that the municipality actually makes the required payment.

(5) The municipality shall provide in the annual municipal budget for at least the minimum obligation of the municipality calculated pursuant to clause (2). The municipality may levy taxes for the payment of the minimum obligation of the municipality without any limitation as to rate or amount and irrespective of limitations imposed by other provisions of law upon the rate or amount of taxation when the balance of the special fund or any fund of the relief association has attained a specified minimum asset level. In addition, any taxes levied pursuant to this section shall not cause the amount or rate of other taxes levied in that year or to be levied in a subsequent year by the municipality which are subject to a limitation as to rate or amount to be reduced. If the municipality does not include the full amount of the minimum obligation of the municipality in the levy that the municipality certified to the county auditor in any year, the officers of the relief association shall certify the amount of

any deficiency to the county auditor. Upon verifying the existence of any deficiency in the levy certified by the municipality, the county auditor shall spread a levy over the taxable property of the municipality in the amount of the deficiency certified to by the officers of the relief association.

(6) Any sums of money paid by the municipality to the relief association in excess of the minimum obligation of the municipality in any year shall be used to amortize any unfunded liabilities of the relief association.

(7) The funds of the association shall be invested in securities which are proper investments pursuant to section 11A.24, except that up to \$10,000 may be invested in the stock of any one corporation in any account of such small size that the three percent stock limitation specified in section 11A.24, subdivision 5 would necessitate a lesser investment. *The association may also invest funds in Minnesota situs non-farm real estate ownership interests or loans secured by mortgages or deeds of trust, provided that the amount of all investments in real property shall not exceed ten percent of the market value of the association's fund.* Securities held by the association before July 1, 1971, which do not meet the requirements of this paragraph may be retained after that date if they were proper investments for the association on April 28, 1969. The governing board of the association may select and appoint investment agencies to act for and in its behalf or may certify funds for investment by the state board under the provisions of section 11A.17, provided that there be no limit to the amount which may be invested in the income share account, in the bond account, or in the fixed-return account, and that up to 20 percent of that portion of the assets of the association invested in the Minnesota supplemental investment fund may be invested in the growth share account.

(8) The association shall procure an actuarial valuation showing the condition of the special fund of the relief association pursuant to sections 356.215 and 356.216 as of December 31 as of every even numbered year. The association shall also procure a quadrennial experience study pursuant to sections 356.215 and 356.216, as of December 31, 1978, and shall procure a quadrennial experience study every four years thereafter. A copy of the actuarial survey and the quadrennial experience study shall be filed with the director of the legislative reference library, the governing body of the municipality in which the association is organized, the executive secretary of the legislative commission on pensions and retirement, and the commissioner of insurance, not later than June 1 of the following year.

Sec. 3. Minnesota Statutes 1982, section 354A.08, is amended to read:

354A.08 [AUTHORIZED INVESTMENTS.]

Any teachers retirement fund association may receive, hold, and dispose of real estate or personal property acquired by it, whether the acquisition was by gift, purchase or any other lawful means, as provided in this chapter or in the association's articles of incorporation. *In addition to other authorized real estate investments, an association may also invest funds in Minnesota situs non-farm real estate ownership interests or loans secured by mortgages or deeds of trust.*

Sec. 4. Minnesota Statutes 1982, section 422A.05, subdivision 2c, is amended to read:

Subd. 2c. The board may invest funds in investments authorized by section 11A.24. *In addition to other authorized real estate investments, the board may also invest funds in Minnesota situs non-farm real estate ownership interests or loans secured by mortgages or deeds of trust.*

Sec. 5. [TEMPORARY PROVISION.]

Within 30 days after the effective date of sections 1 to 4, trustees of private and public pension funds which desire to form a committee to investigate investments authorized by this act shall notify the state auditor that they desire to participate on the committee. Within 40 days after the effective date, the state auditor shall call an organizational meeting of the responding funds. The committee shall determine its method of operation and shall seek to expand the number of funds participating.

Sec. 6. Minnesota Statutes 1982, section 423A.01, subdivision 2, is amended to read:

Subd. 2. [OPERATION OF LOCAL RELIEF ASSOCIATION UPON MODIFICATION OF RETIREMENT COVERAGE FOR NEWLY HIRED POLICE OFFICERS AND FIREFIGHTERS.] The following provisions shall govern the operation of a local relief association upon the modification of retirement coverage for newly hired police officers or firefighters:

(1) The minimum obligation of a municipality in which the retirement coverage for newly hired police officers or salaried firefighters has been modified pursuant to subdivision 1 with respect to the local relief association shall be determined and governed in accordance with the provisions of sections 69.77, 356.215 and 356.216, except that the normal cost calculation for the relief association shall be computed as a percentage of the compensation paid to the active members of the relief association. The compensation paid to persons with retirement coverage modified pursuant to subdivision 1 shall not be included in any of the computations made in determining the obligation of the municipality with respect to the local relief association.

(2) The contribution rate of members of the local relief association shall be governed by section 69.77, unless a special law establishing a greater member contribution rate is applicable whereupon it shall continue to govern. The member contribution rate of persons with retirement coverage modified pursuant to subdivision 1 shall be governed by section 353.65.

(3) *Unless otherwise provided for by law*, when every active member of the local relief association retires or terminates from active duty, the local relief association shall cease to exist as a legal entity and the assets of the special fund of the relief association shall be transferred to a trust fund to be established by the appropriate municipality for the purpose of paying service pensions and retirement benefits to recipient beneficiaries. *Recipient beneficiaries who are competent to act on their own behalf shall be entitled to select the prescribed number of trustees of the trust fund as provided in this clause, subject to the approval of the governing body of the municipality.* If there are at least five recipient beneficiaries, the trust fund shall be managed by a board of trustees composed of five (MEMBERS) *persons selected by the recipient beneficiaries of the fund (, SUBJECT TO THE APPROVAL OF THE GOVERNING BODY OF THE MUNICIPALITY).* (IF) *When there are fewer than five recipient beneficiaries, the (TRUST FUND SHALL BE MANAGED BY) number of trustees selected by the recipient beneficiaries shall be equal to the number of the remaining recipient beneficiaries.* The governing body of the municipality shall select the additional trustees. The term of the elected members of the board of trustees shall be indefinite and shall continue until a vacancy occurs in one of the board of trustee member positions. Board of trustee members shall not be compensated for their services, but shall be reimbursed for any expenses actually and necessarily incurred as a result of the performance of their duties in their capacity as board of trustee members. The municipality shall perform whatever services are necessary to administer the trust fund. When all obligations of the trust fund are paid, the balance of the assets remaining in the trust fund shall revert to the municipality for expenditure for law enforcement or firefighting purposes, whichever is applicable.

(4) The financial requirements of the trust fund and the minimum obligation of the municipality with respect to the trust fund shall be determined in accordance with sections 69.77, 356.215 and 356.216 until the unfunded accrued liability of the trust fund is fully amortized in accordance with section 69.77, subdivision 2, clause (2). The municipality shall provide in its annual budget for at least the aggregate amount of service pensions, disability benefits, survivorship benefits and refunds which are projected as payable for the following calendar year, as determined by the board of trustees of the trust fund, less the amount of assets in the trust fund as of the end of the most current calendar year for which figures are available, valued pursuant to section 356.20, subdivision 4, clause (1) (a), if the difference between those two figures is a positive number.

(5) In calculating the amount of service pensions and other retirement benefits payable from the local relief association and in calculating the amount of any automatic post retirement increases in those service pensions and retirement benefits based on the salary paid or payable to active members or escalated in any fashion, the salary for use as the base for the service pension or retirement benefit calculation and the post retirement increase calculation for the local relief association shall be the salary for the applicable position as specified in the articles of incorporation or bylaws of the relief association as of the date immediately prior to the effective date of the modification of retirement coverage for newly hired personnel pursuant to subdivision 1, as the applicable salary is reset by the municipality periodically, irrespective of whether retirement coverage for persons holding the applicable position used in calculations is provided by the relief association or by the public employees police and fire fund.

(6) If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local police relief association, the police state aid received by the municipality shall be disbursed pursuant to section 69.031, subdivision 5, clause (2) (c). If the modification of retirement coverage implemented pursuant to subdivision 1 is applicable to a local firefighters' relief association, the fire state aid received by the applicable municipality shall be disbursed as the municipality at its option may elect. The municipality may elect: (a) to transmit the total fire state aid to the treasurer of the local relief association for immediate deposit in the special fund of the relief association; or (b) to apply the total fire state aid toward the employer contribution of the municipality to the public employees police and fire fund pursuant to section 353.65, subdivision 3; or (c) to allocate the total fire state aid proportionately between the special fund of the local relief association and employer contribution of the municipality to the public employees police and fire fund on the basis of the respective number of active full time salaried firefighters receiving retirement coverage from each.

Sec. 7. Minnesota Statutes 1982, section 423A.01, subdivision 4, is amended to read:

Subd. 4. [AUTOMATIC POST RETIREMENT ADJUSTMENTS FOR CERTAIN NEWLY EMPLOYED, ACTIVE AND RETIRED MEMBERS.] (1) Notwithstanding any provision of law, municipal charter, municipal ordinance or resolution, or relief association articles of incorporation or bylaws to the contrary, any person who meets one of the following requirements for entitlement shall be entitled to an annual automatic post retirement adjustment in the amount of the service pension calculated pursuant to clause (2). A person meets the requirements for entitlement if:

(a) the person is a member of a covered local police or salaried firefighters' relief association enumerated in clause (3) (UNLESS THE MUNICIPALITY HAS ADOPTED A MUNICIPAL RESOLUTION RETAINING THE LOCAL RELIEF ASSOCIATION PURSUANT TO SUBDIVISION 1, IF APPLICABLE), commences receiving a service pension at an age no earlier than attaining the age of 55 years, and has met all applicable requirements for entitlement to a service pension specified in the applicable laws and relief association articles of incorporation or bylaws governing the local relief association;

(b) the person is a retired member of a covered local police or salaried firefighters' relief association enumerated in clause (3) (UNLESS THE MUNICIPALITY HAS ADOPTED A MUNICIPAL RESOLUTION RETAINING THE LOCAL RELIEF ASSOCIATION PURSUANT TO SUBDIVISION 1, IF APPLICABLE), retired on a service pension after June 15, 1980 (AND) after attaining the age of at least 50 years but prior to attaining the age of 55 years, and attains the age of 55 years subsequent to retirement; or

(c) the person was a retired member on June 15, 1980 of a covered local police or salaried firefighters' relief association or retirement trust fund enumerated in clause (3), (UNLESS THE MUNICIPALITY HAS ADOPTED A MUNICIPAL RESOLUTION RETAINING THE LOCAL RELIEF ASSOCIATION PURSUANT TO SUBDIVISION 1, IF APPLICABLE, ON JUNE 15, 1980,) is receiving a service pension, and has attained the age of at least 55 years.

(2) Any person who meets the requirements specified in clause (1)(a) or (1)(b) shall be entitled to receive the annual automatic post retirement adjustment on the January 1 next following the date upon which the requirements for entitlement are met but in no event prior to the date upon which the person attains the age of 55 years. Any person who meets the requirements specified in clause (1)(c) shall be entitled to receive the (ANNUAL AUTOMATIC POST RETIREMENT) adjustment on the January 1 next following (THE EFFECTIVE DATE OF THE APPROVAL OF THE BENEFIT MODIFICATION BY THE MUNICIPALITY AS PROVIDED FOR IN CLAUSE (3) OR) the date upon which the person attains the age of 55 years (: WHICHEVER OCCURS LATER). The amount of the (ANNUAL AUTOMATIC POST RETIREMENT) adjustment shall be determined by the board of trustees of the local relief association on or before December 1 annually and the (ANNUAL AUTOMATIC POST RETIREMENT) adjustment shall accrue each year as of January 1 next following the determination date. The (ANNUAL AUTOMATIC POST RETIREMENT) adjustment shall be first payable with the service pension payment made for January. Each (ANNUAL AUTOMATIC POST RETIREMENT) adjustment in the amount of the service pension shall be (EQUAL TO THE DOLLAR AMOUNT DETERMINED BY

APPLYING) *based on the percentage (BY WHICH THE SALARY PAYABLE BY THE MUNICIPALITY TO A TOP GRADE PATROL OFFICER OR A TOP GRADE FIREFIGHTER, WHICHEVER IS APPLICABLE, HAS INCREASED) increase in the salary upon which retirement coverage is credited during the prior year subject to the limitation provided for in this clause.*

The percentage increase in the salary shall be applied to the amount of service pension payable to the person for the month immediately prior to the month in which the determination is made. The maximum percentage increase shall not exceed 3-1/2 percent in any year and any increase in the salary level of the applicable position used to govern the determination of (ANNUAL AUTOMATIC POST RETIREMENT) adjustments in excess of 3-1/2 percent in any year shall not carry over to or be used to calculate the rate of salary increase for any succeeding year in which the increase in the salary of the applicable position does not exceed 3-1/2 percent.

(3) The provisions of this subdivision shall apply to the active members and retired members of a local police or salaried firefighters' relief association or to the retired members of a retirement trust fund contained in the following enumeration of covered relief associations (IF THE GOVERNING BODY OF THE APPLICABLE MUNICIPALITY APPROVES THE MODIFICATION IN THE BENEFIT PLAN OF THE RELIEF ASSOCIATION SPECIFIED IN THIS SUBDIVISION FOLLOWING CONSIDERATION OF AN ACTUARIAL VALUATION WHICH IS, OR ACTUARIAL ESTIMATE BASED ON THE MOST RECENT ACTUARIAL VALUATION WHICH WAS, PREPARED IN ACCORDANCE WITH SECTIONS 356.215 AND 356.216, BASED ON THE BENEFIT PLAN OF THE APPLICABLE LOCAL RELIEF ASSOCIATION OR RETIREMENT TRUST FUND INCLUDING THE MODIFICATION PROVIDED FOR IN THIS SUBDIVISION, DOES NOT ADOPT A MUNICIPAL RESOLUTION RETAINING THE LOCAL RELIEF ASSOCIATION PURSUANT TO SUBDIVISION 1, AND FILES A RESOLUTION INDICATING APPROVAL OF THE MODIFICATION IN THE BENEFIT PLAN WITH THE SECRETARY OF STATE, THE COMMISSIONER OF INSURANCE AND THE EXECUTIVE SECRETARY OF THE LEGISLATIVE COMMISSION ON PENSIONS AND RETIREMENT ON OR BEFORE THE FIRST DAY OF THE TENTH MONTH FOLLOWING JUNE 15, 1980):

(a) Buhl police relief association;

((B) CROOKSTON FIREFIGHTERS RELIEF ASSOCIATION;)

((C) CROOKSTON POLICE RELIEF ASSOCIATION;)

((D)) (b) Eveleth joint retired police and firefighters retirement trust fund;

((E)) (c) Moorhead firefighters relief association;

((F)) (d) Moorhead police relief association;

((G)) (e) Thief River Falls police retirement trust fund;

((H)) (f) Virginia firefighters relief association;

((I)) (g) West St. Paul police relief association.

Sec. 8. [RED WING POLICE RELIEF ASSOCIATION; AUTHORIZATION OF AMENDMENT OF BYLAWS.]

Authorization is hereby granted in accordance with Minnesota Statutes, section 69.77, subdivision 2a, for the Red Wing police relief association to amend its bylaws providing for the payment of dependent child benefits.

Article XVIII of the bylaws may be amended to provide that dependent child benefits, not to exceed the sum equivalent to one-half of the prevailing monthly pay of the deceased member before death, may be paid for any dependent child, including the dependent child of a divorced member whether or not the former spouse remarries or dies.

Sec. 9. Laws 1971, chapter 51, section 10, subdivision 3, is amended to read:

Subd. 3. Each member of the association who is a regular full time (FIREMAN) firefighter shall pay into the retirement fund of the association during (HIS) the firefighter's term of covered employment for retirement, disability and survivor benefits a contribution of (SIX) eight percent of (HIS) the firefighter's salary during the calendar year (1971) 1983 and thereafter. The contributions shall be deducted from (HIS) the firefighter's salary by the city of Crookston, transmitted to the association, and deposited to the credit of the proper fund thereof. The contributions of a member who is a volunteer (FIREMAN) firefighter shall be in an amount prescribed by the bylaws and shall be paid to the treasurer of the association who shall place the same in a special fund to the credit of the individual (FIREMAN) firefighter.

Sec. 10. Laws 1971, chapter 51, section 12, is amended to read:

Sec. 12. The moneys received by the association are to be kept in an "association special fund" or in an "association gen-

eral fund." The moneys received from the state and city, including deductions from (FIREMEN'S) *firefighters'* salaries together with earnings on the special fund shall be deposited in the "association special fund" and may be (EXTENDED) *expended* only for the purposes named in section 13. All other moneys may be deposited in the "association general fund" and may be expended for any purposes the association deems proper.

Sec. 11. Laws 1971, chapter 51, section 14, subdivision 1, is amended to read:

Subdivision 1. A full time (FIREMAN) *firefighter* who is a member of the Crookston fire department relief association and has contributed to the retirement fund after 20 years of service shall be entitled to separate (HIMSELF) from (SAID) *the* department, and upon attaining the age of 60 years shall be entitled to a basic pension of an amount equal to 50 percent of (HIS) *the member's* salary at the time of retirement.

Sec. 12. Laws 1971, chapter 51, section 14, is amended by adding a subdivision to read:

Subd. 1a. *A full time firefighter who has attained the age of 60 years and accumulated 20 years of service on that date shall be entitled to increased retirement benefits in a sum equal to 1.5 percent of the retiree's salary upon retirement for each year or major portion thereof worked beyond the date the firefighter attained the age of 60 years.*

Sec. 13. Laws 1971, chapter 51, section 14, subdivision 7, is amended to read:

Subd. 7. When a full time (FIREMAN) *firefighter* who is a service pensioner, disability pensioner, or deferred pensioner or an active member of the Crookston fire department relief association, dies leaving:

(a) A (WIDOW) *surviving spouse* who became (HIS) *that firefighter's* legally married (WIFE WHILE) *spouse during* or prior to the time (HE) *the firefighter* was on the payroll of the fire department and remained such continuously after such marriage until (HIS) *the firefighter's* death without having applied for any divorce or legal separation and who, in case the deceased member was a service or deferred pensioner, was legally married to (SUCH) *the member* at least three years before (HIS) *the firefighter's* retirement from said fire department and who, in any case, was residing with (HIM) *the firefighter* at the time of (HIS) death. No temporary absence for purposes of business, health or pleasure shall constitute a change of residence for the purpose of this action.

(b) A child or children who were living while the deceased was on the payroll of the fire department or who were born

within nine months after (SAID) *the* decedent was withdrawn from the payroll of (SAID) *the* fire department, (SUCH WIDOW) *the surviving spouse* and (SAID) child or children shall be entitled to (A PENSION) *pensions* as follows:

(1) (TO SUCH WIDOW A PENSION OF THE SUM OF \$75 PER MONTH OR 50 PERCENT OF THE EARNED RETIREMENT AT THE DATE OF DEATH, WHICHEVER IS GREATER, FOR HER NATURAL LIFE AND A PENSION OF \$15 PER MONTH FOR EACH CHILD OF SUCH DECEASED MEMBER UNDER 18 YEARS OF AGE. THE AMOUNT OF SUCH PENSION FOR SUCH CHILD OR CHILDREN SHALL BE DETERMINED BY THE ASSOCIATION, BUT THE TOTAL AMOUNT OF SUCH PENSION OR PENSIONS SHALL NOT EXCEED THE SUM OF \$105 PER MONTH AND PROVIDED IF SUCH WIDOW SHALL REMARRY THEN HER PENSION SHALL CEASE AND TERMINATE AS OF THE DATE OF HER SAID REMARRIAGE) *Surviving spouses receiving benefits on the effective date of this act, surviving spouses of service, disability, or deferred pensioners who had retired from active service on the effective date of this section, or spouses of current and future full time firefighters who thereafter become surviving spouses shall receive a pension of \$300 per month, or an amount which is equal to one-half of the pension to which the firefighter would have been entitled had the firefighter survived, whichever amount is the greater. Pension benefits shall be paid during the life of a surviving spouse, together with a pension of \$15 per month for each child of the deceased member under the age of 18 years; provided that the amount of pension for a child or children may be increased by the association. The total amount of pension or pensions for children shall not exceed \$105 per month. If a surviving spouse shall remarry, then the surviving spouse's pension shall cease on the date of remarriage.*

(2) (TO SUCH) *Each child* (OR CHILDREN) of the deceased member *under the age of 18 years shall receive after the death of the* (WIDOW) *surviving spouse* of (SUCH) *the member* a monthly pension (OR PENSIONS IN SUCH AMOUNT OR AMOUNTS IN EXCESS) of \$15 per month (FOR EACH CHILD) *or more as the board of trustees of* (SUCH) *the association shall deem necessary to properly support* (SUCH) *the child* (OR CHILDREN UNTIL THEY REACH THE AGE OF 18 YEARS), but not to exceed the sum of \$90 per month to the children of any one family.

(3) If a full time (FIREMAN) *firefighter* shall die under circumstances which entitle (HIS) *the firefighter's widow or widower* and dependent children to receive benefits under the (WORKMEN'S) *workers' compensation law*, the amount so received by them shall be deducted from the benefits payable under this section.

Sec. 14. Laws 1971, chapter 51, section 14, subdivision 8, is amended to read:

Subd. 8. Upon the death of a full time (FIREMAN) *firefighter* or volunteer (FIREMAN) *firefighter* who is an active member of the relief association whose death was the direct result of accident or exposure or sickness contracted in the performance of (HIS) *the* duties as a (FIREMAN) *firefighter*, the treasurer shall on order of the board of trustees pay (HIS) *the firefighter's* legal heirs or representatives the sum of (\$500) \$1,000.

Sec. 15. Laws 1971, chapter 51, section 14, subdivision 9, is amended to read:

Subd. 9. When a full time (FIREMAN) *firefighter* who is a member of the relief association dies from any cause not connected with (HIS) *the* duties required as a (FIREMAN) *firefighter*, the treasurer shall on order of the board of trustees pay (HIS) *the firefighter's* legal heirs or representatives the sum of (\$100) \$500.

Sec. 16. Laws 1971, chapter 51, section 14, subdivision 11, is amended to read:

Subd. 11. A volunteer (FIREMAN) *firefighter currently employed or a firefighter employed in the future* who is a member of the Crookston fire department relief association, after 20 years of service shall be entitled to separate (HIMSELF) from said department and upon attaining the age of (55) 60 years shall be entitled to a basic pension of (\$20) \$50 per month plus an additional (\$2) \$5 per month for each year of service in excess of 20 years. The total of such additional pension shall not exceed (\$20) \$150 per month. Said pensions are to be paid quarterly and no other relief or benefits shall be allowed any person drawing said pension. A volunteer (FIREMAN) *firefighter* after 20 years of service may retire on a deferred pension and will be entitled to a pension when (HE HAS ATTAINED) *the firefighter attains the* (PROPER) age of 55 years or older. (HE) *The firefighter shall, upon application, be placed on the deferred pension roll of the relief association. Retired volunteer firefighters who have qualified for retirement benefits on the effective date of this act shall also receive the benefits provided in this subdivision. The increase in benefits shall be effective in the month following the effective date of this act.*

Sec. 17. Laws 1971, chapter 51, section 14, is amended by adding a subdivision to read:

Subd. 11a. *Any member of the association who has attained the age of 60 years, whether full time or volunteer, shall be required to take an annual physical medical examination upon the*

request of the governing body of the association; the purpose of this examination is to determine the fitness of the firefighter to continue as an active member of the association. The expense of the examination shall be paid by the association. The association shall, however, have no responsibility for care and treatment of the volunteer firefighter following the annual physical medical examination.

Sec. 18. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day following final enactment. Section 8 is effective upon approval by the Red Wing city council and compliance with Minnesota Statutes, section 645.021. Sections 11 to 17 are effective upon approval by the Crookston city council and compliance with Minnesota Statutes, section 645.021."

Delete the title and insert:

"A bill for an act relating to retirement; authorizing public and private sector pension funds to invest in Minnesota non-farm real estate; permitting certain public pension funds to participate in real estate investments; modifying the governance of police and salaried firefighter relief association trust funds after the local association ceases to exist; authorizing amendment of the Red Wing police relief association bylaws; increasing certain benefits payable by the Crookston firefighters relief association; amending Minnesota Statutes 1982, sections 69.77, subdivision 2; 354A.08; 422A.05, subdivision 2c; and 423A.01, subdivisions 2 and 4; and Laws 1971, chapter 51, sections 10, subdivision 3; 12; and 14, subdivisions 1, 7, 8, 9, 11, and by adding subdivisions; proposing new law coded in Minnesota Statutes, chapter 356."

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

House Conferees: FRANK J. RODRIGUEZ, JOHN T. CLAWSON and RICHARD E. (DICK) WIGLEY.

Senate Conferees: DENNIS R. FREDERICKSON and COLLIN C. PETERSON.

Rodriguez, F., moved that the report of the Conference Committee on H. F. No. 251 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 251, A bill for an act relating to retirement; police and salaried firefighters relief associations; modifying the governance of the trust funds after the local relief association ceases to exist; updating obsolete language; clarifying ambiguous language; amending Minnesota Statutes 1982, section 423A.01, subdivisions 2 and 4.

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

The question was taken on the repassage of the bill and the roll was called. There were 120 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, G.	Evans	Kostohryz	Onnen	Segal
Anderson, R.	Findlay	Krueger	Osthoff	Simoneau
Battaglia	Fjoslien	Kvam	Otis	Skoglund
Beard	Forsythe	Larsen	Pauly	Sparby
Begich	Frerichs	Levi	Peterson	Stadum
Bennett	Graba	Long	Piepho	Staten
Bergstrom	Greenfield	Ludeman	Piper	Sviggum
Berkelman	Gruenes	Mann	Price	Swanson
Blatz	Gustafson	Marsh	Quinn	Thiede
Brandl	Gutknecht	McDonald	Quist	Tomlinson
Brinkman	Haukoos	McEachern	Redalen	Tunheim
Burger	Heap	McKasy	Reif	Uphus
Carlson, D.	Heinitz	Metzen	Riveness	Valan
Carlson, L.	Himle	Minne	Rodosovich	Valento
Clark, J.	Hokr	Munger	Rodriguez, C.	Vanasek
Clark, K.	Jacobs	Murphy	Rodriguez, F.	Voss
Cohen	Jennings	Nelson, D.	Rose	Waltman
Coleman	Jensen	Nelson, K.	St. Onge	Welch
Dempsey	Johnson	Neuenschwander	Sarna	Welle
DenOuden	Kahn	Norton	Schafer	Wenzel
Dinler	Kalis	O'Connor	Scheid	Wigley
Eken	Kelly	Ogren	Schoenfeld	Wynia
Elioff	Knickerbocker	Olsen	Schreiber	Zaffke
Erickson	Knuth	Omann	Seaberg	Speaker Sieben

Those who voted in the negative were:

Welker

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

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 132:

Rodriguez, F.; Clark, J., and Metzen.

MESSAGES FROM THE SENATE, Continued

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 537, A bill for an act relating to education; providing for the inclusion of certain community college and state university faculty members in the definition of an employee under the public employment labor relations act; amending Minnesota Statutes 1982, section 179.63, subdivision 7.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONCURRENCE AND REPASSAGE

Simoneau moved that the House concur in the Senate amendments to H. F. No. 537 and that the bill be repassed as amended by the Senate. The motion prevailed.

H. F. No. 537, A bill for an act relating to education; providing for the inclusion of certain community college and state university faculty members in the definition of an employee under the public employment labor relations act; continuing final offer arbitration for certain public employees; amending Minnesota Statutes 1982, section 179.63, subdivision 7; amending Laws 1979, chapter 332, article I, section 116, as amended.

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

The question was taken on the repassage of the bill and the roll was called. There were 75 yeas and 41 nays as follows:

Those who voted in the affirmative were:

Anderson, C.	Graba	Marsh	Price	Skoglund
Battaglia	Greenfield	Metzen	Quinn	Solberg
Beard	Gruenes	Minne	Reif	Sparby
Begich	Gustafson	Munger	Rice	Staten
Bennett	Hoffman	Murphy	Riveness	Swanson
Bergstrom	Jacobs	Nelson, D.	Rodosovich	Tomlinson
Berkelman	Jensen	Nelson, K.	Rodriguez, C.	Tunheim
Brandl	Kahn	Neuenschwander	Rodriguez, F.	Valan
Carlson, L.	Kelly	Norton	Rose	Vanasek
Clark, J.	Knuth	O'Connor	St. Onge	Vellenga
Clark, K.	Kostohryz	Ogren	Sarna	Voss
Clawson	Krueger	Osthoff	Scheid	Welle
Cohen	Larsen	Otis	Schoenfeld	Wenzel
Eken	Long	Peterson	Segal	Wynia
Elioff	Mann	Piper	Simoneau	Speaker Sieben

Those who voted in the negative were:

Blatz	Forsythe	Knickerbocker	Piepho	Valento
Burger	Frerichs	Kvam	Quist	Waltman
Dempsey	Gutknecht	Levi	Redalen	Welker
DenOuden	Haukoos	Ludeman	Schafer	Wigley
Dimler	Heinitz	McDonald	Seaberg	Zaffke
Erickson	Himle	Olsen	Shaver	
Evans	Hokr	Omann	Sviggun	
Findlay	Jennings	Onnen	Thiede	
Fjoslien	Johnson	Pauly	Uphus	

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

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 463.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 463

A bill for an act relating to port authorities; authorizing revenue bond financing of certain facilities; eliminating the interest rate limit on revenue bonds and authorizing private sale; clarifying contractual and operational authority of port authorities; amending Minnesota Statutes 1982, sections 458.192, subdivisions 1, 4, and by adding a subdivision: 458.194, subdivisions 2, 3, and by adding a subdivision; and 458.195, by adding a subdivision.

May 11, 1983

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S. F. No. 463, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment and that S. F. No. 463 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 458.192, subdivision 1, is amended to read:

Subdivision 1. In addition to all powers conferred on (SUCH) *the* port authority under sections 458.09 to 458.19, (SUCH) *the* port authority, or (ANY) *a* city authorized by (ANY GENERAL OR SPECIAL) law to exercise the powers of a port authority, to accomplish the purposes set forth in section 458.191, subdivision 1, shall have (SUCH ADDITIONAL) *the* powers (AS) provided in (SUBDIVISIONS 2 TO 15) *this section*.

Sec. 2. Minnesota Statutes 1982, section 458.192, subdivision 4, is amended to read:

Subd. 4. It may contract and be contracted with in any matter connected with the purpose of industrial development within the powers of the port authority herein given. *It may enter into a partnership agreement with one or more other persons under which the port authority serves as a limited partner only.*

Sec. 3. Minnesota Statutes 1982, section 458.192, is amended by adding a subdivision to read:

Subd. 16. It may operate and maintain a public parking or other public facility to promote development in a development district.

Sec. 4. Minnesota Statutes 1982, section 458.194, subdivision 2, is amended to read:

Subd. 2. The bonds of each series issued by the port authority under the provisions of this section shall bear interest at a rate or rates (NOT EXCEEDING EIGHT PERCENT PER ANNUM PAYABLE SEMIANNUALLY AND), shall mature at such time or times within 30 years from the date of issuance (,) and shall be in such form, whether payable to bearer, registrable as to principal, or fully registrable, as may be determined by the port authority. The provisions of section 458.193, subdivision 6 shall apply to all bonds issued (HEREUNDER) *under this section*, and (SUCH) *the* bonds and (ANY) *their* coupons (APPURTENANT THERETO), when payable to bearer, shall be negotiable instruments.

Sec. 5. Minnesota Statutes 1982, section 458.194, subdivision 3, is amended to read:

Subd. 3. The sale of (SUCH) revenue bonds issued by the port authority shall be at public *or private* sale (PURSUANT TO SECTION 475.60, OR IN ACCORDANCE WITH THE PROCEDURES SET FORTH IN SECTIONS 474.01 TO 474.13). (SUCH) *The* bonds may be sold in the manner and for the price that the port authority determines to be for the best interest of the port authority (, BUT NO SUCH SALE SHALL BE MADE AT A PRICE SO LOW AS TO REQUIRE THE PAYMENT OF INTEREST ON THE MONEY RECEIVED THEREFOR AT MORE THAN EIGHT PERCENT PER ANNUM, COMPUTED WITH RELATION TO THE ABSOLUTE MATURITY OF THE BONDS IN ACCORDANCE WITH STANDARD TABLES OF BOND VALUES, EXCLUDING FROM SUCH COMPUTATION THE AMOUNT OF ANY PREMIUM TO BE PAID ON REDEMPTION OF ANY BONDS PRIOR TO MATURITY). (SUCH) *The* bonds may be made callable, and if so issued may be refunded.

Sec. 6. Minnesota Statutes 1982, section 458.194, is amended by adding a subdivision to read:

Subd. 7. If revenue bonds are to be issued under the provisions of this section and chapter 474, the provisions of section 474.01, subdivisions 7a, 7b and 8 and section 474.02, subdivision 1d, shall not apply if the interest on the revenue bonds is subject to both state and federal income taxation or if the revenue bond proceeds are not loaned by the port authority to a private person through a financing lease, loan agreement or otherwise.

Sec. 7. Minnesota Statutes 1982, section 458.195, is amended by adding a subdivision to read:

Subd. 8. The proceeds of obligations issued by a port authority under section 458.194 and temporary loans obtained under this section in connection with them may be used to make or purchase loans for port, industrial or economic facilities which the authority estimates will require financing. For the purpose of making or purchasing the loans, the port authority may enter into loan agreements and other related agreements, both before and after the issuance of the obligations, with persons, firms, public or private corporations, federal or state agencies, and governmental units and under terms and conditions as the port authority deems appropriate. Any governmental unit in the state may apply, contract for and receive the loans, and the provisions of chapter 475 shall not apply to the loans.

Sec. 8. [EFFECTIVE DATE.]

This act shall take effect the day following final enactment."

Delete the title and insert:

"A bill for an act relating to port authorities; authorizing revenue bond financing of certain facilities; eliminating the interest rate limit on revenue bonds and authorizing private sale; clarifying contractual and operational authority of port authorities; amending Minnesota Statutes 1982, sections 458.192, subdivisions 1, 4, and by adding a subdivision; 458.194, subdivisions 2, 3, and by adding a subdivision; and 458.195, by adding a subdivision."

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

Senate Conferees: MARILYN M. LANTRY, ROBERT J. SCHMITZ and WILLIAM V. BELANGER, JR.

House Conferees: RICHARD J. COHEN, PHILLIP J. RIVENESS and SIDNEY PAULY.

Cohen moved that the report of the Conference Committee on S. F. No. 463 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 463, A bill for an act relating to port authorities; authorizing revenue bond financing of certain facilities; eliminating the interest rate limit on revenue bonds and authorizing private sale; clarifying contractual and operational authority of port authorities; amending Minnesota Statutes 1982, sections 458.192, subdivisions 1, 4, and by adding a subdivision; 458.194, subdivisions 2, 3, and by adding a subdivision; and 458.195, by adding a subdivision.

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

The question was taken on the repassage of the bill and the roll was called. There were 97 yeas and 27 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Evans	Levi	Piepho	Sparby
Anderson, G.	Forsythe	Long	Piper	Stadum
Anderson, R.	Graba	Mann	Price	Staten
Battaglia	Greenfield	Marsh	Redalen	Sviggum
Beard	Gustafson	McEachern	Reif	Swanson
Begich	Gutknecht	McKasy	Rice	Tomlinson
Bennett	Heap	Metzen	Riveness	Tunheim
Bergstrom	Heinitz	Minne	Rodosovich	Valan
Berkelman	Himle	Munger	Rodriguez, C.	Vanasek
Blatz	Hoffman	Murphy	Rodriguez, F.	Vellenga
Brandl	Jacobs	Nelson, D.	Rose	Voss
Brinkman	Jensen	Nelson, K.	St. Onge	Waltman
Carlson, L.	Johnson	Neuenschwander	Sarna	Welch
Clark, J.	Kahn	Norton	Schoenfeld	Welle
Clawson	Kalis	O'Connor	Seaberg	Wenzel
Cohen	Kelly	Ogren	Segal	Wigley
Coleman	Knickerbocker	Olsen	Sherman	Speaker Sieben
Dempsey	Knuth	Otis	Simoneau	
Eken	Kostohryz	Pauly	Skoglund	
Elioff	Larsen	Peterson	Solberg	

Those who voted in the negative were:

Burger	Gruenes	Ludeman	Schafer	Valento
DenOuden	Haukoos	Omann	Scheid	Welker
Erickson	Hokr	Onnen	Schreiber	Zaffke
Findlay	Jennings	Osthoff	Shaver	
Fjoslien	Krueger	Quinn	Thiede	
Frerichs	Kvam	Quist	Uphus	

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

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 553

A bill for an act relating to elections; changing certain election procedures, requirements, and time limits; amending Minnesota Statutes 1982, sections 201.071, subdivision 1; 203B.02, subdivision 1; 203B.04, subdivision 1; 203B.21, subdivision 2; 204B.12, subdivision 1; 204B.19, subdivision 1; 204B.21, subdivision 1; 204B.27, subdivision 1; 204B.34, subdivision 1; 204B.35, subdivision 4; 204C.03, by adding a subdivision; 204C.05, subdivision 1; 204C.32, subdivision 2; 204C.33, subdivision 2; 204D.06; 204D.11, subdivisions 1 and 5; 204D.14; 204D.15, subdivision 2; 205.03, subdivisions 1 and 3; and 209.02, subdivision 4; repealing Minnesota Statutes 1982, sections 201.091, subdivisions 6 and 7; 204B.12, subdivision 2; and 204B.36, subdivision 5.

May 20, 1983

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 553, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 553 be amended as follows:

Page 3, after line 17, insert:

"Sec. 4. [203B.085] [COUNTY AUDITOR'S OFFICE TO REMAIN OPEN DURING CERTAIN HOURS PRECEDING ELECTION.]

The county auditor's office in each county must be open for acceptance of absentee ballot applications and casting of absentee ballots between the hours of 1:00 to 3:00 p.m. on Saturday and 5:00 to 7:00 p.m. on Monday immediately preceding a primary or general election."

Page 8, lines 2 to 7, reinstate the stricken language and delete the new language

Page 8, line 8, delete "other"

Page 9, line 26, after "7;" insert "and" and delete "and 204B.36, subdivision 5,"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 14, after "4;" insert "proposing new law coded in Minnesota Statutes, chapter 203B;"

Page 1, line 15, after "7;" insert "and"

Page 1, line 16, delete "; and 204B.36, subdivision 5"

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

House Conferees: TOM OSTHOFF, LONA MINNE and MARK PIEPHO.

Senate Conferees: JEROME M. HUGHES, DONALD A. STORM and DONNA C. PETERSON.

Osthoff moved that the report of the Conference Committee on H. F. No. 553 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 553, A bill for an act relating to elections; changing certain election procedures, requirements, and time limits; amending Minnesota Statutes 1982, sections 201.071, subdivision 1; 203B.02, subdivision 1; 203B.04, subdivision 1; 203B.21, subdivision 2; 204B.12, subdivision 1; 204B.19, subdivision 1; 204B.21, subdivision 1; 204B.27, subdivision 1; 204B.34, subdivision 1; 204B.35, subdivision 4; 204C.03, by adding a subdivision; 204C.05, subdivision 1; 204C.32, subdivision 2; 204C.33, subdivision 2; 204D.06; 204D.11, subdivisions 1 and 5; 204D.14; 204D.15, subdivision 2; 205.03, subdivisions 1 and 3; and 209.02, subdivision 4; repealing Minnesota Statutes 1982, sections 201.091, subdivisions 6 and 7; 204B.12, subdivision 2; and 204B.36, subdivision 5.

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

The question was taken on the repassage of the bill and the roll was called. There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Carlson, L.	Fjoslien	Hokr	Larsen
Anderson, G.	Clark, J.	Forsythe	Jacobs	Levi
Anderson, R.	Clark, K.	Frerichs	Jennings	Long
Battaglia	Clawson	Graba	Jensen	Ludeman
Beard	Cohen	Greenfield	Johnson	Mann
Begich	Coleman	Gruenes	Kahn	Marsh
Bennett	Dempsey	Gustafson	Kalis	McDonald
Bergstrom	DenOuden	Cutknecht	Kelly	McEachern
Berkelman	Dimler	Haukoos	Kniekerbocker	McKasy
Blatz	Elioff	Heap	Knuh	Metzen
Brandl	Erickson	Heinritz	Kostohryz	Minne
Brinkman	Evans	Himle	Krueger	Munger
Burger	Findlay	Hoffman	Kvam	Murphy

Nelson, D.	Peterson	Rodriguez, F.	Skoglund	Valento
Nelson, K.	Piepho	Rose	Solberg	Vellenga
Neuenschwander	Piper	St. Onge	Sparby	Voss
Norton	Price	Sarna	Stadum	Waltman
O'Connor	Quinn	Schafer	Staten	Welch
Ogren	Quist	Scheid	Sviggum	Welker
Olsen	Redalen	Schoenfeld	Swanson	Welle
Omann	Reif	Schreiber	Thiede	Wenzel
Onnen	Rice	Segal	Tomlinson	Wigley
Osthoff	Riveness	Shaver	Tunheim	Zaffke
Otis	Rodosovich	Sherman	Uphus	Speaker Sieben
Pauly	Rodriguez, C.	Simoneau	Valan	

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

MESSAGES FROM THE SENATE, Continued

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 159.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 159

A bill for an act relating to occupations and professions; regulating chiropractic practice; providing rulemaking authority for the board of chiropractic examiners; creating a legislative study commission; amending Minnesota Statutes 1982, sections 148.01; 148.06; and 148.08, and by adding a subdivision.

May 19, 1983

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S. F. No. 159, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 159 be further amended as follows:

Page 3, after line 24, insert:

"Sec. 3. Minnesota Statutes 1982, section 148.07, subdivision 2, is amended to read:

Subd. 2. [EXPENSES.] The expenses of administering sections 148.01 to 148.101 shall be paid from the appropriation made to the state board of chiropractic examiners. *Expenditures and revenues must be managed in accordance with the statewide accounting principles and requirements of the commissioner of finance.*"

Page 3, after line 33, insert:

"Sec. 5. Minnesota Statutes 1982, section 148.10, subdivision 1, is amended to read:

Subdivision 1. [GROUNDS.] The state board of chiropractic examiners may refuse to grant, or may revoke, suspend, condition, limit, restrict or qualify a license to practice chiropractic, or may cause the name of a person licensed to be removed from the records in the office of the clerk of the district court for:

(1) the publishing or distributing, or causing to be published or distributed, in newspapers, magazines, directories, pamphlets, posters, cards, or in any other manner by advertisement, wherein the term "cure" or "guarantee to cure" or similar terms are used; which is hereby declared to be fraudulent and misleading to the general public;

(2) the employment of fraud or deception in applying for a license or in passing the examination provided for in section 148.06;

(3) the practice of chiropractic under a false or assumed name or the impersonation of another practitioner of like or different name;

(4) the conviction of a crime involving moral turpitude;

(5) habitual intemperance in the use of alcohol or drugs;

(6) failure to pay the annual renewal license fee;

(7) Advanced physical or mental disability;

(8) The revocation or suspension of a license to practice chiropractic; or other disciplinary action against the licensee; or the denial of an application for a license by the proper licensing authority of another state, territory or country;

(9) The violation of, or failure to comply with, the provisions of sections 148.01 to 148.101, the rules of the state board of chiropractic examiners, or a lawful order of the board; (OR)

(10) Unprofessional conduct (.); or

(11) *Being unable to practice chiropractic with reasonable skill and safety to patients by reason of illness, professional incompetence, senility, drunkenness, use of drugs, narcotics, chemicals or any other type of material, or as a result of any mental or physical condition. If the board has probable cause to believe that a person comes within this clause, it shall direct the person to submit to a mental or physical examination. For the purpose of this clause, every person licensed under this chapter shall be deemed to have given his consent to submit to a mental or physical examination when directed in writing by the board and further to have waived all objections to the admissibility of the examining physicians' testimony or examination reports on the ground that the same constitute a privileged communication. Failure of a person to submit to such examination when directed shall constitute an admission of the allegations against him, unless the failure was due to circumstances beyond his control, in which case a default and final order may be entered without the taking of testimony or presentation of evidence. A person affected under this clause shall at reasonable intervals be afforded an opportunity to demonstrate that he can resume the competent practice of chiropractic with reasonable skill and safety to patients.*

In any proceeding under this clause, neither the record of proceedings nor the orders entered by the board shall be used against a person in any other proceeding.

For the purposes of clause (4), conviction shall be deemed to include a criminal proceeding in which a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered.

For the purposes of clauses (4) and (5), a copy of the judgment or proceeding under seal of the clerk of the court or of the administrative agency which entered the same shall be admissible into evidence without further authentication and shall constitute prima facie evidence of its contents.

For the purposes of clause (10), unprofessional conduct means any unethical, deceptive or deleterious conduct or practice harmful to the public, any departure from or the failure to conform to the minimal standards of acceptable chiropractic practice, or a willful or careless disregard for the health, welfare or safety of patients, in any of which cases proof of actual injury need not be established. Unprofessional conduct shall include, but not be limited to, the following acts of a chiropractor:

(a) Gross ignorance of, or incompetence in, the practice of chiropractic;

(b) Making suggestive, lewd, lascivious or improper advances to a patient;

(c) Performing unnecessary services;

(d) Charging a patient an unconscionable fee or charging for services not rendered;

(e) Directly or indirectly engaging in threatening, dishonest, or misleading fee collection techniques;

(f) Perpetrating fraud upon patients, third party payers, or others, relating to the practice of chiropractic; and

(g) Any other act that the board by rule may define.

Sec. 6. Minnesota Statutes 1982, section 148.10, subdivision 3, is amended to read:

Subd. 3. [REPRIMAND; PENALTIES; PROBATION.] In addition to the other powers granted to the board under this chapter, the board may, in connection with any person whom the board, after a hearing, adjudges unqualified or whom the board, after a hearing, finds to have performed one or more of the acts described in subdivision 1:

(a) Publicly reprimand or censure the person; (AND)

(b) Place the person on probation for the period and upon the terms and conditions that the board may prescribe; and

(c) *Require payment of all costs of proceedings resulting in the disciplinary action.*

Sec. 7. Minnesota Statutes 1982, section 148.10, is amended by adding a subdivision to read:

Subd. 4. [TEMPORARY SUSPENSION.] *In addition to any other remedy provided by law, the board may, without a hearing, temporarily suspend a license for not more than 60 days if the board finds that a person has violated a statute or rule which the board is empowered to enforce and continued practice by the person would create an imminent risk of harm to others. The suspension shall take effect upon written notice to the person, specifying the statute or rule violated. At the time it issues the suspension notice, the board shall schedule a disciplinary hearing to be held pursuant to the administrative procedure act. The*

person shall be provided with at least 20 days notice of any hearing held pursuant to this subdivision."

Page 4, line 3, delete "December" and insert "October"

Page 4, line 10, delete "4" and insert "8"

Renumber the sections in sequence

Delete the title and insert:

"A bill for an act relating to occupations and professions; regulating chiropractic practice; providing for the management of expenditures and revenues of the board; providing grounds for revocation, suspension, or refusal to renew licenses; providing for the payment of costs of disciplinary proceedings; authorizing temporary license suspensions; providing rulemaking authority to the board; creating a legislative study commission; amending Minnesota Statutes 1982, sections 148.01; 148.06; 148.07, subdivision 2; 148.08, by adding a subdivision; and 148.10, subdivisions 1, 3, and by adding a subdivision."

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

Senate Conferees: DON B. SAMUELSON, GREGORY L. DAHL and DON A. ANDERSON.

House Conferees: PAUL ANDERS OGREN, MERLYN O. VALAN and BOB MCEACHERN.

Ogren moved that the report of the Conference Committee on S. F. No. 159 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 159, A bill for an act relating to occupations and professions; regulating chiropractic practice; providing rulemaking authority for the board of chiropractic examiners; creating a legislative study commission; amending Minnesota Statutes 1982, sections 148.01; 148.06; and 148.08, and by adding a subdivision.

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

The question was taken on the repassage of the bill and the roll was called. There were 118 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Anderson, B.
Anderson, G.

Battaglia
Beard

Begich
Bennett

Bergstrom
Berkelman

Blatz
Brandl

Brinkman	Heinitz	McEachern	Quinn	Sparby
Burger	Himle	McKasy	Quist	Staten
Carlson, L.	Hoffman	Metzen	Reif	Sviggum
Clark, J.	Hokr	Minne	Rice	Swanson
Clark, K.	Jacobs	Munger	Riveness	Thiede
Clawson	Jennings	Murphy	Rodosovich	Tomlinson
Cohen	Jensen	Nelson, D.	Rodriguez, C.	Tunheim
Coleman	Johnson	Nelson, K.	Rodriguez, F.	Uphus
DenOuden	Kahn	Neuenschwander	Rose	Valan
Dimler	Kelly	Norton	St. Onge	Valento
Eken	Knickerbocker	O'Connor	Sarna	Vanasek
Elioff	Knuth	Ogren	Schafer	Voss
Erickson	Kostohryz	Olsen	Scheid	Waltman
Evans	Krueger	Omann	Schoenfeld	Welch
Findlay	Kvam	Onpen	Schreiber	Welker
Frerichs	Larsen	Osthoff	Seaberg	Welle
Graba	Levi	Otis	Shaver	Wenzel
Greenfield	Long	Pauly	Shea	Wigley
Gruenes	Ludeman	Peterson	Sherman	Zaffke
Gustafson	Mann	Piepho	Simoneau	Speaker Sieben
Haukoos	Marsh	Piper	Skoglund	
Heap	McDonald	Price	Solberg	

Those who voted in the negative were:

Forsythe Gutknecht Kalis Redalen

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

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.

MESSAGES FROM THE SENATE, Continued

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned:

H. F. No. 233, A bill for an act relating to retirement; providing post retirement annuity or benefit increases for certain retired or disabled public employees.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 257, A bill for an act relating to motor vehicles; providing for special license plates for certain motor vehicles owned by certain members of the Minnesota national guard; imposing fees; appropriating money; amending Minnesota Statutes 1982, section 168.12, by adding a subdivision.

The Senate has appointed as such committee Mrs. Adkins, Messrs. Bernhagen and Jude.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 657, A bill for an act relating to transportation; authorizing the commissioner to expend money for railroad acquisition by a regional railroad authority; modifying requirements for compliance with standards for zoning ordinances for municipal airports; modifying the regional railroad authority act to allow municipalities to form regional railroad authorities; allowing the expenditure of certain state funds for railroad improvement and acquisition; providing an aircraft base price for taxation purposes; amending Minnesota Statutes 1982, sections 222.50, subdivision 7; 360.063, subdivisions 3, 4, and 6; 360.065, subdivision 2; 360.066, subdivision 1; 360.067, subdivision 1; 360.531, subdivision 4; 398A.02; 398A.03; 398A.04, subdivisions 8 and 9; 398A.07, subdivision 2; and Laws 1980, chapter 610, section 1, as amended.

The Senate has appointed as such committee Messrs. DeCramer, Berg and Novak.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 782, A bill for an act relating to courts; providing for increases in maximum authorized fines for crimes and petty misdemeanors; increasing the value of stolen property necessary for felony theft; increasing the maximum government tort liability limits; amending Minnesota Statutes 1982, sections 3.736,

subdivision 4; 466.04, subdivisions 1 and 3; 609.02, subdivisions 3, 4, and 4a; 609.03; and 609.52, subdivision 3; proposing new law coded in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1982, sections 609.031 and 609.032.

The Senate has appointed as such committee Messrs. Spear; Peterson, R. W., and Anderson.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 709.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate Files, herewith transmitted:

S. F. Nos. 320 and 620.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce the passage by the Senate of the following Senate File, herewith transmitted:

S. F. No. 950.

PATRICK E. FLAHAVEN, Secretary of the Senate

FIRST READING OF SENATE BILLS

S. F. No. 709, A bill for an act relating to liens on personal property; establishing a lien on personal property held in self-service storage facilities; providing for the enforcement of these liens; providing for the regulation of advertising of self-storage facilities; proposing new law coded in Minnesota Statutes, chapter 514.

The bill was read for the first time and referred to the Committee on Commerce and Economic Development.

S. F. No. 320, A bill for an act relating to agriculture; making certain changes in the law relating to a fertilizer inspection fund; prescribing penalties; amending Minnesota Statutes 1982, sections 17.713, subdivision 7; 17.714, subdivision 1; 17.715, subdivision 1; 17.717, subdivision 1; 17.718, subdivision 1; 17.725, subdivisions 1 and 2; and 17.728, subdivision 4; repealing Minnesota Statutes 1982, section 17.717, subdivisions 3, 4, and 5.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Sparby moved that the rule therein be suspended and an urgency be declared so that S. F. No. 320 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Sparby moved that the rules of the House be so far suspended that S. F. No. 320 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 320 was read for the second time.

S. F. No. 320, A bill for an act relating to agriculture; making certain changes in the law relating to a fertilizer inspection fund; prescribing penalties; amending Minnesota Statutes 1982, sections 17.713, subdivision 7; 17.714, subdivision 1; 17.715, subdivision 1; 17.717, subdivision 1; 17.718, subdivision 1; 17.725, subdivisions 1 and 2; and 17.728, subdivision 4; repealing Minnesota Statutes 1982, section 17.717, subdivisions 3, 4, and 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 102 yeas and 11 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Coleman	Jacobs	Minne	Rice
Anderson, G.	Dempsey	Jensen	Munger	Riveness
Anderson, R.	Dimler	Johnson	Murphy	Rodosovich
Battaglia	Eken	Kahn	Nelson, D.	Rodriguez, C.
Beard	Elioff	Kalis	Nelson, K.	Rodriguez, F.
Begich	Evans	Kelly	Neuenschwander	Sarna
Bennett	Findlay	Knickerbocker	O'Connor	Scheid
Bergstrom	Fjoslien	Knuth	Olsen	Schoenfeld
Berkelman	Forsythe	Kostohryz	Omann	Schreiber
Bishop	Greenfield	Krueger	Onnen	Seaberg
Brandl	Gruenes	Kvam	Osthoff	Segal
Brinkman	Gustafson	Larsen	Otis	Shaver
Burger	Haukoos	Levi	Pauly	Sherman
Carlson, L.	Heap	Long	Piper	Simoneau
Clark, J.	Heinitz	Mann	Price	Skoglund
Clark, K.	Himle	Marsh	Quist	Solberg
Clawson	Hoffman	McEachern	Redalen	Sparby
Cohen	Hokr	Metzen	Reif	Stadum

Staten
Sviggum
Tomlinson

Valan
Vanasek
Vellenga

Waltman
Welch
Welle

Wenzel
Wynia

Speaker Sieben

Those who voted in the negative were:

DenOuden
Gutknecht
Jennings

Ludeman
McDonald

Piepho
Schafer

Thiede
Valento

Welker
Zaffke

The bill was passed and its title agreed to.

S. F. No. 620, A bill for an act relating to public welfare; authorizing grants to county boards to provide semi-independent living services for mentally retarded persons; proposing new law coded in Minnesota Statutes, chapter 252.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Clark, K., moved that the rule therein be suspended and an urgency be declared so that S. F. No. 620 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Clark, K., moved that the rules of the House be so far suspended that S. F. No. 620 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 620 was read for the second time.

Clark, K., moved to amend S. F. No. 620, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [252.275] [SEMI-INDEPENDENT LIVING SERVICES FOR MENTALLY RETARDED PERSONS.]

Subdivision 1. [PROGRAM.] The commissioner of public welfare shall establish a statewide program to assist counties in reducing the utilization of intermediate care services in state hospitals and in community residential facilities for persons who are mentally retarded. The commissioner shall make grants to county boards to establish, operate, or contract for the provision of semi-independent living services licensed by the commissioner pursuant to sections 245.781 to 245.812 and 252.28.

Subd. 2. [APPLICATION; CRITERIA.] To apply for a grant, a county board shall submit an application and budget for use of grant money in the form specified by the commissioner.

The commissioner shall make grants only to counties whose applications and budgets are approved by the commissioner.

Subd. 3. [REIMBURSEMENT.] On or before September 1 of each year, the commissioner shall allocate available funds to the counties which have approved plans and budgets. The commissioner shall disburse the funds on a quarterly basis during the fiscal year to reimburse counties for costs incurred in providing services to individual clients in accordance with the approved plans and budgets.

Subd. 4. [FORMULA.] The commissioner shall allocate grants under this section to finance up to 95 percent, but not less than 80 percent, of each county's cost for semi-independent living services for mentally retarded persons.

Subd. 5. [DISPLACED HOSPITAL WORKERS.] Providers of semi-independent living services shall make reasonable efforts to hire qualified employees of state hospital mental retardation units who have been displaced by reorganization, closure, or consolidation of state hospital mental retardation units.

Subd. 6. [RULES.] The commissioner shall adopt temporary and permanent rules in accordance with chapter 14 to govern grant applications, criteria for approval of applications, allocation of grants, and maintenance of program and financial statements by grant recipients.

Subd. 7. [REPORTS.] The commissioner shall require collection of data and periodic reports necessary to demonstrate the effectiveness of semi-independent living services in helping mentally retarded persons achieve self-sufficiency and independence. The commissioner shall report to the legislature no later than January 15, 1984, on the effectiveness of the program, its effect on reducing the number of mentally retarded persons in state hospitals and in intermediate care facilities, and his recommendations regarding making this program an integral part of the social services programs administered by the counties.

Subd. 8. [USE OF FEDERAL FUNDS.] The commissioner shall maximize the use of federal funds for semi-independent living services."

The motion prevailed and the amendment was adopted.

S. F. No. 620, A bill for an act relating to public welfare; authorizing grants to county boards to provide semi-independent living services for mentally retarded persons; proposing new law coded in Minnesota Statutes, chapter 252.

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 118 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Erickson	Kostohryz	Pauly	Simoneau
Anderson, G.	Evans	Krueger	Peterson	Skoglund
Anderson, R.	Findlay	Kvam	Piepho	Solberg
Battaglia	Fjoslien	Larsen	Piper	Sparby
Beard	Forsythe	Levi	Price	Stadum
Begich	Frerichs	Long	Quinn	Staten
Bennett	Greenfield	Ludeman	Quist	Swiggum
Bergstrom	Gruenes	Mann	Kedalen	Thiede
Bishop	Gustafson	Marsh	Reif	Tomlinson
Brandl	Gutknecht	McDonald	Rice	Tunheim
Brinkman	Halberg	McEachern	Riveness	Uphus
Burger	Haukoos	McKasy	Rodosovich	Valan
Carlson, L.	Heap	Metzen	Rodriguez, C.	Valento
Clark, J.	Heinitz	Munger	Rodriguez, F.	Vollenga
Clark, K.	Himle	Murphy	St. Onge	Waltman
Clawson	Hoffman	Nelson, D.	Sarna	Welch
Cohen	Jacobs	Nelson, K.	Schafer	Welker
Coleman	Jennings	Neuenschwander	Scheid	Welle
Dempsey	Jensen	O'Connor	Schoenfeld	Wenzel
DenOuden	Johnson	Ogren	Schreiber	Wynia
Dimler	Kahn	Olsen	Seaberg	Zaffke
Eken	Kelly	Omann	Shaver	Speaker Sieben
Elioff	Knickerbocker	Oanen	Shea	
Ellingson	Knuth	Otis	Sherman	

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

S. F. No. 950, A bill for an act relating to agriculture; requiring pseudorabies testing and imposing quarantine and restricted movement requirements for swine; appropriating money; proposing new law coded in Minnesota Statutes 1982, chapter 35.

The bill was read for the first time.

SUSPENSION OF RULES

Pursuant to Article IV, Section 19, of the Constitution of the state of Minnesota, Schoenfeld moved that the rule therein be suspended and an urgency be declared so that S. F. No. 950 be given its second and third readings and be placed upon its final passage. The motion prevailed.

Schoenfeld moved that the rules of the House be so far suspended that S. F. No. 950 be given its second and third readings and be placed upon its final passage. The motion prevailed.

S. F. No. 950 was read for the second time.

Schoenfeld moved to amend S. F. No. 950, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [35.255] [PSEUDORABIES TESTING.]

All breeding swine entering or sold in Minnesota must have a health certificate or a record of test evidencing a negative test for pseudorabies conducted at a state or federal laboratory not more than 30 days prior to entry or sale. Swine not so certified shall be immediately quarantined and tested for pseudorabies at the expense of the swine owner. Swine having a positive reaction to the pseudorabies test shall either remain quarantined until testing free of pseudorabies or be slaughtered. A pseudorabies test is not required of swine shipped directly to a slaughtering establishment, swine sent to a quarantine feed lot, and other swine excepted by rule of the board of animal health. The board of animal health shall adopt rules to implement this section.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1983 except that the provision requiring the board of animal health to adopt rules is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to agriculture; requiring pseudorabies testing; proposing new law coded in Minnesota Statutes 1982, chapter 35."

The motion prevailed and the amendment was adopted.

S. F. No. 950, A bill for an act relating to agriculture; requiring pseudorabies testing and imposing quarantine and restricted movement requirements for swine; appropriating money; proposing new law coded in Minnesota Statutes 1982, chapter 35.

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 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Burger	Evans	Haukoos	Kalis
Anderson, G.	Carlson, L.	Findlay	Heap	Kelly
Battaglia	Clark, J.	Fjoslien	Heinitz	Knickerbocker
Beard	Clark, K.	Forsythe	Himle	Knuth
Begich	Cohen	Frerichs	Hoffman	Kostohryz
Bennett	Coleman	Graba	Hokr	Krueger
Bergstrom	Dempsey	Greenfield	Jacobs	Kvam
Berkelman	DenOuden	Gruenes	Jennings	Larsen
Bishop	Dimler	Gustafson	Jensen	Levi
Brandl	Elioff	Gutknecht	Johnson	Long
Brinkman	Ellingson	Halberg	Kahn	Ludeman

Mann	Ogren	Riveness	Simoneau	Vanasek
Marsh	Olsen	Rodosovich	Skoglund	Vellenga
McDonald	Omann	Rodriguez, C.	Solberg	Waltman
McEachern	Onnen	Rodriguez, F.	Sparby	Welch
McKasy	Otis	St. Onge	Stadum	Welker
Metzen	Pauly	Sarna	Staten	Welle
Minne	Peterson	Schafer	Sviggum	Wenzel
Munger	Piepho	Scheid	Swanson	Wynia
Murphy	Piper	Schoenfeld	Thiede	Zaffke
Nelson, D.	Price	Schreiber	Tomlinson	Speaker Sieben
Nelson, K.	Quinn	Seaberg	Tunheim	
Neuenschwander	Quist	Shaver	Uphus	
Norton	Redalen	Shea	Valan	
O'Connor	Rice	Sherman	Valento	

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

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 92

A bill for an act relating to education; providing for aids to education, aids to libraries, aids for teacher retirement contributions, tax levies, and the distribution of tax revenues; granting certain duties and powers to school boards, school districts, the state board of education, and the state board for vocational education; providing for revenue equity; modifying the computation of the transportation aid, summer school, and community education aids and levies; establishing an average-cost funding formula for AVTIs; authorizing intermediate school districts to offer nonpost-secondary academic courses; establishing programs for improvement of schools; providing incentives for school districts to utilize technology in instruction; appropriating money; amending Minnesota Statutes 1982, sections 6.54; 6.62, subdivision 1; 16A.15, subdivision 1; 120.075, subdivision 4, and by adding a subdivision; 120.10, subdivision 2; 120.17, subdivision 3; 120.64, subdivisions 2 and 4; 121.908; 121.911, by adding a subdivision; 121.912, subdivision 3; 122.23, subdivisions 2 and 3; 122.41; 122.43; 122.44; 122.531, subdivision 2, and by adding subdivisions; 123.33, subdivisions 10 and 14; 123.34, subdivision 9; 123.351, subdivision 4; 123.36, subdivisions 9, 13, and by adding a subdivision; 123.37, subdivision 1b; 123.39, subdivision 4; 123.705; 124.11, subdivisions 2a and 2b; 124.14, subdivision 1; 124.15, subdivision 5; 124.17, subdivisions 1 and 2d; 124.19, subdivisions 1 and 3; 124.201, subdivisions 2, 3, and by adding subdivisions; 124.2122, subdivisions 1 and 2; 124.2126, subdivision 3; 124.2128, subdivision 1; 124.2132, subdivision 4; 124.225; 124.245, by adding a subdivision; 124.246, subdivision 2; 124.247, subdivision 3; 124.26, subdivision 1; 124.271, subdivisions 2a, 6, and by adding a subdivision; 124.273, subdivisions 1b, 2b, and 4; 124.32, subdivisions 1b, 1d, 2, 3a, 5, and 5a; 124.572, subdivision 2; 124.573, subdivision 2; 124.574, subdivisions 2b, and 3; 124.646, subdivision 1; 125.60, subdivision 7; 125.611, subdivision 8; 129B.02; 129B.04; 129B.05; 129B.09, subdivision 12;

134.07; 134.08; 134.09; 134.10; 134.11; 134.12; 134.13; 134.14; 134.15; 134.30; 134.32, subdivisions 1 and 7; 134.351, subdivisions 3 and 7; 134.353; 134.36; 275.125, subdivisions 2d, 2e, 2i, 5, 5b, 6d, 8, 11a, 11b, and by adding subdivisions; 354.66, subdivision 9; 354A.094, subdivision 9; 375.335; 466.01, subdivision 1; 475.61, subdivision 3; and 648.39, subdivision 1; amending Laws 1967, chapter 822, section 4; Laws 1969, chapter 775, section 3, subdivision 2, as amended; Laws 1969, chapter 1060, section 4; Laws 1981, chapter 358, article 7, section 29, as amended; and Laws 1982, chapter 548, article 3, sections 27 and 28; proposing new law coded in Minnesota Statutes, chapters 3, 120, 121, 122, 123, 124, 126, 129B, and 134; repealing Minnesota Statutes 1982, sections 121.501 to 121.507; 122.542; 124.11, subdivision 1; 124.24; 124.251; 124.26, subdivision 4; 124.271, subdivision 5; 124.273, subdivisions 1 and 2; 124.32, subdivisions 1 and 9; 124.561; 124.562; 124.5621; 124.5622; 124.5623; 124.5624; 124.5625; 124.5626; 124.5627; 124.572, subdivision 8; 124.573, subdivision 5; 124.574, subdivision 2; 124.611; 125.611, subdivision 9; 129B.06 to 129B.09; 134.03; 134.06; 134.16; 134.19; 134.352; and 375.33.

May 21, 1983

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 92, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 92 be further amended as follows:

Delete everything after the enacting clause and insert:

"ARTICLE 1

FOUNDATION AID

Section 1. Minnesota Statutes 1982, section 124.2122, subdivision 1, is amended to read:

Subdivision 1. [FORMULA ALLOWANCE.] "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. (THE FORMULA ALLOWANCE SHALL BE \$1,333 FOR FOUNDATION AID FOR THE 1981-1982 SCHOOL YEAR.) The formula al-

lowance shall be \$1,346 for 1981 payable 1982 levies and for foundation aid for the 1982-1983 school year. The formula allowance shall be \$1,475 for the 1982 payable 1983 levies and for foundation aid for the 1983-1984 school year. *The formula allowance shall be \$1,475 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year.*

Sec. 2. Minnesota Statutes 1982, section 124.2122, subdivision 2, is amended to read:

Subd. 2. [BASIC MAINTENANCE MILL RATE.] "Basic maintenance mill rate" means the mill rate applicable to the adjusted assessed valuation of a district, used in the computation of basic foundation aid for a particular school year and of the basic maintenance levy for use in that school year. (THE BASIC MAINTENANCE MILL RATE SHALL BE .021 FOR THE 1980 PAYABLE 1981 LEVY AND FOR FOUNDATION AID FOR THE 1981-1982 SCHOOL YEAR.) The basic maintenance mill rate shall be .024 for 1981 payable 1982 levies and for foundation aid for the 1982-1983 school year. The basic maintenance mill rate shall be .024 for the 1982 payable 1983 levies and for foundation aid for the 1983-1984 school year. (A DISTRICT MAY LEVY LESS THAN 24 MILLS. IF A DISTRICT LEVIES AT LEAST 95 PERCENT OF AN AMOUNT EQUAL TO 23 MILLS TIMES THE ADJUSTED ASSESSED VALUATION OF THE DISTRICT, BASIC FOUNDATION AID SHALL BE COMPUTED AS THOUGH THE DISTRICT HAD LEVIED 24 MILLS TIMES THE ADJUSTED ASSESSED VALUATION OF THE DISTRICT.) *The basic maintenance mill rate shall be .024 for the 1983 payable 1984 levies and for foundation aid for the 1984-1985 school year.*

Sec. 3. Minnesota Statutes 1982, section 124.2124, subdivision 1, is amended to read:

Subdivision 1. [REPLACEMENT COMPONENTS.] (a) A district's "fluctuating enrollment replacement component" shall equal the amount of additional foundation aid or basic maintenance levy revenue the district would have received for the 1980-1981 school year if declining or growing enrollment pupil units had been used in the computation of basic foundation aid for 1980-1981 pursuant to Minnesota Statutes 1980, Section 124.212, Subdivision 7c, Clause (1) or of the 1979 basic maintenance levy limitation pursuant to Minnesota Statutes, 1979 Supplement, Section 275.125, Subdivision 2b or 2c.

(b) Beginning with the aid and levy revenue for the 1983-1984 school year, in any district where the actual number of pupil units increased from the 1979-1980 school year to the 1980-1981 school year, the district's "recomputed fluctuating enrollment replacement component" shall equal the amount of additional foundation aid or basic maintenance levy revenue the district would have received for the 1980-1981 school year if the

district had qualified for the greater of either the 1980-1981 declining enrollment pupil units or the 1980-1981 growing enrollment pupil units to be used in the computation of basic foundation aid for 1980-1981 pursuant to Minnesota Statutes 1980, Section 124.212, Subdivision 7c, Clause (1) or of the 1979 basic maintenance levy limitation pursuant to Minnesota Statutes 1979 Supplement, Section 275.125, Subdivision 2b or 2c.

(c) A district's "sparsity replacement component" shall equal the amount of additional aid the district would have received for the 1980-1981 school year if Minnesota Statutes, 1979 Supplement, Section 124.224 had been effective for 1980-1981. *Beginning with the 1983-1984 school year, for elementary districts, the component shall equal the amount of additional aid the district would have received for the 1980-1981 school year if pupils attending secondary school in another district had attended a secondary school in the district in which they reside.*

(d) A district's "basic replacement entitlement" shall equal the sum of (1) the greater of (i) its fluctuating enrollment replacement component, or (ii) its recomputed fluctuating enrollment replacement component, and (2) its sparsity replacement component; divided by its total pupil units in 1980-1981.

(e) "Replacement inflator" for any school year means the ratio of the foundation aid formula allowance for that school year to \$1,265. However, for the 1981-1982 school year the replacement inflator shall equal 107 percent, and for the 1982-1983 school year the replacement inflator shall equal 112 percent.

(f) A district's "replacement allowance" for each school year shall equal its basic replacement entitlement times the replacement inflator for that school year.

(g) A district's "replacement levy limitation" means its levy limitation computed pursuant to section 275.125, subdivision 6c.

Sec. 4. Minnesota Statutes 1982, section 124.2126, subdivision 3, is amended to read:

Subd. 3. [MINIMUM AID.] A qualifying district's minimum aid for each school year shall equal its minimum guarantee for that school year, minus the sum of:

(1) The amount of the district's state school agricultural tax credit aid for that school year;

(2) The amount by which property taxes of the district for use in that school year are reduced by the homestead credit provisions in section 273.13, subdivisions 6, 7, and 14a;

(3) The amount by which property taxes of the district for use in that school year are reduced by the taconite homestead credit provisions in section 273.135;

(4) The amount by which property taxes of the district for use in that school year are reduced by the attached machinery provisions in section 273.138, subdivision 6;

(5) The amount by which property taxes of the district for use in that school year are reduced by the state paid wetlands credit provisions in section 273.115;

(6) The amount by which property taxes of the district for use in that school year are reduced by the state paid native prairie credit provisions in section 273.116; (AND)

(7) The amount by which property taxes of the district for use in that school year are reduced by the credit for reduced assessment provisions in section 273.139;

(8) *The amount by which property taxes of the district for use in that school year are reduced by the state reimbursed disaster or emergency reassessment provisions in section 273.123; and*

(9) *the amount by which property taxes of the district for use in that school year are reduced by the metropolitan agricultural preserve provisions in section 473H.10.*

Sec. 5. Minnesota Statutes 1982, section 124.2127, subdivision 1, is amended to read:

Subdivision 1. [DEFINITION; FOUNDATION AID.] Shared time pupils are defined as those pupils who attend public school programs for part of the regular school day and who otherwise fulfill the requirements of section 120.10 by attendance at a nonpublic school.

(a) The average daily membership of a pupil enrolled on a shared time basis shall equal the ratio of the total minutes for which the pupil is enrolled and the minimum minutes required during the year for a regularly enrolled public school pupil.

(b) Foundation aid for shared time pupils shall equal the (AMOUNT WHICH WOULD ACCRUE IF SHARED TIME PUPIL UNITS, COUNTED PURSUANT TO SECTION 124.17, SUBDIVISION 1, CLAUSES (1) AND (2), WERE ADDED TO THE DISTRICT'S TOTAL PUPIL UNITS USED IN DETERMINING ITS FOUNDATION AID) *formula allowance times the full-time equivalent actual pupil units for shared time pupils.* Foundation aid for shared time pupils shall be in addition to any other aid to which the district is otherwise entitled and shared time average daily membership shall not be used in the

computation of pupil units under section 124.17, subdivision 1, for any purpose other than the computation of shared time foundation aid pursuant to this subdivision.

(c) Foundation aid for shared time pupils shall be paid to the district of the pupil's residence. If a pupil attends shared time classes in another district, the resident district shall pay to the district of attendance an amount of tuition equal to the ratio in clause (a) times the amount of tuition which would be charged and paid for a nonresident public school pupil in a similar circumstance. The district of residence shall not be obligated for tuition except by previous agreement.

(d) Notwithstanding the provisions of clause (c), the resident district of a shared time pupil attending shared time classes in another district may grant the district of attendance, upon its request, permission to claim the pupil as a resident for state aid purposes. In this case, state aid shall be paid to the district of attendance and, upon agreement, the district of attendance may bill the resident district for any unreimbursed education costs, but not for unreimbursed transportation costs. The agreement may, however, provide for the resident district to pay the cost of any of the particular transportation categories specified in section 124.225, subdivision 1, and in this case, aid for those categories shall be paid to the district of residence rather than to the district of attendance.

(e) Minutes of enrollment in a public school during which a nonpublic school pupil receives services pursuant to section 123.935 shall not be used in the computation of shared time foundation aid pursuant to this subdivision.

Sec. 6. Minnesota Statutes 1982, section 124.2132, subdivision 4, is amended to read:

Subd. 4. [COUNTY APPORTIONMENT DEDUCTION.]
((1) THE AMOUNT OF MONEY APPORTIONED TO A SCHOOL DISTRICT FOR EACH SCHOOL YEAR PURSUANT TO SECTION 124.10, SUBDIVISION 2, WHICH EXCEEDS THE AMOUNT APPORTIONED TO THAT DISTRICT PURSUANT TO SECTION 124.10, SUBDIVISION 2 FOR THE 1976-1977 SCHOOL YEAR, SHALL BE DEDUCTED FROM THE FOUNDATION AID EARNED BY THAT DISTRICT FOR THE SAME YEAR.)

((2) IN ADDITION TO THE DEDUCTION IN CLAUSE (1), FIVE-SIXTHS OF THE AMOUNT APPORTIONED PURSUANT TO SECTION 124.10, SUBDIVISION 2, SHALL BE DEDUCTED FROM FOUNDATION AID FOR THE 1981-1982 SCHOOL YEAR, BUT THIS DEDUCTION SHALL NOT EXCEED FIVE-SIXTHS OF THE AMOUNT APPORTIONED FOR THE 1976-1977 SCHOOL YEAR.)

(3) IN THE 1982-1983 SCHOOL YEAR AND) Each (SCHOOL) year (THEREAFTER,) the (ENTIRE) amount of money apportioned to a school district for that year pursuant to section 124.10, subdivision 2, shall be deducted from the foundation aid earned by that district for the same year.

Sec. 7. [124.2138] [REVENUE EQUITY AID SUBTRACTION.]

Subdivision 1. [BASIC MAINTENANCE LEVY EQUITY.]

(1) In any year when the amount of the maximum levy limitation for any district under section 275.125, subdivision 2a, exceeds the district's basic foundation revenue for the corresponding fiscal year, an amount shall be deducted as provided in this subdivision from special state aids of chapter 124 receivable for the same fiscal year, and from state payments on behalf of the district for the same fiscal year authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b). However, the aid authorized in sections 124.2137 and 124.646 shall not be reduced.

(2) The amount of the deduction shall equal the difference between:

(a) the sum of the amount of the district's maximum levy limitation under section 275.125, subdivision 2a, plus the amount of any reductions to that levy limitation pursuant to section 275.125, subdivisions 2c and 9, and

(b) the district's basic foundation revenue.

However, for fiscal year 1985, the amount of the deduction shall be one-sixth of the difference between clauses (a) and (b); for fiscal year 1986, the amount of the deduction shall be one-third of the difference between clauses (a) and (b); for fiscal year 1987, the amount of the deduction shall be one-half of the difference between clauses (a) and (b); for fiscal year 1988, the amount shall be two-thirds of the difference between clauses (a) and (b); and for fiscal year 1989, the amount of the deduction shall be five-sixths of the difference between clauses (a) and (b).

Subd. 2. [TRANSPORTATION LEVY EQUITY.] (1) In any fiscal year in which the transportation levy in a district attributable to that fiscal year of 1.75 mills times the adjusted assessed valuation of the district exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k, an amount shall be deducted as provided in this subdivision from special state aids of chapter 124 receivable for the same fiscal year, and from state payments on behalf of the district for the same fiscal year authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b), to the extent that those special state aids and state payments have

not been reduced pursuant to subdivision 1 of this section. However, aid authorized in sections 124.2137 and 124.646 shall not be reduced.

(2) The amount of the deduction shall equal the difference between:

(a) 1.75 mills times the adjusted assessed valuation of the district for the levy attributable to that fiscal year, and

(b) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8i, 8j, and 8k, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

However, for fiscal year 1985, the amount of the deduction shall be one-sixth of the difference between clauses (a) and (b); for fiscal year 1986, the amount of the deduction shall be one-third of the difference between clauses (a) and (b); for fiscal year 1987, the amount of the deduction shall be one-half of the difference between clauses (a) and (b); for fiscal year 1988, the amount of the deduction shall be two-thirds of the difference between clauses (a) and (b); and for fiscal year 1989, the amount of the deduction shall be five-sixths of the difference between clauses (a) and (b).

Subd. 3. In any fiscal year in which the state payments on behalf of a district authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b), are reduced under this section, the commissioner of education shall certify the amounts of the required reductions to the district. The district shall pay employer contributions in the amount of the reduction of these payments to the commissioner, which amount shall be placed in the general fund.

Sec. 8. [124A.01] [FOUNDATION AID COMPONENTS.]

Foundation aid shall equal the sum of the following:

- (a) basic aid;*
- (b) cost differential tier aid;*
- (c) second tier aid;*
- (d) third tier aid;*
- (e) fourth tier aid;*
- (f) fifth tier aid;*
- (g) minimum aid; and*

(h) *shared time pupil aid.*

Sec. 9. [124A.02] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purpose of this chapter, the following terms have the meaning given them.

Subd. 2. [ACTUAL LEVY.] "Actual levy" means the amount a district reports, according to section 275.125, subdivision 18, to the department of education that it has levied for each tier.

Subd. 3. [PERMITTED LEVY.] "Permitted levy" means the amount a district is permitted to levy for each tier, as determined by the department of education according to section 275.125, subdivisions 7d and 7e.

Subd. 4. [TRAINING AND EXPERIENCE INDEX.] "Training and experience index" means a measure of a district's teacher training and experience relative to the education and experience of teachers in the state. The measure shall be determined pursuant to section 10 and according to a method published in the Minnesota Code of Administrative Rules. The published method shall include the data used and a reasonably detailed description of the steps in the method. The method shall not be subject to the provisions of chapter 14. At least biennially, the department shall recompute the index using complete new data.

Sec. 10. [124A.04] [TRAINING AND EXPERIENCE INDEX.]

The training and experience index shall be constructed in the following manner:

(a) *The department shall construct a matrix which classifies teachers by the extent of training received in accredited institutions of higher education, and by the years of experience which the district takes into account in determining each teacher's salary.*

(b) *For all teachers in the state, the average salary per full-time-equivalent shall be computed for each cell of the matrix.*

(c) *For each cell of the matrix, the ratio of the average salary in that cell to the average salary in the cell for teachers with no prior years of experience and only a bachelor's degree shall be computed. The department shall use statistical methods to ensure continuously increasing ratios as cells are higher in training or experience.*

(d) *The index for each district shall be equal to the weighted average of the ratios assigned to the full-time-equivalent teachers in each district.*

Sec. 11. [124A.06] [COST DIFFERENTIAL TIER AID.]

Subdivision 1. [COST DIFFERENTIAL TIER ALLOWANCE.] "Cost differential tier allowance" means the amount of revenue per actual pupil unit used to compute the cost differential tier aid for a school year and levy for use in the same school year. A district's cost differential tier allowance shall be the result of the following computation:

(a) *Divide the amount of aid the district would have received for the 1980-1981 school year if Minnesota Statutes, 1979 Supplement, section 124.224, as amended by section 3 of this article, had been effective for the 1980-1981 school year by the actual pupil units in the district in the 1980-1981 school year.*

(b) *Divide the formula allowance for the school year by \$1265.*

(c) *multiply the result in clause (a) by the result in clause (b).*

(d) *Subtract 1.25 from the training and experience index, and multiply the difference by \$300.*

(e) *Select the greater of the result in clause (d) or zero.*

(f) *Add the results of clauses (c) and (e).*

Subd. 2. [COST DIFFERENTIAL TIER REVENUE.] A district's cost differential tier revenue for each school year shall equal the cost differential tier allowance times the actual pupil units for that school year.

Subd. 3. [COST DIFFERENTIAL TIER AID.] A district's cost differential tier aid shall be the result of the following computation:

(1) *Subtract the amount of the cost differential tier levy from the amount of the cost differential tier revenue.*

(2) *Divide the actual cost differential tier levy by the permitted cost differential tier levy.*

(3) *Multiply the result in clause (1) by the result in clause (2).*

Sec. 12. [124A.08] [SECOND TIER AID WITH 100 PERCENT EQUALIZING FACTOR.]

Subdivision 1. [SECOND TIER ALLOWANCE.] "Second tier allowance" means the amount of revenue per actual pupil unit used to compute the second tier aid for a particular school year and the corresponding levy for that school year. The second tier allowance is \$150.

Subd. 2. [SECOND TIER REVENUE.] A district's second tier revenue for each school year shall equal the second tier allowance times its actual pupil units for that school year.

Subd. 3. [SECOND TIER AID.] A district's second tier aid shall be the result of the following computation:

(1) Subtract the amount of the second tier levy from the amount of the second tier revenue.

(2) Divide the actual second tier levy by the permitted second tier levy.

(3) Multiply the result in clause (1) by the result in clause (2).

Sec. 13. [124A.10] [THIRD TIER AID WITH 75 PERCENT EQUALIZING FACTOR.]

Subdivision 1. [THIRD TIER ALLOWANCE.] "Third tier allowance" means the amount of revenue per actual pupil unit used to compute the third tier aid for a particular school year and the corresponding levy for that school year. The third tier allowance is \$100.

Subd. 2. [THIRD TIER REVENUE.] A district's third tier revenue for each school year shall equal the third tier allowance times its actual pupil units for that school year.

Subd. 3. [THIRD TIER AID.] A district's third tier aid shall be the result of the following computation:

(1) Subtract the amount of the third tier levy from the amount of the third tier revenue.

(2) Divide the actual third tier levy by the permitted third tier levy.

(3) Multiply the result in clause (1) by the result in clause (2).

Sec. 14. [124A.12] [FOURTH TIER AID WITH 50 PERCENT EQUALIZING FACTOR.]

Subdivision 1. [FOURTH TIER ALLOWANCE.] "Fourth tier allowance" means the amount of revenue per actual pupil unit used to compute the fourth tier aid for a particular school year and the corresponding levy for that school year. The fourth tier allowance is \$100.

Subd. 2. [FOURTH TIER REVENUE.] A district's fourth tier revenue for each school year shall equal the fourth tier allowance times its actual pupil units for that school year.

Subd. 3 [FOURTH TIER AID.] A district's fourth tier aid shall be the result of the following computation:

(1) Subtract the amount of the fourth tier levy from the amount of the fourth tier revenue.

(2) Divide the actual fourth tier levy by the permitted fourth tier levy.

(3) Multiply the result in clause (1) by the result in clause (2).

Sec. 15. [124A.14] [FIFTH TIER AID WITH 50 PERCENT EQUALIZING FACTOR.]

Subdivision 1. [FIFTH TIER ALLOWANCE.] "Fifth tier allowance" means the amount of revenue per actual pupil unit used to compute the fifth tier aid for a particular school year and the corresponding levy for that school year. The fifth tier allowance shall equal the result of the following computation:

(a) Determine the revenue the district would have received for the 1984-1985 school year from grandfather revenue, replacement revenue, and low fund balance revenue, if the provisions of Minnesota Statutes 1982, sections 124.2123, 124.2124, and 124.2128 had been effective for the 1984-1985 school year.

(b) Determine the discretionary revenue the district would have received for the 1984-1985 school year if the provisions of Minnesota Statutes 1982, section 124.2125 had been effective for the 1984-1985 school year. Assume the district had been entitled to and had levied the maximum allowable under section 275.125, subdivisions 7a, and no aid or levy reductions were made according to section 275.125, subdivision 7c.

(c) Determine the amount of revenue equal to \$25 times the total pupil units in the 1984-1985 school year.

(d) Add the results in clauses (a), (b), and (c).

(e) Determine the estimated revenue the district would receive for the 1984-1985 school year from the first to fourth tier revenue for the 1984-1985 school year.

(f) Subtract the result of clause (e) from the result of clause (d).

(g) Divide the amount in clause (f) by the 1984-1985 actual pupil units.

Subd. 2. [FIFTH TIER REVENUE.] A district's fifth tier revenue for each school year shall equal the fifth tier allowance times its actual pupil units for that school year.

Subd. 3. [FIFTH TIER AID.] A district's fifth tier aid shall be the result of the following computation:

(1) Subtract the amount of the fifth tier levy from the amount of the fifth tier revenue.

(2) Divide the actual fifth tier levy by the permitted fifth tier levy.

(3) Multiply the result in clause (1) by the result in clause (2).

Sec. 16. [124A.16] [COMMENCEMENT OF TIER REVENUE.]

Subdivision 1. [TOTAL TIER ALLOWANCE.] "Total tier allowance" shall mean the sum of the allowances from the tiers specified in sections 11, 12, 13, 14, and 15.

Subd. 2. [PREVIOUS FORMULA AMOUNT.] "Previous formula amount" shall mean the revenue per actual pupil unit from the previous formula as specified in section 15, subdivision 1, clauses (a) and (b).

Subd. 3. [MINIMUM INCREASE.] "Minimum increase" shall mean the amount equal to \$25 times the total pupil units in the 1984-1985 school year, divided by the actual pupil units in the 1984-1985 school year.

Subd. 4. The total revenue per actual pupil unit permitted from the tiers specified in sections 11, 12, 13, 14, and 15 shall equal the sum of the previous formula amount plus the greater of:

(a) the minimum increase; or

(b) 25 percent of the difference between the total tier allowance and the previous formula amount in the 1984-1985 school

year, 50 percent of the difference in the 1985-1986 school year, 75 percent of the difference in the 1986-1987 school year, or 100 percent of the difference in the 1987-1988 school year and subsequent school years.

Subd. 5. The revenue permitted by this section shall be accorded to the lowest numbered tiers, beginning with the cost differential tier.

Subd. 6. The permitted total revenue per actual pupil unit specified in subdivision 4 shall be determined prior to the reduction according to section 275.125, subdivision 7e.

Sec. 17. Minnesota Statutes 1982, section 124.2132, subdivision 1, is amended to read:

Subdivision 1. [UNDERLEVIES.] A district's basic foundation (, GRANDFATHER, REPLACEMENT, DISCRETIONARY OR LOW FUND BALANCE) aid (, AS APPLICABLE,) for any school year when the actual amount of the corresponding levy for use in that year is less than the permitted amount, shall be reduced by a percentage equal to the difference between the actual amount and the permitted amount, divided by the permitted amount. This provision shall apply to basic foundation aid only for a school year when the actual amount of the basic maintenance levy for use in that year is less than 95 percent of the permitted amount.

Sec. 18. Minnesota Statutes 1982, section 275.125, subdivision 2e, is amended to read:

Subd. 2e. [BASIC MAINTENANCE LEVY; DISTRICTS OFF THE FORMULA.] (1) In any year when the amount of the maximum levy limitation under subdivision 2a for any district, exceeds the product of the district's foundation aid formula allowance for the year in which the levy is recognized as revenue times the estimated number of actual and AFDC pupil units for that district for that school year, the levy limitation for that district under subdivision 2a shall be limited to the greater of the dollar amount of the levy the district certified in 1977 under Minnesota Statutes 1978, Section 275.125, subdivision 2a, clause (1), or the following difference but not to exceed the levy limitation under subdivision 2a:

(a) the sum of

(i) the product of the district's foundation aid formula allowance for the school year in which the levy is recognized as revenue, times the estimated number of actual and AFDC pupil units for that district for that school year, plus

(ii) the amount of special state aids of chapter 124 receivable for the same school year, excluding aid authorized in sections 124.2137 and 124.646, plus

(iii) the amount of state payments on behalf of the district for the same school year authorized in sections 354.43, subdivision 1; 354A.12, subdivision 2; and 355.46, subdivision 3, clause (b), less

(b) the estimated amount of any payments which would reduce the district's foundation aid entitlement as provided in section 124.2132, subdivision 4 in the school year in which the levy is recognized as revenue.

(1) However, for fiscal year 1985, the amounts in clauses (a)(ii) and (a)(iii) shall be multiplied by one-sixth; for fiscal year 1986, the amounts in clauses (a)(ii) and (a)(iii) shall be multiplied by one-third; for fiscal year 1987, the amounts in clauses (a)(ii) and (a)(iii) shall be multiplied by one-half; for fiscal year 1988, the amounts in clauses (a)(ii) and (a)(iii) shall be multiplied by two-thirds; and for fiscal year 1989, the amounts in clauses (a)(ii) and (a)(iii) shall be multiplied by five-sixths.

(2) A levy made by a district pursuant to this subdivision shall be construed to be the levy made by that district pursuant to subdivision 2a, for purposes of statutory cross-reference.

Sec. 19. Minnesota Statutes 1982, section 275.125, is amended by adding a subdivision to read:

Subd. 7d. [TIER LEVIES.] (1) [COST DIFFERENTIAL TIER LEVY.] In 1983 and each year thereafter, a district may levy for its cost differential tier revenue an amount not to exceed the lesser of its cost differential tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the district's cost differential tier revenue for the school year to which the levy is attributable.

(2) [SECOND TIER LEVY.] In 1983 and each year thereafter, a district may levy for its second tier revenue an amount not to exceed the lesser of its second tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the district's second tier revenue for the school year to which the levy is attributable.

(3) [THIRD TIER LEVY.] In 1983 and each year thereafter, a district may levy for its third tier revenue an amount not to exceed the lesser of its third tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by 75 percent of the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the district's third tier revenue for the school year to which the levy is attributable.

(4) [FOURTH TIER LEVY.] In 1983 and each year thereafter, a district may levy for its fourth tier revenue an amount not to exceed the lesser of its fourth tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by 50 percent of the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the fourth tier revenue for the school year to which the levy is attributable.

(5) [FIFTH TIER LEVY.] In 1983 and each year thereafter, a district may levy for its fifth tier revenue an amount not to exceed the lesser of its fifth tier revenue or the result of the following computation:

(i) Divide the adjusted assessed valuation for the year preceding the year the levy is certified, by the total pupil units for the year to which the levy is attributable.

(ii) Divide the result in clause (i) by 50 percent of the equalizing factor for the school year to which the levy is attributable.

(iii) Multiply the result in clause (ii) by the fifth tier revenue for the school year to which the levy is attributable.

Sec. 20. Minnesota Statutes 1982, section 275.125, is amended by adding a subdivision to read:

Subd. 7e. [SECOND TIER LEVY FUND BALANCE.] Beginning with the 1983 payable 1984 levy, for a district where the net unappropriated operating fund balance as of the June 30 before the levy is certified exceeds \$500 per total pupil unit in the year when the levy is certified, the second tier levy shall be reduced by the amount of the excess times the lesser of (a) one, or (b) the ratio of the district's EARC valuation for the preceding year per total pupil unit in the school year for which the levy is attributable, to the equalizing factor. Beginning with the 1984-1985 school year, the second tier aid for the year when that levy is used shall be reduced by any amount of the excess which is not subtracted from the levy.

Sec. 21. Minnesota Statutes 1982, section 275.125, subdivision 9, is amended to read:

Subd. 9. [LEVY REDUCTIONS; TACONITE.] (1) Reductions in levies pursuant to subdivision 10 of this section, and section 273.138, shall be made prior to the reductions in clause (2).

(2) Notwithstanding any other law to the contrary, districts which received payments pursuant to sections 294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; 477A.15; and any law imposing a tax upon severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties, or recognized revenue pursuant to section 477A.15; shall not include a portion of these aids in their permissible levies pursuant to those sections, but instead shall reduce the permissible levies authorized by this section by the greater of the following:

(a) an amount equal to 50 percent of the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year; or

(b) an amount equal to the total dollar amount of the payments received pursuant to those sections or revenue recognized pursuant to section 477A.15 in the previous fiscal year less the product of the same dollar amount of payments or revenue times the ratio of the maximum levy allowed the district under subdivision 2a, to the total levy allowed the district under this section in the year in which the levy is certified.

(3) No reduction pursuant to this subdivision shall reduce the levy made by the district pursuant to subdivision 2a, to an amount less than the amount raised by a levy of (TEN) 12.5 mills times the adjusted assessed valuation of that district for the preceding year as determined by the equalization aid review

committee. The amount of any increased levy authorized by referendum pursuant to subdivision 2d shall not be reduced pursuant to this subdivision. The amount of any levy authorized by subdivision 4, to make payments for bonds issued and for interest thereon, shall not be reduced pursuant to this subdivision. (THE AMOUNT OF ANY LEVY AUTHORIZED BY SUBDIVISION 7A SHALL NOT BE REDUCED PURSUANT TO THIS SUBDIVISION.)

(4) Before computing the reduction pursuant to this subdivision of the capital expenditure levy authorized by subdivision 11a, and the community service levy authorized by subdivision 8, the commissioner shall ascertain from each affected school district the amount it proposes to levy for capital expenditures pursuant to subdivision 11a and for community services pursuant to subdivision 8. The reduction of the capital expenditure levy and the community services levy shall be computed on the basis of the amount so ascertained.

(5) Notwithstanding any law to the contrary, any amounts received by districts in any fiscal year pursuant to sections 294.21 to 294.26; 298.23 to 298.28; 298.34 to 298.39; 298.391 to 298.396; 298.405; 298.51 to 298.67; or any law imposing a tax on severed mineral values, or under any other law distributing proceeds in lieu of ad valorem tax assessments on copper or nickel properties; and not deducted from foundation aid pursuant to section 124.2132, subdivision 5, clause (2), and not applied to reduce levies pursuant to this subdivision shall be paid by the district to the commissioner of finance in the following amount (ON THE DESIGNATED DATE: ON OR BEFORE) by March 15 of each year, (100 PERCENT OF) the amount required to be subtracted from the previous fiscal year's foundation aid pursuant to section (124.2128) ~~124.2132~~, subdivision 5, which is in excess of the foundation aid earned for that fiscal year. The commissioner of finance shall deposit any amounts received pursuant to this clause in the taconite property tax relief fund in the state treasury, established pursuant to section 16A.70 for purposes of paying the taconite homestead credit as provided in section 273.135.

Sec. 22. [INSTRUCTION TO THE REVISOR.]

In the next method of updating Minnesota Statutes, the revisor of statutes, in consultation with the education staff of house research and senate research and counsel, is requested to codify the appropriate provisions of this act, appropriate parts of section 275.125, and the sections of chapter 124 relating to foundation aids in a chapter of Minnesota Statutes.

Sec. 23. [REPEALER.]

Subdivision 1. Minnesota Statutes 1982, sections 124.11, subdivision 1 and 275.125, subdivisions 6b, 6c, 6d, 7a, and 7c are repealed.

Subd. 2. Minnesota Statutes 1982, sections 124.2123; 124.-2124; 124.2125; and 124.2128 are repealed.

Subd. 3. [EFFECT.] The repeal of these sections shall not affect the right of a school district to receive nor the obligation of the commissioner of education to pay aids attributable to the 1983-1984 school year and payable in fiscal year 1985 pursuant to the sections repealed.

Sec. 24. [APPROPRIATION.]

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [FOUNDATION AID.] For foundation aid there is appropriated:

\$585,027,000 1984,

\$555,591,000 1985.

The appropriation for 1984 includes \$84,895,000 for aid for fiscal year 1983 payable in fiscal year 1984, and \$500,132,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The appropriation for 1985 includes \$89,315,000 for aid for fiscal year 1984 payable in fiscal year 1985, and \$466,276,000 for aid for fiscal year 1985 payable in fiscal year 1985.

Subd. 3. [CANCELLATION.] Any unexpended balance remaining from the appropriations in this section for 1984 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.

Sec. 25. [EFFECTIVE DATE.]

Sections 8, 9, 10, 11, 12, 13, 14, 15, 16, 17, 21, and 23, subdivision 2, are effective July 1, 1984.

ARTICLE 2

TRANSPORTATION AID

Section 1. Minnesota Statutes 1982, section 123.37, subdivision 1b, is amended to read:

Subd. 1b. [TRANSPORTATION; FUEL.] Notwithstanding the provisions of subdivision 1 or section 471.345, a contract for the transportation of school children, or a contract for the purchase (, BY JUNE 30, 1983,) of petroleum heating fuel or fuel for (DISTRICT OWNED) vehicles may be made by direct negotiation, by obtaining two or more written quotations for the service when possible, or upon sealed bids. At least 30 days before awarding a directly negotiated contract, the school district shall, by published notice, request quotations for the service to be provided. All quotations obtained shall be kept on file for a period of at least one year after receipt thereof. If a contract is made by direct negotiation, (NEGOTIATIONS) *all quotations* shall be (OPEN TO THE) *public information*. If a contract is made upon sealed bids, the procedure for advertising and awarding bids shall conform to the provisions of subdivision 1 except as otherwise provided in this subdivision.

Notwithstanding the provisions of subdivision 1 or section 574.26, a performance bond shall be required of a contractor on a contract for the transportation of school children only when and in the amount deemed necessary by and at the discretion of the school board.

Sec. 2. Minnesota Statutes 1982, section 124.225, is amended to read:

124.225 [TRANSPORTATION AID ENTITLEMENT.]

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

(a) "FTE" means a transported full time equivalent pupil whose transportation is authorized for aid purposes by section 124.223.

(b) "Authorized cost for regular transportation" means the sum of:

(1) all expenditures for transportation in the regular category, as defined in clause (e)(1), for which aid is authorized in section 124.223, plus

(2) an amount equal to one year's depreciation on the district's school bus fleet and mobile units computed on a straight line basis at the rate of 12-1/2 percent per year of the cost of the fleet, plus

(3) an amount equal to one year's depreciation on district school buses reconditioned by the department of corrections computed on a straight line basis at the rate of 33-1/3 percent per year of the cost to the district of the reconditioning, plus

(4) beginning in fiscal year 1984, an amount equal to one year's depreciation on the district's type three school buses, as defined in section 169.44, subdivision 15, which were purchased after July 1, 1982 for authorized transportation of pupils, with the prior approval of the commissioner, computed on a straight line basis at the rate of 20 percent per year of the cost of the type three school buses.

(c) "Adjusted authorized predicted cost per FTE" means the authorized cost predicted by a multiple regression formula determined by the department of education, and adjusted pursuant to subdivision 7a.

(d) "Aid entitlement per FTE" means the adjusted authorized predicted cost per FTE, inflated pursuant to subdivision 7b.

(e) "Transportation category" means a category of transportation service provided to pupils. Each category includes transportation provided during the regular school year and in conjunction with a state board approved summer school program. For purposes of this section, transportation categories are as follows:

(1) Regular transportation is transportation services provided under section 124.223, clauses (1) and (2), excluding transportation between schools under section 124.223, clause (1);

(2) During-day transportation is transportation services between schools provided under section 124.223, clause (1), and transportation services provided under section 124.223, clauses (3) and (9), and transportation services provided under section 124.223, clause (6), excluding transportation provided for pupils attending shared time special education classes;

(3) Handicapped transportation is transportation services for pupils attending shared time special education classes provided under section 124.223, clause (6), and transportation services provided under section 124.223, clause (4), excluding board and lodging and excluding transportation to and from board and lodging facilities;

(4) Board and lodging is services provided, in lieu of transportation, under section 124.223, clauses (4) and (5);

(5) To and from board and lodging facility transportation is transportation services to and from board and lodging facilities provided under section 124.223, clauses (4) and (7);

(6) Nonpublic health, guidance and counseling transportation is transportation services provided under section 124.223, clause (10) (.) ;

(7) *Nonregular transportation is transportation services provided between schools under section 124.223, clause (1); and transportation services provided under section 124.223, clauses (3), (4), (5), (6), (7), (9), and (10).*

(f) "Pupil weighting factor" means the ratio of the actual district average cost per FTE in a particular transportation category in the base year to the actual district average cost per FTE in the regular transportation category in the base year.

(g) "Weighted FTE's" means the number of FTE's in each transportation category multiplied by the pupil weighting factor for that category.

(h) "Mobile unit" means a vehicle or trailer designed to provide facilities for educational programs and services, including diagnostic testing, guidance and counseling services and health services. A mobile unit located off nonpublic school premises is a neutral site as defined in section 123.932, subdivision 9.

(i) "Percent excess handicapped FTE's transported" means the result of the following computation for the current year:

one, minus the product of

(1) the ratio of the number of FTE pupils transported in the handicapped category in the state to the number of FTE pupils transported in the handicapped category in the district; times

(2) the ratio of the number of FTE pupils transported in the regular category in the district to the number of FTE pupils transported in the regular category in the state.

(j) "Current year" means the school year for which aid will be paid.

(k) "Base year" means the second school year preceding the school year for which aid will be paid.

(l) "Base cost" means the authorized regular transportation cost per FTE in the base year in the regular transportation category, excluding summer school transportation.

(m) "Predicted base cost" means the base cost as predicted by subdivision 3.

Subd. 1a. [WEIGHTING FACTORS.] For each school year, in computing transportation aid, the department of education shall establish as needed the pupil weighting factors for each transportation category for each district using transportation cost data for the second prior school year. The department shall use the statewide pupil weighting factor for any transportation

category for which a district had no experience during the second prior school year.

Subd. 3. [FORMULA.] For each school year, the state shall pay to each school district for all pupil transportation and related services for which the district is authorized by law to receive state aid an amount determined according to this section. The department of education shall conduct multiple regression analysis using the terms specified in subdivision 4a (,) for the 1982-1983 and 1983-1984 school years, and using the terms specified in subdivision 4b for the 1984-1985 school year and each school year thereafter to predict the base cost for each district. Each year a formula shall be derived based upon the regression analysis, but excluding the (FACTORS) factor described in subdivision 4a, (CLAUSES (8),) clause (9), (AND (10), EXCEPT THAT) in the (1982-1983) formula for the 1983-1984 school year (, THESE CLAUSES SHALL NOT BE EXCLUDED). (THIS) Each year the formula shall be used to determine a predicted base cost for each district. The amount determined for each district shall be adjusted according to the provisions of subdivisions 7a and 7b.

Subd. 4a. [FORMULA TERMS, 1983-1984.] To predict the base cost for each district pursuant to subdivision 3 for the 1983-1984 school year, the multiple regression formula shall use the following terms for each district:

- (1) The district's average daily membership;
- (2) The reciprocal of the district's average daily membership;
- (3) The logarithm of the number of authorized FTE's per square mile transported by the district in the regular transportation category;
- ((4) THE PERCENTAGE OF THE DISTRICT'S SQUARE MILE AREA WHICH IS CLASSIFIED BY THE COMMISSIONER OF ENERGY, PLANNING AND DEVELOPMENT AS WATER-COVERED, MARSHLAND, OR EXTRACTIVE;)
- ((5)) (4) The district's administrative overhead for transportation per authorized FTE transported in the regular transportation category;
- ((6)) (5) The number of schools to which pupils are transported in the regular transportation category, either within or outside the district, divided by the number of authorized FTE's transported in the regular transportation category;
- ((7)) (6) Whether the district is non-rural, based upon criteria established by the department of education;

((8)) (7) Whether the district contracts for bus service, or transports pupils only on district-owned buses;

((9)) (8) The percentage of all regular transportation category bus routes using buses that are not owned by the district, if that percentage is not 100 percent;

((10)) (9) Whether the district operates a special bus to transport pupils to home from school who are involved in after-school activities.

Subd. 4b. [FORMULA TERMS, 1984-1985 AND AFTER.] To predict the logarithm of the base cost for each district pursuant to subdivision 3 for the 1984-1985 school year and each year thereafter, the multiple regression formula shall use the following terms for each district:

(1) *The logarithm of the lesser of (a) the number of authorized FTE's per square mile transported by the district in the regular transportation category, or (b) 200;*

(2) *Whether the district is non-rural, based upon criteria established by the department of education; and*

(3) *The logarithm of the percentage of all FTE's transported in the regular category using buses that are not owned by the district.*

Subd. 7a. [BASE YEAR SOFTENING FORMULA.] (1) (EACH DISTRICT'S PREDICTED BASE COST DETERMINED FOR EACH SCHOOL YEAR ACCORDING TO SUBDIVISION 3 SHALL BE AVERAGED WITH THE BASE COST FOR THAT DISTRICT FOR THAT YEAR TO DETERMINE THE DISTRICT'S ADJUSTED AUTHORIZED PREDICTED COST PER FTE FOR THAT YEAR.)

((2) NOTWITHSTANDING CLAUSE (1),) For fiscal year 1983; **(THE)** *each district's predicted base cost determined according to subdivision 3 shall be adjusted as provided in this clause to determine adjusted authorized predicted cost per FTE for the base school year.*

(a) If the predicted base cost exceeds the base cost, the predicted base cost shall be decreased by 50 percent of the first \$40 of difference between the base cost and the predicted base cost; 70 percent of the next \$40 of difference; and 90 percent of any difference which exceeds \$80, to determine the adjusted authorized predicted cost per FTE.

(b) If the predicted base cost is less than the base cost, the predicted base cost shall be increased by 50 percent of the first \$40 of difference between the base cost and the predicted base

cost; 70 percent of the next \$40 of difference; and 90 percent of any difference which exceeds \$80, to determine the adjusted authorized predicted cost per FTE.

(2) *For fiscal year 1984 and each year thereafter, each district's predicted base cost determined for each school year according to subdivision 3 shall be adjusted as provided in this clause to determine the district's adjusted authorized predicted cost per FTE for that year.*

(a) *If the base cost of the district is within five percent of the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to the base cost.*

(b) *If the base cost of the district is more than five percent greater than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 105 percent of the predicted base cost, plus 40 percent of the difference between (i) the base cost, and (ii) 105 percent of the predicted base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be less than 80 percent of base cost.*

(c) *If the base cost of the district is more than five percent less than the predicted base cost, the district's adjusted authorized predicted cost per FTE shall be equal to 95 percent of the predicted base cost, minus 40 percent of the difference between (i) 95 percent of predicted base cost, and (ii) the base cost. However, in no case shall a district's adjusted authorized predicted cost per FTE be more than 120 percent of base cost.*

Subd. 7b. [INFLATION FACTORS.] *The adjusted authorized predicted cost per FTE determined for a district under subdivision 7a for the base year shall be increased by 22 percent to determine the district's aid entitlement per FTE for the 1982-1983 school year, by 11.7 percent to determine the district's aid entitlement per FTE for the 1983-1984 school year, and by 10.3 percent to determine the district's aid entitlement per FTE for the 1984-1985 school year.*

Subd. 8a. [AID.] *For the 1982-1983 and 1983-1984 school years, a district's transportation aid shall be equal to the sum of its basic transportation aid pursuant to subdivision 8b, its excess handicapped transportation aid pursuant to subdivision 8c, its handicapped board and lodging aid pursuant to subdivision 8d, its to and from board and lodging aid pursuant to subdivision 8e, its nonpublic support services transportation aid pursuant to subdivision 8f, its during-day transportation aid pursuant to subdivision 8g, and its closed-school transportation aid pursuant to subdivision 8h, minus the amount raised by two mills times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year. For the 1983-1984 school year transporta-*

tion aid for a district which contracted for pupil transportation services in the 1981-1982 school year shall be reduced by an amount equal to \$18 times the number of FTE pupils transported on contracted school buses in the base year in the regular transportation category. A district may levy less than the amount raised by two mills. Transportation aid shall be computed as if the district had levied the amount raised by two mills. (IF THE TOTAL APPROPRIATION FOR TRANSPORTATION AID IN ANY FISCAL YEAR AFTER 1982 IS INSUFFICIENT TO PAY ALL DISTRICTS THE FULL AMOUNT OF AID EARNED, THE DEPARTMENT OF EDUCATION SHALL REDUCE EACH DISTRICT'S AID IN PROPORTION TO THE NUMBER OF RESIDENT PUPILS IN AVERAGE DAILY MEMBERSHIP IN THE DISTRICT TO THE STATE TOTAL AVERAGE DAILY MEMBERSHIP, AND SHALL REDUCE THE AID ENTITLEMENT OF OFF-FORMULA DISTRICTS IN THE SAME PROPORTION.) Aid for the 1982-1983 and 1983-1984 school years shall also be reduced by the following amount: the product of

(a) the number of nonhandicapped secondary pupils transported in the base year who live between one and two miles from the public school which they could attend or the nonpublic school actually attended, times

(b) 1.5, divided by the average distance to school for all FTE's transported in the district in the regular transportation category in the base year, times

(c) the district's aid entitlement for FTE determined according to subdivision 7b, times the ratio of average daily membership used in subdivision 8b.

For the 1984-1985 school year and thereafter, a district's transportation aid shall be equal to the sum of its basic transportation aid pursuant to subdivision 8b, its nonregular transportation aid pursuant to subdivision 8i, and its nonregular transportation levy equalization aid pursuant to subdivision 8j, minus its contracted services and reduction pursuant to subdivision 8k, minus the amount raised by 1.75 mills times the adjusted assessed valuation which is used to compute the transportation levy limitation for the levy attributable to that school year. A district may levy less than the amount raised by 1.75 mills. Transportation aid shall be computed as if the district had levied the amount raised by 1.75 mills.

If the total appropriation for transportation aid for any fiscal year is insufficient to pay all districts the full amount of aid earned, the department of education shall reduce each district's aid in proportion to the number of resident pupils in average daily membership in the district to the state total average daily membership, and shall reduce the aid entitlement of off-formula districts in the same proportion.

Subd. 8b. [BASIC AID COMPUTATION.] For the 1982-1983 and 1983-1984 school years, a district's basic transportation aid pursuant to this section for the school year shall equal the district's aid entitlement per FTE determined according to subdivision 7b times the total number of authorized weighted FTE's transported in the regular and handicapped transportation categories in the district in the base year times the ratio of average daily membership in the district in the current year to the average daily membership in the district in the base year.

For the 1984-1985 school year and thereafter, a district's basic transportation aid pursuant to this section for each school year shall equal the district's aid entitlement per FTE determined according to subdivision 7b times the total number of authorized FTE's transported in the regular (AND HANDICAPPED CATEGORIES) category in the district in the current school year.

Subd. 8c. [EXCESS HANDICAPPED AID.] (a) for (EACH) the 1982-1983 and 1983-1984 school (YEAR) years, the state shall pay aid for the excess costs of providing transportation for handicapped students as provided in this subdivision to a district where, in the current school year, the ratio of FTE's transported in the handicapped category to the total number of FTE's transported in the regular transportation category exceeds the same ratio for the state as a whole.

(b) This aid shall equal:

the product of the percent excess handicapped FTE's transported, times the difference between

(1) the district's actual cost for transportation of all pupils in the handicapped category in the current year, and

(2) the product of

(i) the district's aid entitlement per FTE determined according to subdivision 7b, times

(ii) (THE NUMBER OF FTE'S TRANSPORTED IN THE HANDICAPPED CATEGORY IN THE DISTRICT IN THE CURRENT YEAR.)

(PROVIDED THAT FOR THE 1982-1983 AND 1983-1984 SCHOOL YEARS, THE NUMBER IN (2) (II) ABOVE SHALL BE REPLACED BY THE FOLLOWING COMPUTATION:) the product of the number of FTE's transported in the handicapped category in the district in the base year, times its pupil weighting factor for the handicapped category, times the ratio of average daily membership in the district in the current year to average daily membership in the district in the base year.

Excess handicapped transportation aid authorized in this subdivision shall not be paid after the 1983-1984 school year.

Subd. 8d. [HANDICAPPED BOARD AND LODGING AID.] For board and lodging of handicapped pupils, each district shall receive aid equal to the product of the number of FTE pupils boarded and lodged in the current year in the district in this transportation category, times the average of

(a) the state average board and lodging cost per FTE pupil boarded and lodged in the base year, times the inflation factor for that year prescribed in subdivision 7b; and

(b) the district's actual cost per FTE pupil boarded and lodged in the current year.

Aid for board and lodging of handicapped pupils authorized in this subdivision shall not be paid after the 1983-1984 school year.

Subd. 8e. [TO AND FROM BOARD AND LODGING.] For transportation of handicapped pupils to and from board and lodging facilities, the state shall pay aid to each district for each year equal to the lesser of

(a) the sum of the distance in miles from the home of each pupil transported in this category to the board and lodging facility, times 36, times 24 cents; or

(b) the average of the amount in (a) and the district's actual cost for all transportation in this category in the current year.

Aid for transportation of handicapped pupils to and from board and lodging facilities authorized in this subdivision shall not be paid after the 1983-1984 school year.

Subd. 8f. [NONPUBLIC SUPPORT SERVICES AID.] For the 1982-1983 and 1983-1984 school years, a district's nonpublic support services transportation aid shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times its pupil weighting factor for the nonpublic support services transportation category, times the number of FTE pupils transported in the nonpublic support services category in the district in the base year, times the ratio of average daily membership in the district in the current year to average daily membership in the district in the base year. (FOR THE 1984-1985 SCHOOL YEAR AND THEREAFTER, A DISTRICT'S NON-PUBLIC SUPPORT SERVICES TRANSPORTATION AID SHALL EQUAL THE DISTRICT'S AID ENTITLEMENT PER FTE DETERMINED ACCORDING TO SUBDIVISION 7B, TIMES ITS PUPIL WEIGHTING FACTOR FOR THE NON-PUBLIC SUPPORT SERVICES TRANSPORTATION CATE-

GORY, TIMES THE NUMBER OF FTE'S TRANSPORTED IN THAT CATEGORY IN THE CURRENT YEAR.)

Nonpublic support services aid authorized in this subdivision shall not be paid after the 1983-1984 school year.

Subd. 8g. [DURING-DAY TRANSPORTATION AID.] For the 1982-1983 and 1983-1984 school years, a district's during-day transportation aid shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times its pupil weighting factor for the during-day transportation category, times the number of FTE's transported in the during-day transportation category in the base year, times the ratio of average daily membership in the district in the current year to average daily membership in the district in the base year. (FOR THE 1984-1985 SCHOOL YEAR AND THEREAFTER, A DISTRICT'S DURING-DAY TRANSPORTATION AID SHALL EQUAL THE DISTRICT'S AID ENTITLEMENT PER FTE DETERMINED ACCORDING TO SUBDIVISION 7B, TIMES ITS PUPIL WEIGHTING FACTOR FOR THE DURING-DAY TRANSPORTATION CATEGORY, TIMES THE NUMBER OF FTE'S TRANSPORTED IN THE DURING-DAY TRANSPORTATION CATEGORY IN THE CURRENT YEAR.)

During-day transportation aid authorized in this subdivision shall not be paid after the 1983-1984 school year.

Subd. 8h. [CLOSED-SCHOOL TRANSPORTATION AID.] For the 1982-1983 and 1983-1984 school years, a district's closed-school transportation aid shall equal the district's aid entitlement per FTE determined according to subdivision 7b, times the number of authorized FTE's transported in the regular category in the current school year who were not transported in the base year and would not have been transported in the current year but for school closings or altered school attendance boundaries. The total amount of transportation aid computed pursuant to this subdivision in each year shall not exceed \$2,000,000. If this amount is insufficient to pay each qualifying district its full amount of aid pursuant to this subdivision, this amount shall be prorated among all qualifying districts in proportion to each district's number of FTE's for whom aid is claimed under this subdivision.

Closed-school transportation aid authorized in this subdivision shall not be paid after the 1983-1984 school year.

Subd. 8i. [NONREGULAR TRANSPORTATION AID.] For the 1984-1985 school year and each year thereafter, a district's nonregular transportation aid shall be determined pursuant to this subdivision. Nonregular transportation aid shall equal (a) 20 percent of the first \$10 of actual cost in the current year for nonregular transportation services per total pupil unit,

plus 40 percent of the next \$10 of actual cost in the current year for nonregular transportation services per total pupil unit, plus 60 percent of the actual cost in the current year for nonregular transportation services per total pupil unit which exceeds \$20, times (b) the number of total pupil units in the district in the current year.

Subd. 8j. [NONREGULAR TRANSPORTATION LEVY EQUALIZATION AID.] For the 1984-1985 school year and each year thereafter, a district's nonregular transportation levy equalization aid shall be determined pursuant to this subdivision.

(a) Unreimbursed nonregular transportation revenue shall equal the actual cost in the current year for nonregular transportation services, minus the district's nonregular transportation aid computed pursuant to subdivision 8i.

(b) The nonregular transportation levy is the levy authorized by section 275.125, subdivision 5c.

(c) Nonregular transportation levy equalization aid for a district shall equal the product of (1) its unreimbursed nonregular transportation revenue, minus the nonregular transportation levy limitation for that year, times (2) the ratio of the district's actual nonregular transportation levy to its nonregular transportation levy limitation.

Subd. 8k. [CONTRACTED SERVICES AID REDUCTION.] For the 1984-1985 school year and each year thereafter, each district's transportation aid shall be reduced according to the provisions of this subdivision, if the district contracted for some or all of the transportation services provided in the regular category. The department of education shall compute this subtraction by conducting the multiple regression analysis specified in subdivision 3 and computing the district's aid under two circumstances, once including the coefficient of the factor specified in subdivision 4b, clause (3), and once excluding the coefficient of that factor. The aid subtraction shall equal the difference between the district's aid computed under these two circumstances.

Subd. 9. [DISTRICT REPORTS.] Each district shall report data to the department as required by the department to implement the transportation aid formula. If a district's final transportation aid payment is adjusted after the final aid payment has been made to all districts, the adjustment shall be made by increasing or decreasing the district's aid for the next fiscal year.

Subd. 10. [DEPRECIATION.] Any school district which owns school buses or mobile units shall transfer annually from the unappropriated fund balance account in its transportation

fund to the appropriated fund balance account for bus purchases in its transportation fund at least an amount equal to 12-1/2 percent of the original cost of each type one or type two bus or mobile unit until the original cost of each type one or type two bus or mobile unit is fully amortized, plus 20 percent of the original cost of each type three bus included in the district's authorized cost under the provisions of subdivision 1, clause (b) (4), until the original cost of each type three bus is fully amortized, plus 33-1/3 percent of the cost to the district as of July 1 of each year for school bus reconditioning done by the department of corrections until the cost of the reconditioning is fully amortized; provided, if the district's transportation aid is reduced pursuant to subdivision 8a because the appropriation for that year is insufficient, this amount shall be reduced in proportion to the reduction pursuant to subdivision 8a as a percentage of the sum of

(1) the district's total transportation aid without the reduction pursuant to subdivision 8a, plus

(2) *for fiscal years 1983 and 1984, an amount equal to two mills times the adjusted assessed valuation (OF THE DISTRICT) which is used to compute the levy limitation for the levy attributable to that year, or for fiscal year 1985 and thereafter 1.75 mills times the adjusted assessed valuation of the district for the preceding year.* Any school district may transfer any amount from the unappropriated fund balance account in its transportation fund to any other operating fund or to the appropriated fund balance account for bus purchases in its transportation fund.

(SUBD. 11. [PAYMENT SCHEDULE THROUGH 1982.] EXCEPT AS MAY BE OTHERWISE AUTHORIZED BY THE COMMISSIONER TO ACCOMMODATE A FLEXIBLE SCHOOL YEAR PROGRAM, FOR FISCAL YEARS THROUGH 1982, THE STATE SHALL PAY TO EACH SCHOOL DISTRICT 30 PERCENT OF ITS ESTIMATED SCHOOL TRANSPORTATION AID FOR THE FISCAL YEAR ON OR BEFORE EACH OF THE FOLLOWING DATES: AUGUST 31, DECEMBER 31, AND MARCH 31. THE FINAL AID DISTRIBUTION TO EACH DISTRICT SHALL BE MADE ON OR BEFORE OCTOBER 31 OF THE FOLLOWING FISCAL YEAR.)

Subd. 12. [PAYMENT SCHEDULE.] Except as may be otherwise authorized by the commissioner to accommodate a flexible school year program, (STARTING IN FISCAL YEAR 1983,) the state shall pay each school district its estimated school transportation aid for the fiscal year according to the following schedule: 30 percent by August 31; 30 percent by December 31; and 25 percent by March 31. The final aid distribution to each district shall be made by October 31 of the following fiscal year.

Sec. 3. Minnesota Statutes 1982, section 275.125, subdivision 5, is amended to read:

Subd. 5. [BASIC TRANSPORTATION LEVY.] For school transportation services, a school district may levy an amount not to exceed the amount raised by a levy of (TWO) 1.75 mills times the adjusted assessed valuation of the taxable property of the district for the preceding year. (A DISTRICT MAY ALSO LEVY UNDER THIS SUBDIVISION FOR THE AMOUNT NECESSARY TO ELIMINATE ANY PROJECTED DEFICIT IN THE APPROPRIATED FUND BALANCE ACCOUNT FOR BUS PURCHASES IN ITS TRANSPORTATION FUND AS OF JUNE 30 IN THE SCHOOL YEAR WHEN THE LEVY IS RECOGNIZED AS REVENUE. A DISTRICT WHICH CONTRACTS FOR PUPIL TRANSPORTATION SERVICES MAY ALSO LEVY AN AMOUNT EQUAL TO \$18 TIMES THE NUMBER OF FTE PUPILS TRANSPORTED ON CONTRACTED SCHOOL BUSES IN THE PRECEDING SCHOOL YEAR IN THE REGULAR TRANSPORTATION CATEGORY, WHICH SHALL BE PLACED IN THE TRANSPORTATION FUND AND USED FOR ANY LAWFUL PURPOSE. A DISTRICT MAY LEVY AN AMOUNT EQUAL TO THE ESTIMATED COST, IN THE SCHOOL YEAR BEGINNING IN THE YEAR IN WHICH THE LEVY IS CERTIFIED, OF TRANSPORTING SECONDARY PUPILS TO AND FROM SCHOOL WHO LIVE MORE THAN ONE MILE BUT LESS THAN TWO MILES FROM THE PUBLIC SCHOOL WHICH THEY COULD ATTEND OR FROM A NONPUBLIC SCHOOL ACTUALLY ATTENDED. A DISTRICT MAY ALSO LEVY FOR TRANSPORTATION COSTS OR OTHER RELATED SERVICES WHICH ARE NECESSARY BECAUSE OF EXTRAORDINARY TRAFFIC HAZARDS FOR THE NEXT SCHOOL YEAR. LEVIES AUTHORIZED BY THIS SUBDIVISION SHALL BE COMPUTED ACCORDING TO PROCEDURES ESTABLISHED BY THE COMMISSIONER.)

Sec. 4. Minnesota Statutes 1982, section 275.125, subdivision 5b, is amended to read:

Subd. 5b. [TRANSPORTATION LEVY OFF-FORMULA ADJUSTMENT.] In (ANY) fiscal (YEAR IN WHICH) *years 1983 and 1984* if the transportation levy in a district attributable to (THAT) *each* fiscal year of two mills times the adjusted assessed valuation of the district exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8c, 8d, 8e, 8f, 8g, and 8h, the district's transportation levy limitation shall be adjusted as provided in this subdivision. In the year following (THAT) *each of those* fiscal (YEAR) *years*, the district's transportation levy shall be reduced by an amount equal to the difference between (1) two mills times the adjusted assessed valuation of the district, and (2) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8c, 8d, 8e, 8f, 8g, and 8h, less the amount of any aid reduction

due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

In fiscal year 1985 and each fiscal year thereafter, if the basic transportation levy in a district attributable to a particular fiscal year of 1.75 mills times the adjusted assessed valuation of the district exceeds the transportation aid computation under section 124.225, subdivisions 8b, 8i, 8j, and 8k, the district's levy limitation shall be adjusted as provided in this subdivision. In the year following each fiscal year, the district's transportation levy shall be reduced by an amount equal to the difference between (1) 1.75 mills times the adjusted assessed valuation of the district, and (2) the sum of the district's transportation aid computation pursuant to section 124.225, subdivisions 8b, 8i, 8j, and 8k, and the amount of any subtraction made from special state aids pursuant to article 1, section 7, subdivision 2, less the amount of any aid reduction due to an insufficient appropriation as provided in section 124.225, subdivision 8a.

For the levies certified in 1983 and 1984, the following additional amount shall be subtracted:

the product of

(a) the number of nonhandicapped secondary pupils transported in the base year who live between one and two miles from the public school which they could attend or the nonpublic school actually attended, times

(b) 1.5, divided by the average distance to school for all FTE's transported in the district in the regular transportation category in the base year, times

(c) the district's aid entitlement per FTE determined according to section 124.225, subdivision 7b, times the ratio of average daily membership in the district in the current year to average daily membership in the district in the base year.

Sec. 5. Minnesota Statutes 1982, section 275.125, is amended by adding a subdivision to read:

Subd. 5c. [NONREGULAR TRANSPORTATION LEVY.]
A school district may also make a levy for unreimbursed nonregular transportation costs pursuant to this subdivision. The amount of the levy shall not exceed the product of:

(a) the district's unreimbursed nonregular transportation revenue determined pursuant to section 124.225, subdivision 8j, clause (a), times

(b) the lesser of

(i) *one, or*

(ii) *the ratio of the district's adjusted assessed valuation for the preceding year per total pupil unit in the school year to which the levy is attributable, to the equalizing factor for the school year to which the levy is attributable.*

Sec. 6. Minnesota Statutes 1982, section 275.125, is amended by adding a subdivision to read:

Subd. 5d. [EXCESS TRANSPORTATION LEVY.] *A school district may also make an excess transportation levy pursuant to this clause, which shall be the sum of:*

(a) *the district's actual cost in the school year after the year in which the excess transportation levy is certified for transportation to and from school of secondary pupils who live more than one mile but less than two miles from the public school which they could attend or from a nonpublic school actually attended, plus*

(b) *the district's actual cost in the school year after the year in which the excess transportation levy is certified for transportation costs or other related services which are necessary because of extraordinary traffic hazards; plus*

(c) *the amount necessary to eliminate any projected deficit in the appropriated fund balance account for bus purchases in its transportation fund as of June 30 in the school year beginning in the calendar year following the calendar year the levy is certified; plus*

(d) *an amount equal to the aid subtraction computed pursuant to section 124.225, subdivision 8k, for the school year beginning in the year the levy is certified; except that for the 1983 payable 1984 levy, this amount shall be based upon the aid subtraction for the 1984-1985 school year. These amounts shall be placed in the transportation fund and used for any lawful purpose.*

Levies authorized by this subdivision shall be computed according to procedures established by the commissioner.

Sec. 7. [ADDITIONAL TRANSPORTATION LEVIES, 1983.]

Subdivision 1. [SECONDARY PUPIL TRANSPORTATION.] *In 1983 only, a district may levy an amount equal to the estimated cost, in the school year beginning in the year in which the levy is certified, of transporting secondary pupils to and from school who live more than one mile but less than two*

miles from the public school which they could attend or from a nonpublic school actually attended.

Subd. 2. [UNDERLEVY MAKEUP.] Any district which in 1982 levied less than the maximum amount the district was permitted to levy pursuant to Minnesota Statutes 1982, section 275.125, subdivision 5, for the estimated cost of transporting secondary pupils to and from school who live more than one mile but less than two miles from the public school which they could attend or from a nonpublic school actually attended, or which in 1982 levied less than \$18 times the number of FTE pupils transported on contracted school buses in the preceding school year in the regular transportation category, may make an additional transportation levy in 1983. The additional levy in 1983 shall not exceed the amount by which the district's actual levy in 1982 under those provisions was less than the maximum amount the district was permitted to levy under those provisions.

Sec. 8. [APPROPRIATIONS.]

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [TRANSPORTATION AID.] For transportation aid there is appropriated:

\$84,820,000 1984,

\$89,652,000 1985.

(a) The appropriation for 1984 includes \$13,471,000 for aid for fiscal year 1983 payable in fiscal year 1984 and \$71,349,000 for fiscal year 1984 payable in fiscal year 1984.

(b) The appropriation for 1985 includes \$12,591,000 for aid for fiscal year 1984 payable in fiscal year 1985 and \$77,061,000 for fiscal year 1985 payable in fiscal year 1985.

(c) The appropriations are based on aid entitlements of \$33,940,000 for fiscal year 1984 and \$90,660,000 for fiscal year 1985.

Subd. 3. [CANCELLATION.] Any unexpended balance remaining from the appropriation in this section for 1984 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for any purposes indicated is insufficient, the aid for that year shall be prorated among all qualifying districts in the manner prescribed in Minnesota Statutes, section 124.225, subdivision 8a.

ARTICLE 3

SPECIAL EDUCATION

Section 1. Minnesota Statutes 1982, section 120.17, subdivision 3, is amended to read:

Subd. 3. [RULES OF THE STATE BOARD.] The state board shall promulgate rules relative to qualifications of essential personnel, courses of study or training, methods of instruction and training, pupil eligibility, size of classes, rooms, equipment, supervision, parent consultation and any other rules and standards it deems necessary, for instruction of handicapped children. These rules shall provide standards and procedures appropriate for the implementation of and within the limitations of subdivisions 3a and 3b. These rules shall also provide standards for the discipline, control, management and protection of handicapped children. *The state board shall, according to section 14.05, subdivision 4, notify a district applying for a variance from the rules within 45 calendar days of receiving the request whether the request for the variance has been granted or denied. If a request is denied, the board shall specify the program standards used to evaluate the request and the reasons for denying the request.*

Sec. 2. Minnesota Statutes 1982, section 124.17, subdivision 2d, is amended to read:

Subd. 2d. [SUMMER SCHOOL MEMBERSHIP.] In summer school or inter-session classes of flexible school year programs, membership for pupils shall mean the number of full-time equivalent pupils in the program. This number shall equal the sum for all pupils of the number of classroom hours in the programs for which each pupil is enrolled divided by 1050. *However, the number of hours for an individual pupil may not exceed 120 or average more than six per day unless a district obtains approval from the commissioner of education.* Membership in summer school or intersession classes of flexible school year programs shall not include a handicapped pupil whose district of residence has been determined by section 120.17, subdivision 8a, and who is temporarily placed in a state institution or a licensed residential facility for care and treatment.

Sec. 3. Minnesota Statutes 1982, section 124.201, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] For the purposes of computing foundation aid for handicapped pupils enrolled in summer school and inter-session classes of flexible school year programs, the following phrases shall have the meanings given them.

(1) "Summer school pupil units" means full-time equivalent pupil units for summer school classes and inter-session classes

of flexible school year programs computed under the provisions of section 124.17. Only pupils who are handicapped and who are appropriately served at levels 4, 5, or 6 of the continuum of placement model described in (5 MCAR 1.0120 B.11.) *state board rules* shall be included in the computation of summer school pupil units.

(2) "Summer school revenue allowance" means an amount equal to the product of the number of summer school pupil units in a district, times the foundation aid formula allowance as defined in section 124.2122 for the preceding regular school year.

(3) "Summer school aid" means aid for summer school and inter-session classes of flexible school year programs.

Sec. 4. Minnesota Statutes 1982, section 124.201, subdivision 3, is amended to read:

Subd. 3. [AID FOR 1982 SUMMER SCHOOL (AID).] (EACH YEAR) *In fiscal year 1983 a district shall receive summer school aid for the 1982 summer school session equal to the difference between:*

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy pursuant to section 275.125, subdivision 2i certified in the calendar year when the summer school program is offered; times

(b) the district's summer school revenue allowance; and

(2) the levy certified by the district pursuant to section 275.125, subdivision 2i in the calendar year when the summer school program is offered.

Sec. 5. Minnesota Statutes 1982, section 124.201, is amended by adding a subdivision to read:

Subd. 4. [AID FOR 1983 SUMMER SCHOOL SESSION.] *In fiscal year 1984 a district shall receive summer school aid for the 1983 summer school session equal to the difference between:*

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy pursuant to section 14, clause (a), of this article certified in calendar year 1983; times

(b) the district's summer school revenue allowance; and

(2) the levy certified by the district pursuant to section 15, clause (a), of this article in calendar year 1983.

Sec. 6. Minnesota Statutes 1982, section 124.201, is amended by adding a subdivision to read:

Subd. 5. [SUMMER SCHOOL AID.] In fiscal year 1985 and each year thereafter, a district shall receive summer school aid equal to the difference between:

(1) the product of

(a) the ratio of the district's actual levy to its permitted levy, pursuant to section 15 of this article, certified in the calendar year before the summer school program is offered; times

(b) the district's summer school revenue allowance; and

(2) the levy certified by the district pursuant to section 15 of this article in the calendar year before the summer school program is offered.

Sec. 7. Minnesota Statutes 1982, section 124.201, is amended by adding a subdivision to read:

Subd. 6. [AID ADJUSTMENT.] The department of education shall adjust the aid paid each year to reflect adjustments which were made or could have been made to the levy because of a difference between estimated and actual pupil membership. The department shall also adjust levy limitations for districts where actual pupil membership differs from estimated pupil membership.

Sec. 8. Minnesota Statutes 1982, section 124.273, subdivision 4, is amended to read:

Subd. 4. [APPLICATION DATES.] (a) (A DISTRICT WISHING TO RECEIVE AID PURSUANT TO THIS SECTION SHALL SUBMIT AN APPLICATION BY OCTOBER 15, FEBRUARY 15, AND JUNE 15 OF EACH YEAR. AID PAID PURSUANT TO THIS SECTION SHALL BE BASED ON THE NUMBER OF PUPILS OF LIMITED ENGLISH PROFICIENCY ENROLLED IN THE DISTRICT AT THE TIME THE DISTRICT SUBMITS ITS FIRST APPLICATION OR THE NUMBER OF ADDITIONAL SUCH PUPILS ENROLLED AT THE TIME SUBSEQUENT APPLICATIONS ARE SUBMITTED) A district shall submit an initial application for aid by October 15 and shall submit an amended application by February 15 or by June 15 if the number of enrolled pupils of limited English proficiency has changed since filing a previous application. Districts which do not submit an initial application by October 15 but enroll pupils of limited English proficiency after that date may submit an initial application by February 15 or by June 15. A final report with actual salary and

enrollment information shall be submitted by August 15 for calculation of the final payment.

(b) All applications shall be submitted to the department in the manner prescribed by the commissioner. Each application shall include (1) the number of pupils or additional pupils enrolled who meet the criteria in section 126.262, subdivision 2; (2) the number, dates of hire, full time equivalency, and salaries of essential licensed personnel or additional essential licensed personnel employed in the district's educational program for pupils of limited English proficiency who meet the criteria in section 126.262, subdivision 3; and (3) any other information deemed necessary by the commissioner to implement this section. School districts may submit joint applications for aid pursuant to this section and may share essential instructional personnel employed in educational programs for pupils of limited English proficiency.

Sec. 9. Minnesota Statutes 1982, section 124.32, subdivision 3a, is amended to read:

Subd. 3a. [CURRENT FUNDING.] *Unless otherwise specified, the aids provided for educational programs for handicapped children shall be paid on a current funding basis.*

Sec. 10. Minnesota Statutes 1982, section 124.32, subdivision 5, is amended to read:

Subd. 5. [RESIDENTIAL AID.] When a handicapped child is placed in a residential facility approved by the commissioner and established primarily to serve handicapped children and when the child's educational program is approved by the commissioner, the state shall pay aid to the resident district under the provisions of this subdivision. Except for the (1982-1983) 1981-1982 regular school year, the aid shall be an amount not to exceed 60 percent of the difference between the instructional costs charged to the resident district and the foundation aid formula allowance, for each handicapped child placed in a residential facility. Except for (1983) 1982 summer school programs, the aid for summer school programs for each handicapped child placed in a residential facility shall be an amount not to exceed 60 percent of the difference between the instructional costs charged to the resident district and the summer school revenue allowance in the resident district attributable to that child. *Aid for these programs shall be paid on a reimbursement basis by October 31 following completion of the program.* No aid shall be paid pursuant to this subdivision for tuition charged a resident district pursuant to section 120.17, subdivision 7a, for a child placed at the Minnesota school for the deaf or the Minnesota braille and sight-saving school.

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

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

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

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

Sec. 11. Minnesota Statutes 1982, section 124.32, subdivision 5a, is amended to read:

Subd. 5a. [(1982-1983) *1981-1982 RESIDENTIAL AID.*] The aid for the (1982-1983) *1981-1982* school year shall be paid according to subdivision 5, except that for the regular (1982-1983) *1981-1982* school year the aid shall be an amount not to exceed 35.7 percent of the difference between the instructional costs charged to the resident district and the foundation aid formula allowance, for each handicapped child placed in a residential facility. For summer school programs in (1983) *1982*, the aid for each handicapped child placed in a residential facility shall be an amount not to exceed 35.7 percent of the difference between the instructional costs charged to the resident district and the summer school revenue allowance in the resident district attributable to that child.

Sec. 12. Minnesota Statutes 1982, section 126.54, subdivision 1, is amended to read:

Subdivision 1. [GRANTS; PROCEDURES.] For fiscal years (1982 AND) 1983, *1984, and 1985* the state board of education shall make grants to no fewer than six school year American Indian language and culture education programs. At least three programs shall be in urban areas and at least three shall be on or near reservations. The board of a local district, a participating school or a group of boards may develop a proposal for grants in support of American Indian language and culture education programs. Proposals may provide for contracts for the provision of program components by nonsectarian nonpublic, community, tribal or alternative schools. The state board shall prescribe the form and manner of application for grants, and no grant shall be made for a proposal not complying with the requirements of sections 126.45 to 126.55. The state board shall submit all proposals to the state advisory task force on American Indian language and culture education programs for its recommendations concerning approval, modification, or disapproval and the amounts of grants to approved programs.

Sec. 13. Minnesota Statutes 1982, section 275.125, subdivision 2i, is amended to read:

Subd. 2i. [1982 HANDICAPPED SUMMER SCHOOL LEVY.] A district may levy for the 1982 summer school programs for handicapped pupils an amount equal to the following product:

(1) The district's summer school revenue allowance as defined in section 124.201, subdivision 2, clause (2) for the (CALENDAR YEAR WHEN THE LEVY IS CERTIFIED) 1982 session, times

(2) the lesser of:

(a) one, or

(b) the ratio of

(i) the quotient derived by dividing the adjusted assessed valuation of the district in the third preceding year by the total pupil units in the district in the preceding regular school year, to

(ii) the equalizing factor for the preceding regular school year.

Sec. 14. Minnesota Statutes 1982, section 275.125, is amended by adding a subdivision to read:

Subd. 2j. [1983 LEVY FOR 1983 AND 1984 HANDICAPPED SUMMER SCHOOL.] (a) In 1983 a district may levy for the 1983 summer school program for handicapped pupils an amount equal to the following product:

(1) the district's summer school revenue allowance as defined in section 124.201, subdivision 2, clause (2) for the 1983 session, times

(2) the lesser of:

(i) one, or

(ii) the ratio of

(A) the quotient derived by dividing the 1980 adjusted assessed valuation of the district by the total pupil units in the district in the 1982-1983 school year, to

(B) *the equalizing factor for the 1982-1983 school year.*

(b) *In addition, in 1983 a district may levy for the 1984 summer school program for handicapped pupils an amount equal to the following product:*

(1) *the district's estimated summer school revenue allowance as defined in section 124.201, subdivision 2, clause (2), times*

(2) *the lesser of*

(i) *one, or*

(ii) *the ratio of*

(A) *the quotient derived by dividing the 1981 adjusted assessed valuation of the district by the number of total pupil units in the district in the 1983-1984 school year, to*

(B) *the equalizing factor for the 1983-1984 school year.*

Sec. 15. Minnesota Statutes 1982, section 275.125, is amended by adding a subdivision to read:

Subd. 2k. [HANDICAPPED SUMMER SCHOOL LEVY.] In 1984 and each year thereafter, a district may levy for summer school programs for handicapped pupils an amount equal to the following product:

(a) *The district's estimated summer school revenue allowance as defined in section 124.201, subdivision 2, clause (2) for the summer school session to be held in the calendar year after the calendar year when the levy is certified, times*

(b) *the lesser of*

(1) *one, or*

(2) *the ratio of*

(i) *the quotient derived by dividing the adjusted assessed valuation of the district in the second preceding year by the total pupil units in the district in the current school year, to*

(ii) *the equalizing factor for the current regular school year.*

Sec. 16. Laws 1982, chapter 548, article III, section 27, is amended to read:

Sec. 27. [SUPERVISION.]

For the 1982-1983 and 1983-1984 school (YEAR) years, the rules on supervisory personnel of 5 MCAR 1.0122 D., D.1., D.2., D.3., and D.4. are suspended.

(BY FEBRUARY 1, 1983, THE DEPARTMENT OF EDUCATION SHALL REPORT TO THE EDUCATION COMMITTEES OF THE LEGISLATURE REGARDING THE NEED TO REINSTATE THE RULES OR ITS RECOMMENDATIONS FOR ALTERNATIVE RULES FOR SUPERVISORY PERSONNEL.)

Sec. 17. Laws 1982, chapter 548, article III, section 28, is amended to read:

Sec. 28. [STUDENT TO STAFF RATIOS; 1982-1983 AND 1983-1984 SCHOOL (YEAR) YEARS.]

For the 1982-1983 and 1983-1984 school (YEAR) years, a school district may increase the student to staff ratios established pursuant to 5 MCAR 1.0122 C. by an amount not to exceed 20 percent. (BY FEBRUARY 1, 1983, THE DEPARTMENT SHALL REPORT TO THE EDUCATION COMMITTEES OF THE LEGISLATURE REGARDING RECOMMENDATIONS ON PROMULGATING NEW STUDENT TO STAFF RULES WHICH PROVIDE GREATER FLEXIBILITY TO SCHOOL DISTRICTS AND WHICH HAVE COST CONTAINMENT FEATURES, INCLUDING INCENTIVES FOR COOPERATION AMONG SCHOOL DISTRICTS.)

Sec. 18. [REPEALER.]

Minnesota Statutes 1982, sections 124.273, subdivisions 1 and 2; and 124.32, subdivisions 1 and 9 are repealed.

Sec. 19. [APPROPRIATIONS.]

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [SPECIAL EDUCATION AID.] For special education aid there is appropriated:

\$116,905,000 1984,

\$123,266,000 1985.

The appropriation for 1984 includes \$15,148,000 for aid for fiscal year 1983 payable in fiscal year 1984, and \$101,757,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The appropriation for 1985 includes \$17,957,000 for aid for fiscal year 1984 payable in fiscal year 1985 and \$105,309,000 for aid for fiscal year 1985, payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$119,714,000 for fiscal year 1984 and \$123,893,000 for fiscal year 1985.

Subd. 3. [SUMMER SCHOOL FOUNDATION AID.] For aid pursuant to section 124.201, subdivision 3, for special education summer school programs there is appropriated:

\$ 621,000 1984,

\$749,000 1985.

The appropriation for 1984 is for 1983 summer school programs.

The appropriation for 1985 is for 1984 summer school programs.

Subd. 4. [SUMMER SCHOOL SPECIAL EDUCATION AID.] For special education aid for summer school programs there is appropriated:

\$4,257,000 1984,

\$4,922,000 1985.

The appropriation for 1984 is for 1983 summer school programs.

The appropriation for 1985 is for 1984 summer school programs.

Subd. 5. [RESIDENTIAL FACILITIES AID.] For aid pursuant to section 124.32, subdivision 5, there is appropriated:

\$1,139,000 1984,

\$1,185,000 1985.

Subd. 6. [LIMITED ENGLISH PROFICIENCY PUPILS PROGRAM AID.] For aid to educational programs for pupils of limited English proficiency pursuant to section 124.273 there is appropriated:

\$2,860,000 1984,

\$3,079,000 1985.

The appropriation for 1984 includes \$380,000 for aid for fiscal year 1983 payable in fiscal year 1984, and \$2,480,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The appropriation for 1985 includes \$438,000 for aid for fiscal year 1984 payable in fiscal year 1985 and \$2,641,000 for aid for fiscal year 1985, payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$2,918,000 for fiscal year 1984 and \$3,107,000 for fiscal year 1985.

Subd. 7. [AMERICAN INDIAN LANGUAGE AND CULTURE PROGRAM AID.] For grants to American Indian language and culture education programs pursuant to section 126.54, subdivision 1, there is appropriated:

\$538,000 1984,

\$565,000 1985.

The appropriation for 1984 includes \$73,000 for aid for fiscal year 1983 payable in fiscal year 1984, and \$465,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The appropriation for 1985 includes \$82,000 for aid for fiscal year 1984 payable in fiscal year 1985 and \$483,000 for aid for fiscal year 1985, payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$547,000 for fiscal year 1984 and \$568,000 for fiscal year 1985.

Subd. 8. [HEARING IMPAIRED SUPPORT SERVICES AID.] For payment of support services for hearing impaired persons pursuant to section 121.201 there is appropriated:

\$42,000 1984,

\$37,000 1985.

The appropriations are based on aid entitlements of \$42,000 for fiscal year 1984 and \$43,000 for fiscal year 1985.

Subd. 9. [CANCELLATION.] Any unexpended balances remaining from the appropriations in this section for 1984 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated.

Subd. 10. [PRORATION.] If the appropriation amount in subdivisions 2, 3, 4, 5, or 6 of this section attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the

state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 20. [EFFECTIVE DATE.]

Sections 1, 2, 9, 10, and 11 of this article are effective the day following final enactment.

ARTICLE 4

COMMUNITY AND ADULT EDUCATION

Section 1. Minnesota Statutes 1982, section 124.26, subdivision 1, is amended to read:

Subdivision 1. [COMPENSATION.] For evening schools and continuing education programs (FOR ADULTS ESTABLISHED FOR PERSONS OVER 16 YEARS OF AGE AND NOT IN ATTENDANCE UPON REGULAR DAY SCHOOLS), the state shall (COMPENSATE ANY DISTRICT MAINTAINING SUCH PROGRAMS IN ACCORDANCE WITH REQUIREMENTS ESTABLISHED BY THE STATE BOARD FROM FUNDS APPROPRIATED FOR THAT PURPOSE, OR SUCH FUNDS COMBINED WITH FEDERAL FUNDS INsofar AS FEDERAL FUNDS ARE AVAILABLE. THE STATE SHALL) pay (THESE) aids on a current funding basis. Except for the 1982-1983 school year, (THE PORTION OF THE COMPENSATION FROM STATE APPROPRIATION) aid shall be 90 percent of the compensation paid each teacher for services in the programs up to \$8,000 per year (BASED ON THE COSTS) as approved in (THAT) the current year application. Aid may also be paid for an alternative method of providing programs if the method is determined by the commissioner of education to be cost-effective. Not more than two and one-half percent of the amount appropriated for evening schools and continuing education programs may be for alternative programs. All classes shall be tuition free when taught by teachers subsidized under this section. (AND THERE SHALL BE) No charge for registration, materials and supplies may be made except a security deposit for the return of materials, supplies, and equipment. Evening school and continuing education programs are defined as those public day or evening school programs which are established for persons over 16 years of age not in attendance at the full time elementary or secondary schools and which qualify such persons for the high school diploma, the high school equivalency certificate or for academic achievement at the secondary level.

Sec. 2. Minnesota Statutes 1982, section 124.271, subdivision 2a, is amended to read:

Subd. 2a. [AID; 1984.] (1) Beginning in fiscal year 1984, each district which is operating a community education program in compliance with the rules promulgated by the state board and which has levied pursuant to section 275.125, subdivision 8, shall receive in state aid the greater of the following:

(a) \$5 per capita minus the amount raised by .9 mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year; or

(b) (75) 25 cents per capita; or

(c) \$7,000.

However (THE AMOUNT OF AID SHALL NOT EXCEED THE AMOUNT CERTIFIED), for any district which qualifies for aid under clause (c) and which does not certify the maximum permissible levy pursuant to section 275.125, subdivision 8, the aid shall be reduced by multiplying the aid amount by the ratio of the district's actual levy to its maximum permissible levy. For purposes of computing the aid limitation pursuant to this subdivision, the amount certified pursuant to section 275.125, subdivision 8, shall not reflect reductions pursuant to section 275.125, subdivision 9.

(2) In addition to the amount in clause (1), in fiscal year 1984 a district which made a levy for community education programs pursuant to section 275.125, subdivision 8, shall receive additional aid of 25 cents per capita.

Sec. 3. Minnesota Statutes 1982, section 124.271, is amended by adding a subdivision to read:

Subd. 2b. [AID; 1985 AND AFTER.] (1) In fiscal year 1985 and each fiscal year thereafter, each district which is operating a community education program in compliance with rules promulgated by the state board shall receive community education aid in an amount equal to the difference obtained by subtracting

(a) an amount equal to .8 mill times the adjusted assessed valuation used to compute the community education levy limitation for the levy attributable to that school year, from

(b) the greater of

(i) \$7,000, or

(ii) \$5 times the population of the district.

(2) However, for any district which certifies less than the maximum permissible levy under the provisions of section 275.125, subdivision 8, clause (4), the district's community education aid under clause (1) of this subdivision shall be reduced by multiplying the aid amount computed pursuant to clause (1) of this subdivision by the ratio of the district's actual levy under section 275.125, subdivision 8, clause (4), to its maximum permissible levy under section 275.125, subdivision 8, clause (4). For purposes of computing the aid reduction pursuant to this clause, the amount certified pursuant to section 275.125, subdivision 8, clause (4), shall not reflect reductions made pursuant to section 275.125, subdivision 9.

(3) In addition to the amount in clause (1), in fiscal year 1985 and each fiscal year thereafter a district which makes a levy for community education programs pursuant to section 275.125, subdivision 8, shall receive additional aid of 50 cents per capita.

Sec. 4. Minnesota Statutes 1982, section 124.271, is amended by adding a subdivision to read:

Subd. 2c. [EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS.] Districts which did not offer early childhood and family education programs funded by the council on quality education during the 1982-1983 school year may use the aid received pursuant to subdivision 2a, clause (2) or subdivision 2b, clause (3) for community education programs in early childhood and family education, or for any other community education program. Districts which offered early childhood and family education programs funded by the council on quality education during the 1982-1983 school year shall use the aid received pursuant to subdivision 2a, clause (2) or subdivision 2b, clause (3) to continue the existing early childhood and family education programs through the 1983-1984 and 1984-1985 school years. Beginning with the 1985-1986 school year and each year thereafter, any district which receives aid pursuant to subdivision 2b, clause (3) may use the aid for community education programs in early childhood and family education, or for any other community education program.

Sec. 5. Minnesota Statutes 1982, section 124.271, subdivision 6, is amended to read:

Subd. 6. [PAYMENT SCHEDULE.] (STARTING IN FISCAL) Each fiscal year (1983,) the state shall pay to each school district 85 per percent of its community education program aid for the current fiscal year by November 1. The final aid distribution to each district shall be made by November 1 of the following fiscal year. All community education program aid shall be distributed by the state aids section of the department of education.

Sec. 6. Minnesota Statutes 275.125, subdivision 8, is amended to read:

Subd. 8. [COMMUNITY EDUCATION LEVY.] (1) (IN 1981 A DISTRICT WHICH HAS ESTABLISHED A COMMUNITY EDUCATION ADVISORY COUNCIL PURSUANT TO SECTION 121.88, MAY LEVY AN AMOUNT OF MONEY RAISED BY THE GREATER OF (A) \$3.40 PER CAPITA, OR (B) 110 PERCENT OF THE AMOUNT CERTIFIED PURSUANT TO THIS SUBDIVISION IN 1980. THESE LEVIES SHALL BE USED FOR COMMUNITY SERVICES INCLUDING NONVOCATIONAL ADULT PROGRAMS, RECREATION AND LEISURE TIME ACTIVITY PROGRAMS, AND PROGRAMS CONTEMPLATED BY SECTIONS 121.85 TO 121.88. FOR PURPOSES OF COMPUTING THE LEVY LIMITATION PURSUANT TO THIS SUBDIVISION, THE AMOUNT CERTIFIED PURSUANT TO THIS SUBDIVISION IN 1980 SHALL NOT REFLECT REDUCTIONS PURSUANT TO SUBDIVISION 9.)

((2)) Except as provided in clauses ((3)) (2) and ((4)) (3), in 1982 (, AND EACH YEAR THEREAFTER.) a district which has established a community education advisory council pursuant to section 121.88, may levy the amount raised by .9 mill times the most recent adjusted assessed valuation of the district, but no more than \$5 times the population of the district. This amount shall be reduced to (\$4.25) \$4.75 per capita for districts which will qualify for aid in fiscal year 1984 equal to (75) 25 cents per capita pursuant to section 124.271, subdivision 2a, clause (1) (b).

((3)) (2) In 1982 districts which received total revenue in fiscal year 1983 from community education aid and levy in excess of \$5 times the population of the district, may levy the amount of the fiscal year 1983 revenue less \$5 times the population of the district in addition to the amount in clause ((2)) (1).

((4)) (3) In 1982 districts which will qualify for aid pursuant to section 124.271, subdivision 2a, clause (1) (c) may levy the greater of the following:

(a) \$5 per capita minus \$7,000; or

(b) the amount of their fiscal year 1983 revenue from community education aid and levy minus \$7,000.

(4) In 1983 and each year thereafter, a district which has established a community education advisory council pursuant to section 121.88, may levy the amount raised by .8 mill times the most recent adjusted assessed valuation of the district, but no more than the greater of

(a) \$5 times the population of the district, or

(b) \$7,000.

(5) In addition to the levy authorized in clause (4), in 1983 a district may levy an additional amount for community education programs equal to the difference obtained by subtracting

(a) the sum in fiscal year 1984 of

(i) the district's estimated maximum permissible revenue from community education aid under section 124.271, subdivision 2a, clause (1), and

(ii) the community education levy authorized in clause (4) of this subdivision, from

(b) the sum in fiscal year 1983 of

(i) the district's maximum permissible revenue from community education aid under section 124.271, subdivision 2, excluding any reductions from community education aid made pursuant to Laws 1981, Third Special Session chapter 2, article 2, section 2, clause (mm), and Laws 1982, Third Special Session chapter 1, article 3, section 6, and

(ii) the maximum community education levy authorized in this subdivision for the district for the levy made in 1981, payable in 1982, before any reduction in the levy pursuant to subdivision 9.

(6) In 1984 and each year thereafter, in addition to the levy authorized in clause (4), a district may levy an amount equal to the amount the district was entitled to levy pursuant to clause (5) in 1983.

((5)) (7) The levies authorized in this subdivision shall be used for community education, including nonvocational adult programs, recreation and leisure time activity programs, and programs authorized by sections 121.85 to 121.88. A school district may levy pursuant to this subdivision only after it has filed a certificate of compliance with the commissioner of education. The certificate of compliance shall certify that the governing boards of the county, municipality and township in which the school district or any part thereof is located have been sent 15 working days written notice of a meeting and that a meeting has been held to discuss methods of increasing mutual cooperation between such bodies and the school board. The failure of a governing board of a county, municipality or township to attend the meeting shall not affect the authority of the school district to levy pursuant to this subdivision.

((6)) (8) The population of the district for purposes of this subdivision is the population determined as provided in section

275.14 or as certified by the department of education from the most recent federal census.

Sec. 7. [LEVY ADJUSTMENT.]

The commissioner shall adjust the 1982 payable 1983 community education levy limitations for school districts according to the provisions of this section. The adjustment shall be a positive or negative amount equal to the difference between the amount the district levied pursuant to section 275.125, subdivision 8, and the amount the district would have certified if the provisions in this article amending section 275.125, subdivision 8 with respect to the 1982 payable 1983 levy had been in effect at the time the 1982 payable 1983 levy was made. The adjustment shall be added to or subtracted from the district's levy limitation for 1983 taxes payable in 1984.

Sec. 8. [EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS.]

In those districts which provided early childhood and family education programs funded by the council on quality education during the 1982-1983 school year, the citizens advisory council for community education, in consultation with the director of the district's early childhood and family education program, shall develop a plan for offering the programs through the community education program. In those districts which did not provide early childhood and family education programs funded by the council on quality education during the 1982-1983 school year, the citizen's advisory council is encouraged to develop a plan for offering early childhood and family education programs through the community education program.

Sec. 9. [STAFF COMPLEMENT; TRANSFER.] *The commissioner of education may transfer one staff complement, together with administrative costs, from the staff of the council on quality education to the division of instruction for the purpose of providing technical assistance to districts offering early childhood and family education programs through the district's community education program.*

Sec. 10. [REPEALER.]

Minnesota Statutes 1982, sections 124.26, subdivision 4, and 124.271, subdivision 5, are repealed.

Sec. 11. [APPROPRIATIONS.]

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [ADULT EDUCATION AID.] For adult education aid pursuant to section 124.26 there is appropriated:

\$1,359,000 1984,

\$1,427,000 1985.

The amount appropriated for fiscal year 1984 includes \$185,000 for aid for fiscal year 1983 payable in fiscal year 1984, and \$1,174,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The amount appropriated for fiscal year 1985 includes \$207,000 for aid for fiscal year 1984 payable in fiscal year 1985, and \$1,220,000 for aid for fiscal year 1985 payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$1,381,000 for fiscal year 1984 and \$1,436,000 for fiscal year 1985.

Subd. 3. [COMMUNITY EDUCATION AID.] For community education aid pursuant to section 124.271 there is appropriated:

\$3,946,000 1984,

\$3,201,000 1985.

The amount appropriated for fiscal year 1984 includes \$494,000 for aid for fiscal year 1983 payable in fiscal year 1984, and \$3,452,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The amount appropriated for fiscal year 1985 includes \$610,000 for aid for fiscal year 1984 payable in fiscal year 1985, and \$2,591,000 for fiscal year 1985 payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$4,062,000 for fiscal year 1984 and \$3,414,000 for fiscal year 1985.

Subd. 4. [CANCELLATION AND PRORATION.] Any unexpended balance remaining from the appropriations in this section for 1984 shall cancel and shall not be available for the second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

ARTICLE 5

VOCATIONAL EDUCATION

Section 1. Minnesota Statutes 1982, section 121.912, is amended by adding a subdivision to read:

Subd. 1a. [AVTIS.] Money shall not be transferred from the post-secondary general fund to any other operating or nonoperating fund.

Sec. 2. [124.5611] [AVTI FUNDING.]

Beginning with aids for the 1983-1984 school year, post-secondary vocational aids for AVTI's shall be paid for the current fiscal year according to sections 3 to 11 of this article, and 124.564.

Sec. 3. [124.5612] [AVTI AID DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] Beginning with aids for the 1983-1984 school year, for the purposes of sections 3 to 11 of this article, 124.564, and 124.565, the following terms have the meanings given them.

Subd. 2. [ADM.] "ADM" means average daily membership computed according to section 9 of this article.

Subd. 3. [AVTL] "AVTI" means a post-secondary area vocational technical institute.

Subd. 4. [COMPONENT ACTIVITIES.] "Component activities" means regular instruction, special needs instruction, research, instructional administration, media/library, pupil personnel services, health services, director's office, instructional services, fixed costs, work study/financial aid, physical plant, and repair and betterment.

Subd. 5. [INSTRUCTIONAL AID.] "Instructional aid" means state money, exclusive of repair and betterment aid and debt service aid, allocated by the state board for vocational education to districts for post-secondary vocational technical education instructional costs.

Subd. 6. [INSTRUCTIONAL COSTS.] "Instructional costs" means expenditures in the following categories: licensed and nonlicensed staff salaries; licensed and nonlicensed staff fringe benefits, excluding teachers' retirement and teachers' social security; staff travel for instructional, administrative, and professional development purposes; purchased services; other expenditures, detailed according to UFARS; supplies and

materials; supplies for resale; rents and leases; acquisition or purchase of equipment and machinery; and betterment of equipment and machinery.

Subd. 7. [PROGRAM.] *"Program" means a post-secondary vocational technical occupational program as classified with a six-digit number by the United States department of education.*

Subd. 8. [REPAIR AND BETTERMENT AID.] *"Repair and betterment aid" means state money, exclusive of instructional aid and debt service aid, allocated by the state board for vocational education to districts. The aid is to reconstruct, improve, remodel, and repair existing AVTI buildings and grounds, as necessary to conduct post-secondary vocational technical education.*

Subd. 9. [UFARS.] *"UFARS" means the uniform financial accounting and reporting system.*

Sec. 4. [124.5613] [PROGRAMS OF STUDY.]

Subdivision 1. [BOARD DUTIES.] *The state board for vocational education shall approve, disapprove, and coordinate post-secondary vocational education programs. After consultation with the affected school boards, the state board may add, eliminate, transfer, or change programs as it determines advisable.*

Subd. 2. [PROGRAM ELIMINATION.] *In the absence of compelling reasons to do otherwise, the state board shall eliminate a program if:*

(a) fewer than 51 percent of the students are employed in positions closely related to their training within one year of completing their educational objectives; or

(b) the ADM to teacher ratio is significantly below 12 to 1 for a health program or 17 to 1 for a non-health program.

Subd. 3. [IN-SERVICE TRAINING.] *The state board may provide for in-service training for AVTI instructors.*

Sec. 5. [124.5614] [PROCESS FOR AID ALLOCATION.]

Subdivision 1. [BUDGET SUBMISSION.] *Before January 1 of each year, each AVTI shall submit an instructional aid budget for the following fiscal year. The instructional aid budget shall detail estimated instructional costs in each expenditure category for each program and component activity of the AVTI's operations. The instructional aid budget shall include estimated revenues from sale of supplies and services, sale of equipment and other capital goods, and other revenues, detailed according to UFARS.*

Subd. 2. [RECOMMENDED ALLOCATIONS.] After reviewing each budget, the department of education shall recommend aid allocations for the following fiscal year in each expenditure category for each program and component activity.

The department shall recommend instructional aid allocations sufficient to maintain or improve special needs instruction.

Notwithstanding any laws or rules to the contrary, the recommendations for allocations of instructional aid, to the extent possible, shall be based on average systemwide ADM to teacher ratios of 12 to 1 for health programs and 17 to 1 for non-health programs.

The annual student placement rate of each program shall be taken into consideration by the department in recommending instructional aid allocations.

Each AVTI's tuition revenues in the fiscal year for which aid is allocated shall be taken into consideration by the department in recommending instructional aid allocations.

Each AVTI's unappropriated capital balance of the equipment account in the capital expenditure fund, as of June 30 of the fiscal year during which allocations are made, shall be taken into consideration by the department in recommending instructional aid allocations for the purposes listed in section 6, subdivision 3, clauses (a), (b), (c), and (d) of this article. In recommending instructional aid allocations for all other purposes, the department shall take into consideration each AVTI's net positive unappropriated general fund balance, as of June 30 of the fiscal year during which allocations are made, which exceeds 10 percent of the AVTI's operating expenditures, as defined by UFARS, for the fiscal year during which allocations are made.

Each AVTI's actual expenditures which exceed the amounts originally budgeted for expenditure during the fourth quarter of the fiscal year in which aids are allocated shall be taken into consideration by the department in recommending instructional aid allocations.

Allocations of repair and betterment aid shall be recommended for each project proposed by an AVTI. In recommending repair and betterment aid allocations, the department shall take into consideration each AVTI's net positive unappropriated capital balance of the repair and betterment account of the capital expenditure fund, as of June 30 of the fiscal year during which allocations are made.

Subd. 3. [HEARING.] The aid allocations recommended by the department of education shall be taken to a public hearing held by the state board for vocational education with at least six

board members present. The hearing shall continue until all interested persons, representatives, and organizations have had an opportunity to be heard. Notice of the hearing shall be given at least 20 days prior to the date set for the hearing. The notice shall be published in the state register and mailed to each district submitting a budget, and other interested persons and organizations who register their names with the commissioner of education for that purpose. The department of education shall make available at least one free copy of the recommended allocations to the education committees of the legislature and to any person requesting it. An audio magnetic recording device shall be used to keep a record at every hearing. A transcript of the hearing record shall be made available upon the request of any person, if the request is in writing and the requester pays the cost of preparing the transcript.

Subd. 4. [HEARING REPORT.] After allowing written material to be submitted and added to the hearing record for five days after the public hearing ends, the commissioner of education shall proceed as promptly as possible to write a report containing the final proposed allocations of aids. This report shall contain findings and conclusions based on substantial evidence from the hearing record to support the final proposed allocations. The report shall be available to all affected districts upon request for at least 15 days before the state board takes final action allocating aids.

Subd. 5. [MODIFICATIONS TO REPORT.] Any district which is adversely affected by the final proposed allocations of aids may request and shall be given an opportunity to be heard in support of modification of the proposed final allocation of aids at the meeting at which the state board takes final action allocating aids. The state board may place reasonable restrictions on the length of time allowed for testimony.

Subd. 6. [FINAL ALLOCATION.] By June 1, after hearing modification requests, if any, the state board shall take final action to allocate aids. Allocations of instructional aid shall be detailed in each expenditure category for each program and component activity. The total allocation of instructional aid for each AVTI shall specify the amounts of any fund balances and tuition revenues taken into consideration. Allocations of repair and betterment aid shall be detailed for each project. The total allocation of repair and betterment aid for each AVTI shall specify the amount of any fund balance taken into consideration.

Subd. 7. [SUBSEQUENT ALLOCATION.] The state board may withhold up to one percent of the post-secondary vocational instructional aid appropriation for subsequent allocation. The amount withheld and any additional state and federal money available for post-secondary vocational education shall be allocated, no later than February 15 of the fiscal year for which

the aid is allocated, at a public hearing held according to subdivisions 3, 4, and 5.

Sec. 6. [124.5615] [USE OF AID.]

Subdivision 1. [AID AND TUITION.] All AVTI aids and all tuition authorized by section 124.565 shall be used solely for the purposes of post-secondary vocational technical education.

Subd. 2. [ACCOUNTING.] Each district providing post-secondary vocational technical education shall maintain, in accordance with section 121.908, separate revenue, expenditure, asset and liability accounts for post-secondary vocational technical education within funds separate from all other district funds.

Subd. 3. [INSTRUCTIONAL AID.] Instructional aid allocated for the following purposes shall be placed in the equipment account of the capital expenditure fund:

- (a) acquisition or purchase of equipment or machinery;*
 - (b) betterment of equipment or machinery;*
 - (c) paying leasing fees for computer systems hardware and related proprietary software, photocopy machines and telecommunications equipment; and*
 - (d) renting or leasing buildings for school purposes.*
- Aid allocated for these purposes shall be used solely for these purposes.*

All other instructional aid which is allocated shall be placed in the general fund and shall not be transferred to any other fund. The school board shall authorize and approve actual expenditures of the aid allocated.

Subd. 4. [SPECIAL NEEDS.] Aid allocated for special needs instruction shall be used solely for that purpose.

Subd. 5. [REPAIR AND BETTERMENT AID.] The final allocation of repair and betterment aid by the state board does not constitute approval of a project for the purposes of section 121.21, subdivision 4a. The aid shall be placed in the repair and betterment account of the capital expenditure fund and used solely for the purposes enumerated in section 3, subdivision 8 of this article. The school board shall authorize and approve actual expenditures of the aid allocated, except that expenditures which exceed \$5,000 shall receive prior approval by the commissioner of education. The process in section 5 of this article shall not constitute approval for this purpose. Use of the aid shall be governed by the provisions of section 121.21, subdivision 4a.

Sec. 7. [124.5616] [DISTRIBUTION OF MONEY.]

All money, whether state, federal, or from other sources, which may be made available to the department of education for carrying out the purposes of post-secondary vocational technical education shall be allocated by the state board for vocational education to districts in accordance with law and shall be distributed by the state aids section of the department of education.

Sec. 8. [124.5617] [CERTAIN EQUIPMENT EXPENDITURES.]

Expenditures for the purposes in section 6, subdivision 3, clauses (a), (b), (c), and (d) of this article which exceed \$6,000 shall receive prior approval by the commissioner of education. The process in section 5 shall not constitute approval for this purpose.

Sec. 9. [124.5618] [AVERAGE DAILY MEMBERSHIP.]

Subdivision 1. [MEMBERSHIP.] Membership for pupils in AVTI's shall mean the number of pupils on the current roll of the school, counted from the date of entry until the date of withdrawal.

Subd. 2. [WITHDRAWAL.] The date of withdrawal shall mean the date a pupil completes the program and permanently leaves the AVTI. A pupil who has been absent for 15 consecutive school days shall be determined to have permanently left the school. A pupil who permanently leaves the school on or before the 15th day of a quarter shall be determined not to have entered during that quarter. For a pupil who permanently leaves after the 15th school day of a quarter without completing the program, the date of withdrawal shall be the earliest of the following:

- (a) the date the pupil is scheduled to complete the program;*
- (b) the date the AVTI fills the vacancy created by leaving;*
or
- (c) the last day of the quarter during which the pupil permanently leaves the AVTI.*

Subd. 3. [COMPUTATION.] Average daily membership for pupils enrolled in an AVTI shall equal the quotient obtained by dividing

- (a) the product of*

(1) *the sum for all pupils of the number of days of the school year each pupil is enrolled in an AVTI, counted from the date of entry until the date of withdrawal, times*

(2) *the quotient obtained by dividing*

(i) *the number of hours per day each pupil is enrolled, by*

(ii) *six; by*

(b) *175.*

The number of hours counted for any pupil in any one program shall not exceed the number of hours approved by the state board for vocational education for completion of the program. However, a district may count additional hours for membership, if necessary for a pupil who is identified by the district as handicapped or disadvantaged, to complete the program. For disadvantaged students, these additional hours shall not exceed ten percent of the approved number of hours for the program. Adult vocational pupils shall not be counted for the purposes of this section. Additional hours counted shall be reported to the commissioner.

Subd. 4. [CHEMICAL ABUSE TREATMENT.] *A pupil who is absent from an AVTI to participate in a chemical abuse treatment program and who is on the roll of the AVTI according to the provisions of section 10 of this article may be counted in average daily membership during that time for not more than 30 consecutive school days. If a returning pupil needs additional hours to complete the educational program, the AVTI may count the lesser of the following additional hours for membership:*

(a) *the number of hours the pupil was counted while participating in the treatment program; or*

(b) *30 times the number of hours per day the pupil is enrolled.*

Sec. 10. [124.5619] [ABSENCE FOR CHEMICAL ABUSE TREATMENT.]

If a pupil is absent from an AVTI to participate in a chemical abuse treatment program licensed by the state, the pupil may request the AVTI to remain on the roll in the educational program in which the pupil is enrolled. The AVTI shall grant a request it receives from the pupil.

Sec. 11. [124.5620] [LENGTH OF SCHOOL YEAR AND DAY.]

For an AVTI, the normal school year shall be at least 175 session days. In all AVTI's, the length of the school day for each

pupil, exclusive of the noon intermission, shall be at least six hours. Exceptions may be made by the district for approved AVTI programs provided on a part time or extended day basis to meet the needs of individual students or classes. These exceptions are authorized only for programs originally provided on a full time basis.

Sec. 12. Minnesota Statutes 1982, section 124.572, subdivision 2, is amended to read:

Subd. 2. [ADULT VOCATIONAL AID.] Except for the 1982-1983 school year, the state shall pay to any district or cooperative vocational center 75 percent of the salaries paid to essential, licensed personnel or personnel exempt from licensure pursuant to section 125.031 in that school year for services rendered in that district's or center's adult vocational education programs. *Notwithstanding any law or any licensure requirements to the contrary, the portion of a community education director's salary attributable to services rendered for the district's or center's adult vocational education program shall qualify for aid according to this subdivision.* In addition, the state shall pay 50 percent of the costs of necessary travel between instructional sites by adult vocational education teachers. The commissioner may withhold all or any portion of this aid for an adult vocational education program which receives moneys from any other source, and in no event shall a district or center receive a total amount of state aid for salaries and travel pursuant to this section which, when added to moneys from other sources, will provide the program an amount for salaries and travel which exceeds 100 percent of the amount of its expenditures for salaries and travel in the program.

Sec. 13. [125.055] [TEMPORARY LICENSURE RULES.]

The state board for vocational education may adopt temporary licensure rules, according to sections 14.29 to 14.36, when necessary to implement entirely new programs for emerging occupations which will promote economic development in Minnesota. The state board shall notify the education committees of the legislature of each program for which it intends to adopt temporary licensure rules.

Sec. 14. [RATIO AND PLACEMENT REPORT.]

By December 1, 1983, the state board for vocational education shall report to the legislature on programs which fall below the annual student placement rates or the ADM to teacher ratios as provided in section 4 of this article. This report shall contain the number of these programs, the actions taken by the state board pursuant to section 4 of this article, and, in the event that a program is not eliminated, the cost to the state of retaining it. By November 1, 1983, this report shall be given to the higher education coordinating board for review and comment.

Sec. 15. [REPORT ON PROJECTED FIXED ASSETS NEEDS.]

By December 1, 1983, the commissioner of education shall develop a report on a five year projection of the replacement needs of fixed assets property for each of the AVTI's. The report shall be submitted to the education committees of the legislature and to the local directors of the AVTI's.

Sec. 16. [ADULT VOCATIONAL REPORT.]

By December 1, 1983, the state board shall report to the education committees of the legislature on the feasibility of funding adult vocational education programs with full-time instructors in the same manner as post-secondary vocational education programs.

Sec. 17. [REPEALER.]

Subdivision 1. Minnesota Statutes 1982, sections 124.561 and 124.5621 are repealed.

Subd. 2. Minnesota Statutes 1982, sections 124.11, subdivision 2c, 124.562, 124.5622, 124.5623, 124.5624, 124.5625, 124.5626, and 124.5627 are repealed.

Subd. 3. The repeal of the sections in subdivisions 1 and 2 shall not affect the right of a school district to receive nor the obligation of the commissioner of education to pay aids attributable to the 1982-1983 school year payable in fiscal year 1984 pursuant to the sections repealed.

Sec. 18. [APPROPRIATIONS.]

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [POST-SECONDARY VOCATIONAL INSTRUCTIONAL AID.] For post-secondary vocational instructional aid there is appropriated:

\$85,635,000 1984,

\$92,248,000 1985.

The appropriation for 1984 includes \$7,890,000 for aid for fiscal year 1983 payable in fiscal year 1984, pursuant to section 124.5621, and \$77,745,000 for aid for fiscal year 1984 payable in fiscal year 1984, pursuant to section 5 of this article.

The appropriation for 1984 is based on the assumption that the state will spend for this purpose an amount at least equal to \$5,700,000 in fiscal year 1984 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The appropriation for 1985 includes \$13,720,000 for aid for fiscal year 1984 payable in fiscal year 1985 and \$78,528,000 for aid for fiscal year 1985 payable in fiscal year 1985, pursuant to section 5 of this article.

The appropriation for 1985 is based on the assumption that the state will spend for this purpose an amount at least equal to \$5,700,000 in fiscal year 1985 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The appropriations are based on aid entitlements of \$91,465,000 for fiscal year 1984 and \$92,386,000 for fiscal year 1985.

Subd. 3. [POST-SECONDARY VOCATIONAL SUPPLY AID.] *For post-secondary vocational supply aid there is appropriated:*

\$2,370,000 1984.

The appropriation is for aid for fiscal year 1983 payable in fiscal year 1984.

Subd. 4. [POST-SECONDARY VOCATIONAL SUPPORT SERVICES AID.] *For post-secondary vocational support services aid there is appropriated:*

\$2,428,000 1984.

The appropriation is for aid for fiscal year 1983 payable in fiscal year 1984.

Subd. 5. [POST-SECONDARY VOCATIONAL EQUIPMENT AID.] *For post-secondary vocational equipment aid there is appropriated:*

\$1,458,000 1984.

The appropriation is for aid for fiscal year 1983 payable in fiscal year 1984.

Subd. 6. [POST-SECONDARY VOCATIONAL DEBT SERVICE AID.] *For post-secondary vocational debt service aid there is appropriated:*

\$6,987,000 1984,

\$6,715,000 1985.

Subd. 7. [ADULT VOCATIONAL EDUCATION AID.]
For adult vocational education aid there is appropriated:

\$7,732,000 1984,

\$8,122,000 1985.

The appropriation for 1984 includes \$1,055,000 for aid for fiscal year 1983 payable in fiscal year 1984. This amount also includes \$6,677,000 for aid for fiscal year 1984.

The appropriation for 1985 includes \$1,178,000 for aid for fiscal year 1984 payable in fiscal year 1985. This amount also includes \$6,944,000 for aid for fiscal year 1985 payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$7,855,000 for fiscal year 1984 and \$8,170,000 for fiscal year 1985.

Subd. 8. [VETERAN FARMER COOPERATIVE TRAINING PROGRAMS.]
For veteran farmer cooperative training programs there is appropriated:

\$392,000 1984,

\$320,000 1985.

Subd. 9. [DULUTH AND GRAND RAPIDS LOGGING PROGRAM.]
For the logging business management program operated by the adult extension department of the Duluth area vocational-technical institute and the Grand Rapids school district, there is appropriated in addition to the aid provided according to subdivision 8:

\$30,000 1984,

\$30,000 1985.

Subd. 10. [SECONDARY VOCATIONAL EDUCATION AID.]
For secondary vocational education aid pursuant to section 124.573 there is appropriated:

\$20,378,000 1984,

\$20,037,000 1985.

The appropriation for 1984 includes \$2,935,000 for aid for fiscal year 1983 payable in fiscal year 1984. This amount also includes \$17,443,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The appropriation for 1985 includes \$3,078,000 for aid for fiscal year 1984 payable in fiscal year 1985. This amount also includes \$16,959,000 for aid for fiscal year 1985 payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$20,521,000 for fiscal year 1984 and \$19,952,000 for fiscal year 1985.

For the purposes of this subdivision, money appropriated for secondary vocational education programs may not be expended for the purpose of discontinuing or converting existing senior secondary industrial arts education programs.

Subd. 11. [AID FOR SECONDARY VOCATIONAL EDUCATION PROGRAMS FOR HANDICAPPED CHILDREN.]
For secondary vocational programs for handicapped children pursuant to section 124.574 there is appropriated:

\$2,564,000 1984,

\$2,695,000 1985.

The appropriation for 1984 includes \$348,000 for aid for fiscal year 1983 payable in fiscal year 1984. This amount also includes \$2,216,000 for aid for fiscal year 1984 payable in fiscal year 1984. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$230,000 in fiscal year 1984 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The appropriation for 1985 includes \$391,000 for aid for fiscal year 1984 payable in fiscal year 1985. This amount also includes \$2,304,000 for aid for fiscal year 1985 payable in fiscal year 1985. This appropriation is based on the assumption that the state will spend for this purpose an amount at least equal to \$230,000 in fiscal year 1985 of federal money received for vocational education programs pursuant to the Vocational Education Act of 1963, as amended.

The appropriations are based on aid entitlements of \$2,607,000 for fiscal year 1984 and \$2,710,000 for fiscal year 1985.

Subd. 12. [CANCELLATION; PRORATION.] *Any unexpended balance remaining from the appropriations in this section for 1984 shall cancel and shall not be available for the*

second year of the biennium. None of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amounts attributable to either year for any purpose indicated are insufficient, the aid for that year shall be prorated among all qualifying districts, and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 19. [EFFECTIVE DATE.]

Sections 1, 2, 3, 4, 5, 6, 8, 13, and 17, subdivision 1 are effective the day following final enactment.

ARTICLE 6

OTHER AIDS AND LEVIES

Section 1. [121.151] [STANDARDS FOR REMOVAL OF HAZARDOUS SUBSTANCES.]

Prior to using the revenue obtained according to sections 123.36, subdivision 13, 124.245, subdivisions 1b and 1c, and 275.125, subdivisions 11b and 11c, a school district shall obtain approval from the department of education for its method of removal or encapsulation of asbestos or cleanup or disposal of polychlorinated biphenyls. The department of education shall consult with the pollution control agency, health department, environmental protection agency, or other appropriate governmental agency in approving or disapproving a district's method. If the pollution control agency or other appropriate governmental agency adopts rules establishing standards for asbestos removal or encapsulation or cleanup or disposal of polychlorinated biphenyls, the department of education shall approve only those district methods which are in compliance with the adopted rules.

Sec. 2. Minnesota Statutes 1982, section 121.911, is amended by adding a subdivision to read:

Subd. 5. [DEFICIT FOR CAPITAL PROJECTS.] *Upon approval by the commissioner of education, a district may incur a deficit in the capital expenditure fund for a period not to exceed three years to provide money for capital projects. A description of the project and a financial plan to recover the deficit shall be approved by the commissioner prior to the initiation of the project.*

Sec. 3. Minnesota Statutes 1982, section 121.912, subdivision 3, is amended to read:

Subd. 3. [DEFICITS; EXCEPTION.] *For the purposes of this section, a permanent transfer includes creating a deficit in a*

nonoperating fund for a period past the end of the current fiscal year which is covered by moneys in an operating fund. *However, a deficit in the capital expenditure fund pursuant to section 121.911, subdivision 5, shall not constitute a permanent transfer.*

Sec. 4. Minnesota Statutes 1982, section 122.531, is amended by adding a subdivision to read:

Subd. 8. [INTERDISTRICT COOPERATION LEVY AND AID.] Any districts which consolidate pursuant to section 122.23 and which were eligible to make the levy and receive aid pursuant to the provisions of sections 16 and 25 of this article prior to the effective date of the consolidation, shall continue to remain eligible to apply for interdistrict cooperation aid and levy after the effective date of the consolidation.

Sec. 5. Minnesota Statutes 1982, section 123.36, subdivision 13, is amended to read:

Subd. 13. [PROCEEDS OF SALE OR EXCHANGE.] Proceeds of the sale or exchange of school buildings or real property of the school district shall be used as provided in this subdivision.

(1) In districts with outstanding bonds, the proceeds of the sale or exchange shall first be deposited in the debt retirement fund of the district in an amount sufficient to meet when due that percentage of the principal and interest payments for outstanding bonds which is ascribable to the payment of expenses necessary and incidental to the construction or purchase of the particular building or property which is sold.

(2) After satisfying the requirements of clause (1), a district with outstanding bonds may deposit proceeds of the sale or exchange in its capital expenditure fund if the amount deposited is used for the following:

(a) for energy audits on district owned buildings conducted pursuant to chapter 116H, and for funding those energy conservation and renewable energy measures which the energy audits indicate will reduce the use of nonrenewable sources of energy to the extent that the projected energy cost savings will amortize the cost of the conservation measures within a period of ten years or less;

(b) for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped persons;

(c) for capital expenditures to bring district facilities into compliance with the uniform fire code adopted pursuant to chapter 299F; (OR)

(d) *for expenditures for the removal of asbestos from school buildings or property or for asbestos encapsulation, if the method for asbestos removal or encapsulation is approved by the department of education;*

(e) *for expenditures for the cleanup of polychlorinated biphenyls, if the method for cleanup is approved by the department of education;*

(f) *for capital expenditures to renovate and improve school buildings in which enrollment has increased as a result of closing schools in the district; or*

(g) *to replace the building or property sold.*

The amount of the proceeds used for the purposes specified in clauses (a), (b) (AND), (c), (d), and (e) shall be deducted from the levy limitation computed for the levy authorized in section 275.125, subdivision 11b in the first year after the deposit and from levy limitations computed for this levy in succeeding years until the entire amount is deducted.

(3) In a district with outstanding bonds, the amount of the proceeds of the sale or exchange remaining after the application of clauses (1) and (2), which is sufficient to meet when due that percentage of the principal and interest payments for the district's outstanding bonds which is not governed by clause (1), shall be deposited in the debt retirement fund.

(4) Any proceeds of the sale or exchange remaining in districts with outstanding bonds after the application of clauses (1), (2), and (3), and all proceeds of the sale or exchange in districts without outstanding bonds shall be deposited in the capital expenditure fund of the district.

(5) Notwithstanding clauses (2) and (3), a district with outstanding bonds may deposit in its capital expenditure fund and use for any lawful capital expenditure without the reduction of any levy limitation the same percentage of the proceeds of the sale or exchange of a building or property as the percentage of the initial cost of purchasing or constructing the building or property which was paid using revenue from the capital expenditure fund.

(6) Every district which sells or exchanges a building or property shall report to the commissioner in the form and at the time he prescribes on the disposition of the proceeds of the sale or exchange.

Sec. 6. Minnesota Statutes 1982, section 123.36, is amended by adding a subdivision to read:

Subd. 14. [ASBESTOS REMOVAL AND POLYCHLORINATED BIPHENYLS CLEANUP.] Notwithstanding any law to the contrary, school districts may, without an election, enter into contracts extending beyond the end of the fiscal year to pay the costs of removal or encapsulation of asbestos or cleanup of polychlorinated biphenyls found in school buildings or on school property.

Sec. 7. Minnesota Statutes 1982, section 123.702, subdivision 1a, is amended to read:

Subd. 1a. [COMPONENTS.] A screening program shall include at least the following components to the extent the school board determines they are financially feasible: developmental assessments, hearing and vision screening, review of health history and immunization status, and assessments of height (,) and weight (AND BLOOD PRESSURE). All screening components shall be consistent with the standards of the state commissioner of health for early and periodic screening programs. No child shall be required to submit to any component of this screening program to be eligible for any other component. No screening program shall provide laboratory tests, a health history or a physical examination to any child who has been provided with those laboratory tests or a health history or physical examination within the previous 12 months. The school district shall request the results of any laboratory test, health history or physical examination within the 12 months preceding a scheduled screening clinic. A school board may offer additional components such as nutritional, physical and dental assessments, blood pressure, and laboratory tests. State aid shall not be paid for additional components.

Sec. 8. Minnesota Statutes 1982, section 123.705, is amended to read:

123.705. [(STATE) HEALTH SCREENING AID.]

Subdivision 1. [AID AMOUNTS.] The department of education shall pay each school district for the cost of screening services provided pursuant to sections 123.701 to 123.705. The payment shall not exceed (\$28 PER CHILD SCREENED IN FISCAL YEAR 1982 AND) \$15 per child screened in fiscal year 1983, \$15 per child screened in fiscal year 1984, and \$15.60 per child screened in fiscal year 1985. (ANY DISTRICT MAY REQUEST AND RECEIVE AN ADVANCE PAYMENT EQUAL TO 50 PERCENT OF ITS ESTIMATED PAYMENT FOR SCREENING ELIGIBLE CHILDREN.)

Subd. 2. [PAYMENT SCHEDULE.] For the 1982-1983 and 1983-1984 school years, 85 percent of a district's health screening aid for each school year shall be distributed prior to

November 30 of that school year. The final aid distribution to each district shall be made prior to November 30 of the following school year.

Sec. 9. Minnesota Statutes 1982, section 123.933, subdivision 3, is amended to read:

Subd. 3. [COST OF TEXTBOOKS; LIMITATION.] (a) The cost per pupil of the textbooks, individualized instructional materials and standardized tests provided for in this section for each school year shall not exceed the statewide average expenditure per pupil, adjusted pursuant to clause (b), by the Minnesota public elementary and secondary schools for textbooks, individualized instructional materials and standardized tests as computed and established by the department of education by March 1 of the preceding school year from the most recent public school year data then available.

(b) The cost computed in clause (a) shall be increased by an inflation adjustment equal to the percent of increase in the foundation aid formula allowance, pursuant to section 124.2122, subdivision 1, from the second preceding school year to the current school year.

(c) The commissioner shall allot to the school districts or intermediary service areas the total cost for each school year of providing or loaning the textbooks, individualized instructional materials and standardized tests for the pupils in each nonpublic school. The allotment shall not exceed the product of the statewide average expenditure per pupil, adjusted pursuant to clause (b), multiplied by the number of nonpublic school pupils who make requests pursuant to this section and who are enrolled as of September 15 of the current school year.

(d) *For the 1982-1983 school year, 85 percent of a district's nonpublic pupil aid shall be distributed prior to December 31 of that school year. The final aid distribution to each district shall be made prior to December 31 of the following school year.*

Sec. 10. Minnesota Statutes 1982, section 124.155, subdivision 2, as amended by Laws 1982, Third Special Session chapter 1, article III, section 3, is amended to read:

Subd. 2. [SUBTRACTION FROM AIDS.] The amount specified in Laws 1981, Third Special Session Chapter 2, Article 4, Section 3, Subdivision 2, as amended by Laws 1982, Chapter 548, Article 7, Section 7, as further amended by *Laws 1982, Third Special Session, chapter 1, article III, section 4 (OF THIS ACT)* shall be subtracted from the following state aids and credits in the order listed in fiscal year 1983. The amount specified in subdivision 1 shall be used to adjust the following state aids and credits in the order listed:

(a) Foundation aid as authorized in section 124.212, subdivision 1;

(b) Secondary vocational aid authorized in section 124.573;

(c) Special education aid authorized in section 124.32;

(d) Secondary vocational aid for handicapped children authorized in section 124.574;

(e) Gifted and talented aid authorized in section 124.247;

(f) Aid for pupils of limited English proficiency authorized in section 124.273;

((G)) AID FOR IMPROVED LEARNING PROGRAMS AUTHORIZED IN SECTION 124.251;

((H)) (g) Aid for chemical use programs authorized in section 124.246;

((I)) (h) Transportation aid authorized in section 124.225;

((J)) (i) Community education programs aid authorized in section 124.271;

((K)) (j) Adult education aid authorized in section 124.26;

((L)) (k) Capital expenditure equalization aid authorized in section 124.245;

((M)) (l) Homestead credit authorized in section 273.13, subdivisions 6, 7, and 14a;

((N)) (m) Reduced assessment credit authorized in section 273.139;

((O)) (n) Wetlands credit authorized in section 273.115;

((P)) (o) Native prairie credit authorized in section 273.116; and

((Q)) (p) Attached machinery aid authorized in section 273.138, subdivision 3.

The commissioner of education shall schedule the timing of the reductions from state aids and credits specified in Laws 1981, Third Special Session Chapter 2, Article 4, Section 3, Subdivision 2, as amended by Laws 1982, Chapter 548, Article 7, Section 7, as further amended by article III, section 4 of this act, and the adjustments to state aids and credits specified in subdivision 1,

as close to the end of the fiscal year as possible and in such a manner that will minimize the impact of Laws 1981, Third Special Session Chapter 2, Article 4, as amended, on the cash flow needs of the school districts.

Sec. 11. Minnesota Statutes 1982, section 124.214, subdivision 2, is amended to read:

Subd. 2. [ABATEMENTS.] Whenever by virtue of chapter 278, sections 270.07, 375.192, or otherwise, the assessed valuation of any school district for any taxable year is changed after the taxes for that year have been spread by the county auditor and (WHENEVER) the mill rate as determined by the county auditor based upon the original assessed valuation is applied upon (SUCH) the changed valuations, the county auditor shall, prior to February 1 of each year, certify to the commissioner of education the amount of any resulting net revenue loss that accrued to the school district during the preceding year. In August of each year, the commissioner shall pay an abatement adjustment to the district in an amount calculated according to the provisions of this subdivision. This amount shall be deducted from the amount of the levy authorized by section 275.48. The amount of the abatement adjustment shall be the product of (1) the net revenue loss as certified by the county auditor, times (2) the ratio of the sum of the amounts of the district's levy limitations in the preceding October pursuant to section 275.125, (SUBDIVISION) subdivisions 2a, (AND SUBDIVISIONS) 2i, 2j, 2k, 5, 5c, 6c, and 7a to the total amount of the district's maximum levy limitation in the preceding October pursuant to section 275.125. *If the district is entitled to aid pursuant to section 124.2128, the levy limitation pursuant to section 275.125, subdivision 6b, shall be included in the computation of the ratio. If the district is entitled to aid pursuant to section 124.2128, the levy limitation pursuant to section 275.125, subdivision 6d, shall be included in the computation of the ratio.* (FOR PURPOSES OF THIS COMPUTATION, THE DISTRICT'S LEVY LIMITATION PURSUANT TO SECTION 275.125, SUBDIVISION 5, SHALL NOT INCLUDE THE AMOUNTS AUTHORIZED TO BE LEVIED FOR BUS PURCHASES OR BECAUSE OF EXTRAORDINARY TRAFFIC HAZARDS.) The abatement adjustment shall be recognized as revenue in the fiscal year in which it is received.

Sec. 12. Minnesota Statutes 1982, section 124.245, is amended by adding a subdivision to read:

Subd. 1c. [HAZARDOUS SUBSTANCE COMPUTATION.] *For the 1984-1985 school year and each year thereafter, the state shall pay a school district the difference by which an amount equal to \$25 per pupil unit exceeds the amount raised by two mills times the adjusted assessed valuation of the taxable*

property in the district for the preceding year. To qualify for aid pursuant to this subdivision in any school year, a district must levy the maximum permissible amount pursuant to section 275.125, subdivision 11c for use in that year. Aid paid pursuant to this subdivision may be used only for the purposes for which the proceeds of the levy authorized in section 275.125, subdivision 11c may be used.

Sec. 13. Minnesota Statutes 1982, section 124.246, subdivision 2, is amended to read:

Subd. 2. [AID.] (EXCEPT FOR THE 1982-1983 SCHOOL YEAR,) An eligible district shall receive (\$1) *\$1.04 in fiscal year 1984 and \$1.08 in fiscal year 1985* for each pupil, in average daily membership, enrolled in a public elementary, secondary or area vocational-technical or nonpublic elementary or secondary school. Aid for nonpublic school pupils shall be paid to the district upon request by or on behalf of the pupils. No district shall receive less than (\$1,000) *\$1,040 in fiscal year 1984 and \$1,080 in fiscal year 1985.*

Sec. 14. Minnesota Statutes 1982, section 124.247, subdivision 3, is amended to read:

Subd. 3. [AID.] A district which establishes a program for gifted and talented students shall receive for the purpose of this program an amount equal to (\$16.25, IN THE 1981-1982 SCHOOL YEAR, AND) *\$16.18 in the 1982-1983 school year, \$18.25 in the 1983-1984 school year, and \$19.00 in the 1984-1985 school year,* times the number of gifted and talented students in the district. No more than five percent of the students enrolled in the district shall be counted as gifted and talented for the purpose of aid computations pursuant to this subdivision. No more than five percent of the moneys received by a district pursuant to this subdivision may be expended for the purpose of administration of the program for gifted and talented students.

Sec. 15. Minnesota Statutes 1982, section 124.247, is amended by adding a subdivision to read:

Subd. 5. [PAYMENT SCHEDULE.] *For the 1982-1983 school year, 85 percent of a district's gifted and talented program aid for each school year shall be distributed prior to November 30 of that school year. The final aid distribution to each district shall be made prior to November 30 of the following school year.*

Sec. 16. [124.272] [INTERDISTRICT COOPERATION AID.]

Subdivision 1. [LIMITATION.] *This section shall not apply to Special School District No. 1, Independent School Districts*

Nos. 11, 625, and 709, or to school districts which are members of Intermediate School Districts, Nos. 287, 916, and 917.

Subd. 2. [ELIGIBLE DISTRICTS.] A district shall be eligible for interdistrict cooperation aid if it has entered into a cooperation agreement and if it has a cooperation plan approved by the commissioner of education.

Subd. 3. [COOPERATION PLAN.] To receive aid or to levy pursuant to section 25 of this article a district shall submit to the commissioner of education an application for aid by August 15. The application shall contain the following:

(a) a three-year plan to improve the district curriculum, which gives priority to offering of any of the following: a three-year mathematics sequence in grades 10 through 12, a three-year science sequence in grades 10 through 12, a two-year foreign language sequence, elementary and secondary courses in computer usage, or other programs recommended by the state board;

(b) an assurance that the proposed curriculum in clause (a) has been developed in conjunction with the planning, evaluation, and reporting process of section 123.741;

(c) a copy of the cooperation agreement;

(d) a description of the proposed increase in curriculum offerings resulting from the agreement;

(e) the estimated instructional cost of the cooperation plan for the following fiscal year; and

(f) other information required by the commissioner.

Subd. 4. [DEFINITION.] (a) A district's "interdistrict cooperation revenue" shall equal the lesser of: (1) \$50 times the actual pupil units for that school year; (2) the estimated cost to the district of the interdistrict cooperation program for the school year to which the levy is attributable; or (3) \$50,000.

(b) A district's "interdistrict cooperation levy limitation" means its levy limitation computed according to section 25 of this article.

Subd. 5. [COOPERATION AID.] A district's interdistrict cooperation aid for any school year shall equal:

(a) the difference between its interdistrict cooperation revenue and its interdistrict cooperation levy limitation for the levy for that school year, multiplied by

(b) *the ratio of the amount actually levied to the amount of its interdistrict cooperation levy limitation.*

Subd. 6. [APPROVAL WITH APPROPRIATION.] *The commissioner may approve applications for aid within the limitation of the appropriation. Approval shall be based on criteria established by the state board of education.*

Subd. 7. [REPORT.] *By December 1, 1985, and each year thereafter, the department of education shall report to the education committees of the legislature about the interdistrict cooperation agreements and whether the provisions of this section have increased educational opportunities in those districts.*

Sec. 17. Minnesota Statutes 1982, section 124.646, subdivision 1, is amended to read:

Subdivision 1. [SCHOOL LUNCH AID COMPUTATION.]
(a) *For the (1981-1982) 1983-1984 school year, school districts participating in the national school lunch program shall be paid by the state in the amount of (5.5) 7.5 cents for each full paid student lunch served to students in the district.*

(b) *For the (1982-1983) 1984-1985 school year, school districts participating in the national school lunch program shall be paid by the state in the amount of (5.9) 7.5 cents for each full paid student lunch served to students in the district.*

Sec. 18. [126.025] [CARDIOPULMONARY RESUSCITATION INSTRUCTION.]

Subdivision 1. [AUTHORIZATION.] *Pupils attending public senior high schools may receive a course of instruction in the techniques of cardiopulmonary resuscitation, sufficient to enable the pupils to give emergency assistance to victims of cardiac arrest. The instruction may be offered as a separate course or as part of another course. The instruction shall be given by a person certified as a cardiopulmonary resuscitation instructor by either the American Red Cross or the American Heart Association, but that person need not be a licensed teacher. Districts are encouraged to use equipment, teaching materials, and training courses provided by public or private agencies, educational cooperative service units, or organizations such as the American Red Cross, American Heart Association.*

Subd. 2. [ASSISTANCE.] *The department of education shall provide technical assistance to educational cooperative service units and school districts to implement the provisions of subdivision 1.*

Sec. 19. [129B.17] [AUTHORIZATION.]

The department of education shall prescribe the form and manner of application for recipients of comprehensive arts in education planning grants. The state board of education shall award grants in consultation with the Minnesota alliance for arts in education and the Minnesota state arts board.

Sec. 20. [129B.18] [PROGRAM ACCOUNTS.]

A district receiving a comprehensive arts in education planning grant shall establish and maintain a separate account for the receipt and disbursement of all funds relating to the program, and the funds shall be spent only for the purpose of arts education programs.

Sec. 21. [129B.19] [ADDITIONAL FUNDING.]

A district receiving a comprehensive arts in education planning grant may receive funds for the program from private sources and from other governmental agencies, including any state or federal funds available for arts education.

Sec. 22. [129B.20] [CRITERIA FOR GRANT APPROVAL.]

Up to 30 grants of \$1,000 each may be approved for programs which include:

- (1) a needs assessment of arts education and planning in the school district;*
- (2) creation of a community based arts education team of eight individuals from the school district and the community whose function will be to promote comprehensive arts education in the school district;*
- (3) participation by members of the arts education team in training offered by the department of education; and*
- (4) establishment of an evaluation component.*

Sec. 23. [129B.21] [DEPARTMENT RESPONSIBILITY.]

The department of education shall:

- (1) provide training and assistance to the arts education teams in the school districts;*
- (2) provide consultation and technical assistance to districts which receive arts in education planning grants; and*

(3) *submit a report to the education committees of the senate and house of representatives by January 1, 1985. The report shall include the status and implementation of comprehensive arts in education planning grants and the department's plans to promote arts education in the schools.*

Sec. 24. Minnesota Statutes 1982, section 275.125, subdivision 4, is amended to read:

Subd. 4. [MISCELLANEOUS LEVY AUTHORIZATIONS.] A school district may levy the amounts necessary to make payments for bonds issued and for interest thereon, including the bonds and interest thereon, issued as authorized by section 275.125, subdivision 3, clause (7) (C), as it read in Minnesota Statutes 1974; the amounts necessary for repayment of debt service loans and capital loans; the amounts necessary to pay the district's obligations under section 6.62; the amount authorized for liabilities of dissolved districts pursuant to section 122.45; the amounts necessary to pay the district's obligations under section 268.06, subdivision 25; the amounts necessary to pay for job placement services offered to employees who may become eligible for benefits pursuant to section 268.08; the amounts necessary to pay the district's obligations under section 127.05; the amounts authorized by section 122.531; (AND) the amounts necessary to pay the district's obligations under section 122.533; *and the amounts necessary to pay the district's insurance premium costs under section 466.06.*

Sec. 25. Minnesota Statutes 1982, section 275.125, is amended by adding a subdivision to read:

Subd. 8a. [INTERDISTRICT COOPERATION LEVY.] *Each year, a district which is eligible for aid pursuant to section 16, subdivision 2 of this article, may levy the amount of the estimated instructional costs of the interdistrict cooperation plan for the year to which the levy is attributable, but not more than \$50 times the actual pupil units for that school year. No levy under this subdivision shall exceed one mill times the adjusted assessed valuation of the district for the preceding year. The proceeds of the levy may only be used to pay for instructional costs incurred in providing the program offerings resulting from the cooperation plan.*

Sec. 26. Minnesota Statutes 1982, section 275.125, is amended by adding a subdivision to read:

Subd. 9b. [OPERATING DEBT LEVY.] (1) *In 1983 and each year thereafter, a district may make an additional levy to eliminate a deficit in the net unappropriated operating funds of the district, determined as of June 30, 1983, and certified and adjusted by the commissioner. This levy may in each year be an amount not to exceed the amount raised by a levy of 1.5 mills times the adjusted assessed valuation of the district for the pre-*

ceding year as determined by the equalization aid review committee. However, the total amount of this levy for all years it is made shall not exceed the lesser of (a) the amount of the deficit in the net unappropriated operating funds of the district as of June 30, 1983, or (b) the amount of the aid reduction, according to Laws 1981, Third Special Session chapter 2, article 2 and Laws 1982, Third Special Session chapter 1, article 3, sections 6 and 7, to the district in fiscal year 1983. When the cumulative levies made pursuant to this subdivision equal the total amount permitted by this subdivision, the levy shall be discontinued.

(2) The proceeds of this levy shall be used only for cash flow requirements and shall not be used to supplement district revenues or income for the purposes of increasing the district's expenditures or budgets.

(3) Any district which levies pursuant to this subdivision shall certify the maximum levy allowable under section 271.125, subdivision 2a or 2e in that same year.

Sec. 27. Minnesota Statutes 1982, section 275.125, subdivision 11a, is amended to read:

Subd. 11a. [CAPITAL EXPENDITURE LEVY.] (a) Each year a school district may levy an amount not to exceed the amount equal to \$90 per pupil unit, or \$95 per pupil unit in districts where the actual number of pupil units identified in section 124.17, subdivision 1, clauses (1) and (2), has increased from the prior year. No levy under this clause shall exceed seven mills times the adjusted assessed valuation of the taxable property in the district for the preceding year.

(b) The proceeds of the tax may be used to acquire land, to equip and re-equip buildings and permanent attached fixtures, to rent or lease buildings for school purposes, to pay leasing fees for computer systems hardware and related proprietary software, and to pay leasing fees for photocopy machines and telecommunications equipment. The proceeds of the tax may also be used for capital improvement and repair of school sites, buildings and permanent attached fixtures, energy assessments as required pursuant to section 116J.24, and for the payment of any special assessments levied against the property of the district authorized pursuant to section 435.19 or any other law or charter provision authorizing assessments against publicly owned property; provided that a district may not levy amounts to pay assessments for service charges, such as those described in section 429.101, whether levied pursuant to that section or pursuant to any other law or home rule provision. The proceeds of the tax may also be used for capital expenditures to reduce or eliminate barriers to or increase access to school facilities by handicapped individuals. The proceeds of the tax may also be used to make capital improvements to school houses to be

leased pursuant to section 123.36, subdivision 10. The proceeds of the tax may also be used to pay fees for capital outlay expenditures assessed and certified to each participating school district by the educational cooperative service unit board of directors.

(c) Subject to the commissioner's approval, the tax proceeds may also be used to acquire or construct buildings. The state board shall promulgate rules establishing the criteria to be used by the commissioner in approving and disapproving district applications requesting the use of capital expenditure tax proceeds for the acquisition or construction of buildings. The approval criteria for purposes of building acquisition and construction shall include: the appropriateness of the proposal for the district's long term needs; the availability of adequate existing facilities; and the economic feasibility of bonding because of the proposed building's size or cost.

(d) The board shall establish a fund in which the proceeds of this tax shall be accumulated until expended.

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

(f) Each year, subject to the seven mill limitation of clause (a) of this subdivision, a school district which operates an approved secondary vocational education program or an approved senior secondary industrial arts program may levy an additional amount equal to \$5 per pupil unit for capital expenditures for equipment for these programs.

(g) For purposes of computing allowable levies under this subdivision and (SUBDIVISION) *subdivisions 11b and 11c*, pupil units shall include those units identified in section 124.17, subdivision 1, clauses (1) and (2), and 98.5 percent of the units identified in Minnesota Statutes 1980, section 124.17, subdivision 1, clauses (4) and (5) for 1980-1981.

Sec. 28. Minnesota Statutes 1982, section 275.125, subdivision 11b, is amended to read:

Subd. 11b. [SPECIAL PURPOSE CAPITAL EXPENDITURE LEVY.] (IN 1981 AND EACH YEAR THEREAFTER,) In addition to the levy authorized in subdivision 11a, *each year* a school district may levy an amount not to exceed the amount equal to \$25 per pupil unit. No levy under this clause shall exceed two mills times the adjusted assessed valuation of the property in the district for the preceding year. The proceeds of the tax shall be placed in the district's capital expenditure fund and may be used only for the following:

(a) for energy audits on district owned buildings conducted pursuant to chapter 116H, and for funding those energy conser-

vation and renewable energy measures which the energy audits indicate will reduce the use of nonrenewable sources of energy to the extent that the projected energy cost savings will amortize the cost of the conservation measures within a period of ten years or less;

(b) for capital expenditures for the purpose of reducing or eliminating barriers to or increasing access to school facilities by handicapped persons;

(c) for capital expenditures to bring district facilities into compliance with the uniform fire code adopted pursuant to chapter 299F;

(d) for expenditures for the removal of asbestos from school buildings or property or for asbestos encapsulation;

(e) for expenditures for the cleanup and disposal of polychlorinated biphenyls.

Sec. 29. Minnesota Statutes 1982, section 275.125, is amended by adding a subdivision to read:

Subd. 11c. [HAZARDOUS SUBSTANCE CAPITAL EXPENDITURE LEVY.] In 1983 and each year thereafter, in addition to the levy authorized in subdivision 11a and 11b, a school district may levy an amount not to exceed the amount equal to \$25 per pupil unit. No levy under this subdivision shall exceed two mills times the adjusted assessed valuation of the property in the district for the preceding year. The proceeds of the tax shall be placed in the district's capital expenditure fund and may be used only for expenditures necessary for the removal or encapsulation of asbestos or the cleanup and disposal of polychlorinated biphenyls found in school buildings or property.

Sec. 30. Minnesota Statutes 1982, section 466.06, is amended to read:

466.06 [LIABILITY INSURANCE.]

The governing body of any municipality may procure insurance against liability of the municipality and its officers, employees, and agents for damages resulting from its torts and those of its officers, employees, and agents, including torts specified in section 466.03 for which the municipality is immune from liability (; AND SUCH). The insurance may provide protection in excess of the limit of liability imposed by section 466.04. If the municipality has the authority to levy taxes, the premium costs for such insurance may be levied in excess of any per capita or millage tax limitation imposed by statute or charter (; PROVIDED, A SCHOOL DISTRICT MAY NOT LEVY FOR PREMIUM COSTS PURSUANT TO THIS SECTION).

Any independent board or commission in the municipality having authority to disburse funds for a particular municipal function without approval of the governing body may similarly procure liability insurance with respect to the field of its operation. The procurement of such insurance constitutes a waiver of the defense of governmental immunity to the extent of the liability stated in the policy but has no effect on the liability of the municipality beyond the coverage so provided.

Sec. 31. [EXPENSES FOR ASBESTOS AND POLYCHLORINATED BIPHENYLS.]

Notwithstanding any law to the contrary, a district that incurred expenses for removal of asbestos, asbestos encapsulation, or cleanup or disposal of polychlorinated biphenyls may use the revenue authorized by sections 5, 12, 28, and 29 of this article to meet contractual obligations or to reimburse the fund from which expenses were paid, regardless of when the authorized revenue was received by the district.

Sec. 32. [EDUCATION DISTRICTS; STUDY.]

By February 1, 1984, the state board and commissioner of education shall report to the education committees of the legislature on the feasibility of establishing education districts which meet the following criteria:

(a) extend, combine, or expand educational and curriculum opportunities;

(b) maximize the use of instructional and administrative personnel;

(c) improve efficiency and cost effectiveness; and

(d) operate programs pursuant to sections 121.85 to 121.88, 121.501 to 121.507, 124.247, and 129B.06 to 129B.09.

Sec. 33. [REPEALER.]

Minnesota Statutes 1982, sections 124.24 and 129B.09, subdivision 5, are repealed.

Sec. 34. [APPROPRIATION.]

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [HEALTH AND DEVELOPMENTAL SCREENING PROGRAMS.] For health and developmental screening

programs pursuant to sections 123.701 to 123.705 there is appropriated:

\$729,000 1984,

\$794,000 1985.

The appropriation for fiscal year 1984 includes \$103,000 for aid for fiscal year 1983 payable in fiscal year 1984 and \$626,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The appropriation for fiscal year 1985 includes \$111,000 for aid for fiscal year 1984 payable in fiscal year 1985 and \$683,000 for aid for fiscal year 1985 payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$737,000 for fiscal year 1984 and \$804,000 for fiscal year 1985.

Subd. 3. [ABATEMENT AID.] For abatement aid pursuant to section 124.214, subdivision 2, there is appropriated:

\$2,150,000 1984,

\$2,250,000 1985.

Subd. 4. [CAPITAL EXPENDITURE EQUALIZATION AID.] For capital expenditure equalization aid pursuant to section 124.245, subdivision 1, there is appropriated:

\$313,000 1984,

\$224,000 1985.

The appropriation for fiscal year 1984 includes \$58,000 for aid for fiscal year 1983 payable in fiscal year 1984 and \$255,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The appropriation for fiscal year 1985 includes \$45,000 for aid for fiscal year 1984 payable in fiscal year 1985 and \$179,000 for aid for fiscal year 1985 payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$300,000 for fiscal year 1984 and \$211,000 for fiscal year 1985.

Any unexpended balance remaining from the appropriation in this subdivision for either year may be expended for special purpose capital expenditure equalization aid pursuant to section 124.245, subdivision 1a.

Subd. 5. [SPECIAL PURPOSE CAPITAL EXPENDITURE EQUALIZATION AID.] *For special purpose capital expenditure equalization aid pursuant to section 124.245, subdivision 1a, there is appropriated:*

\$52,000 1984,

\$46,000 1985.

The appropriation for fiscal year 1984 includes \$9,000 for aid for fiscal year 1983 payable in fiscal year 1984 and \$43,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The appropriation for fiscal year 1985 includes \$8,000 for aid for fiscal year 1984 payable in fiscal year 1985 and \$38,000 for aid for fiscal year 1984 payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$51,000 for fiscal year 1984 and \$45,000 for fiscal year 1985.

Any unexpended balance remaining from the appropriation in this subdivision for either year may be expended for capital expenditure equalization aid pursuant to section 124.245, subdivision 1.

Subd. 6. [HAZARDOUS SUBSTANCE CAPITAL EXPENDITURE EQUALIZATION AID.] *For hazardous substance capital expenditure equalization aid pursuant to section 124.245, subdivision 1c, there is appropriated:*

\$38,000 1985.

The appropriation for fiscal year 1985 includes \$38,000 for aid for fiscal year 1985 payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$45,000 for fiscal year 1985.

Any unexpended balance remaining from the appropriation in this subdivision for either year may be expended for capital expenditure equalization aid pursuant to section 124.245, subdivision 1.

Subd. 7. [EDUCATIONAL COOPERATIVE SERVICE UNITS.] *For educational cooperative service units, there is appropriated:*

\$695,000 1984,

\$591,000 1985.

The appropriations are based on aid entitlements of \$695,000 for fiscal year 1984 and \$695,000 for fiscal year 1985.

Funds from this appropriation shall be transmitted to ECSU boards of directors for general operations in the amount of \$63,180 per ECSU for each fiscal year; however, the ECSU whose boundaries coincide with the boundaries of development region 11 and the ECSU whose boundaries encompass development regions six and eight shall receive \$126,360 for each fiscal year for general operations.

Subd. 8. [SCHOOL LUNCH AND FOOD STORAGE AID.] For school lunch aid pursuant to section 124.646 and for food storage and transportation costs for U.S.D.A. donated commodities there is appropriated:

\$4,625,000 1984,

\$4,625,000 1985.

Any unexpended balance remaining from the appropriations in this subdivision shall be prorated among participating schools based on the number of fully paid lunches served during that school year in order to meet the state revenue matching requirement of the U.S.D.A. National School Lunch Program.

If the appropriation amount attributable to either year is insufficient, the rate of payment for each fully paid student lunch shall be reduced and the aid for that year shall be prorated among participating schools so as not to exceed the total authorized appropriation for that year.

Subd. 9. [INTERDISTRICT COOPERATION AID.] For aid for interdistrict cooperation programs pursuant to section 16 of this article there is appropriated:

\$850,000 1985.

The appropriation is based on aid entitlement of \$1,000,000 for fiscal year 1985.

Subd. 10. [GIFTED AND TALENTED STUDENTS.] For programs for the gifted and talented pursuant to section 124.247 there is appropriated:

\$625,000 1984,

\$659,000 1985.

The appropriation for aid for fiscal year 1984 includes \$80,000 for aid for fiscal year 1983 payable in fiscal year 1984 and \$545,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The appropriation for fiscal year 1985 includes \$96,000 for aid for fiscal year 1984 payable in fiscal year 1985 and \$563,000 for aid for fiscal year 1984 payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$641,000 for fiscal year 1984 and \$662,000 for fiscal year 1985.

Subd. 11. [NONPUBLIC AIDS.] For programs for non-public educational aid pursuant to sections 123.931 to 123.947 there is appropriated:

\$6,020,000 1984,

\$6,645,000 1985.

The appropriation for aid for fiscal year 1984 includes \$629,000 for aid for fiscal year 1983 payable in fiscal year 1984 and \$5,391,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The appropriation for fiscal year 1985 includes \$951,000 for aid for fiscal year 1984 payable in fiscal year 1985 and \$5,694,000 for aid for fiscal year 1985 payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$6,342,000 for fiscal year 1984 and \$6,699,000 for fiscal year 1985.

Subd. 12 [INDIAN EDUCATION.] (a) For certain Indian education programs there is appropriated:

\$156,000 1984,

\$138,000 1985.

The appropriations are based on aid entitlements of \$156,000 for fiscal year 1984 and \$163,000 for fiscal year 1985.

These appropriations are available for expenditure with the approval of the commissioner of education.

The commissioner shall not approve the payment of any amount to a school district pursuant to this subdivision unless that school district is in compliance with all applicable laws of this state.

Up to the following amounts may be distributed to the following school districts for fiscal year 1984: \$49,600 to Independent School District No. 309-Pine Point School; \$8,750 to Independent School District No. 166; \$13,500 to Independent School District No. 432; \$12,700 to Independent School District No. 435; \$38,100 to Independent School District No. 707; and

\$35,350 to Independent School District No. 38. These amounts shall be expended only for the benefit of Indian students and for the purpose of meeting established state educational standards or statewide requirements.

Up to the following amounts may be distributed to the following school districts for fiscal year 1985: \$52,100 to Independent School District No. 309-Pine Point School; \$9,200 to Independent School District No. 166; \$14,200 to Independent School District No. 432; \$13,350 to Independent School District No. 435; \$40,050 to Independent School District No. 707; and \$37,100 to Independent School District No. 38. These amounts shall be expended only for the benefit of Indian students and for the purpose of meeting established state educational standards or statewide requirements.

These appropriations are available only if there will not be available for the districts enumerated in this subdivision for the applicable school year any operation support funds from the federal bureau of Indian affairs pursuant to the Johnson-O'Malley Act, Public Law 73-167 or 25 Code of Federal Regulations 273.31, or equivalent money from the same or another source.

(b) Before a district can receive moneys pursuant to this subdivision, the district must submit to the commissioner of education evidence that it has:

(i) Complied with the Uniform Financial Accounting and Reporting Standards Act, sections 121.90 to 121.917. For each school year, compliance with section 121.908, subdivision 3a, shall require the school district to prepare one budget including the amount available to the district pursuant to this subdivision and one budget which does not include these moneys. The budget of that school district for the 1985-86 school year prepared according to section 121.908, subdivision 3a, shall be submitted to the commissioner of education at the same time as 1984-1985 budgets and shall not include any moneys appropriated in this subdivision;

(ii) Conducted a special education needs assessment and prepared a proposed service delivery plan according to Minnesota Statutes, sections 120.03 and 120.17; Public Law 94-142, an act of the 94th Congress of the United States cited as the "Education for All Handicapped Children Act of 1975"; and applicable state board of education rules; and

(iii) Compiled accurate daily pupil attendance records.

(c) Prior to approving payment of any amount to a school district pursuant to this subdivision, the commissioner shall review and evaluate each affected district's compliance with clause

(b) and any other applicable laws, and each affected district's need for the moneys. Each affected district's net unappropriated fund balance in all operating funds as of June 30 of the previous school year shall be taken into consideration.

Subd. 13. [CHEMICAL USE PROGRAMS.] For aid for chemical dependency programs authorized pursuant to section 124.246 there is appropriated:

\$ 965,000 1984,

\$1,005,000 1985.

The appropriation for fiscal year 1984 includes \$135,000 for aid for fiscal year 1983 payable in fiscal year 1984 and \$830,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The appropriation for fiscal year 1985 includes \$146,000 for aid for fiscal year 1984 payable in fiscal year 1985 and \$859,000 for aid for fiscal year 1984 payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$977,000 for fiscal year 1984 and \$1,011,000 for fiscal year 1985.

Subd. 14. [ARTS PLANNING GRANTS.] For Minnesota comprehensive arts in education planning grants, there is appropriated from the general fund to the department of education the sum indicated for the fiscal year ending June 30 in the year designated:

\$125,000 1984.

Any unexpended balance remaining from the appropriation in this subdivision shall not cancel but shall be available for the second year of the biennium.

Subd. 15. [CARDIOPULMONARY RESUSCITATION INSTRUCTION.] There is appropriated from the general fund to the department of education the sum of \$34,000 for fiscal year 1984 for educational cooperative service units to purchase equipment needed for instruction in cardiopulmonary resuscitation. The equipment shall be available for use by school districts. Funds from this appropriation shall be transmitted to ECSU boards of directors. The department of education shall issue grants to ECSU's based on the following criteria: the number of school districts in the ECSU, the number of students served by the ECSU, and other resources available to the ECSU. The sums appropriated are available until expended.

Subd. 16. [PINE POINT SCHOOL.] There is appropriated from the general fund to the department of education for Independent School District No. 309, Pine Point School, the sum

of \$33,000 for payment of an outstanding judgment related to unemployment compensation. The sum shall be available until June 30, 1985.

Subd. 17. [MAXIMUM EFFORT SCHOOL LOAN FUND.] There is appropriated from the general fund to the maximum effort school loan fund the sum of \$2,719,000 for the fiscal year ending June 30, 1984, and \$3,672,000 for the fiscal year ending June 30, 1985. Any unexpended balance of this appropriation for fiscal year 1984 shall not cancel but shall be available for the second year of the biennium.

These appropriations shall be placed in the loan repayment account of the maximum effort school loan fund for the payment of the principal and interest on school loan bonds, as provided in section 124.46, to the extent that money in the fund is not sufficient to pay when due the full amount of principal and interest due on school loan bonds. The purpose of these appropriations is to ensure that sufficient money is available in the fund to prevent a statewide property tax levy as would otherwise be required pursuant to section 124.46, subdivision 3. Notwithstanding the provisions of section 124.39, subdivision 5, any amount of the appropriation made in this section which is not needed to pay when due the principal and interest due on school loan bonds shall not be transferred to the debt service loan account of the maximum effort school loan fund but instead shall cancel and revert to the general fund.

Subd. 18. [CANCELLATION AND PRORATION.] Except as provided in subdivisions 4, 5, and 6, any unexpended balance remaining from the appropriations in this section for 1984 shall cancel and shall not be available for the second year of the biennium. Except as provided in subdivisions 4 and 5, none of the amounts appropriated in this section shall be expended for a purpose other than the purpose indicated. If the appropriation amount attributable to either year for the purpose indicated is insufficient, the aid for that year shall be prorated among all qualifying districts and the state shall not be obligated for any amount in excess of the appropriations in this section for these purposes.

Sec. 35. [EFFECTIVE DATE.]

Section 6 is effective the day following final enactment.

ARTICLE 7

MISCELLANEOUS

Section 1. [3.86] [LEGISLATIVE COMMISSION ON PUBLIC EDUCATION.]

Subdivision 1. [ESTABLISHMENT.] There is established a legislative commission on public education. The commission shall study issues relating to elementary and secondary education, including at least the following:

(a) education policy development and planning and recommendations for change to make education more effective;

(b) current and alternative financing formulas for education and recommendations for changes in the use of public money to fund education;

(c) current school district organization and administration and recommendations for more efficient use of available resources;

(d) current technology and alternative education delivery systems for Minnesota; and

(e) teacher preparation, certification, salaries, employment policies, and retention.

Subd. 2. [MEMBERSHIP AND TERMS.] The commission shall consist of 12 members. Six members shall be from the senate, including members of the minority caucus, and shall be appointed by the subcommittee on committees of the committee on rules and administration. Six members shall be from the house of representatives, including members of the minority caucus, and shall be appointed by the speaker. The chairs of the senate education committee, senate education aids subcommittee, house education committee, and house education finance division shall be members of the commission. The members shall be appointed for two-year terms beginning on January 1 of each odd numbered year. Vacancies on the commission shall be filled in the same manner as the original appointments.

Subd. 3. [TERMS AND OFFICERS.] The commission shall elect a chair and a vice-chair from among its members. The chair shall alternate biennially between a member of the senate and a member of the house. The vice-chair shall be a house member when the chair is a senate member, and senate member when the chair is a house member.

Subd. 4. [GOVERNOR'S REPRESENTATIVE.] The governor shall appoint a person to serve as liaison between the governor and the commission.

Subd. 5. [ADVISORY COMMITTEE.] The commission may appoint advisory committees to assist it as needed. The advisory committees shall meet at the discretion of the commission.

Subd. 6. [ASSISTANCE OF OTHER AGENCIES.] The commission may request information from any state officer or agency to assist the commission in performing its duties. The officer or agency is authorized and directed to promptly furnish any data requested.

Subd. 7. [STAFF.] The commission may employ professional, technical, consulting, and clerical services. The commission may use legislative staff to provide legal counsel, research, secretarial, and clerical assistance.

Subd. 8. [EXPENSES AND REIMBURSEMENT.] The members of the commission and its assistants shall be reimbursed for all expenses actually incurred in the performance of their duties. Expenses of the commission shall be approved by the chair and the expenses shall be paid in the same manner as other state expenses are paid.

Subd. 9. [REPORT.] By January 15 of each year, the commission shall report to the education committees of the legislature on its findings and recommendations, including information related to the funding of education.

Sec. 2. Minnesota Statutes 1982, section 6.54, is amended to read:

6.54 [EXAMINATION OF MUNICIPAL RECORDS PURSUANT TO PETITION.]

The registered voters in a home rule charter or statutory city or town may petition the state auditor to examine the books, records, accounts, and affairs of the home rule charter or statutory city, town, or of any organizational unit, activity, project, enterprise, or fund thereof; and the scope of the examination may be limited by the petition, but the examination shall cover, at least, all cash received and disbursed and the transactions relating thereto, provided that the state auditor shall not examine more than the six latest years preceding the circulation of the petition, unless it appears to the state auditor during (HIS) the examination that the audit period should be extended to permit a full recovery under bonds furnished by public officers or employees, and may if it appears to (HIM) the auditor in the public interest confine the period or the scope of audit or both period and scope of audit, to less than that requested by the petition. In the case of a home rule charter or statutory city or town, the petition shall be signed by a number of registered voters at least equal to 20 percent of those voting in the last presidential election. The (FREEHOLDERS) eligible voters of any school district, as defined in section 123.32, subdivision 1a, may petition the state auditor (AND HE), who shall be subject to the same restrictions regarding the scope and period of audit, provided that the petition shall be signed by at least ten (FREEHOLDERS) eligible

voters for each 50 resident pupils in average daily membership during the preceding school year as shown on the records in the office of the commissioner of education. In no case shall the petition for an examination of a town bear the names of less than 25 registered voters; and provided, that in the case of school districts, the petition shall be signed by at least ten (FREEHOLDERS) *eligible voters*. At the time it is circulated, every petition shall contain a statement that the cost of the audit will be borne by the city, town, or school district as provided by law. Thirty days before the petition is delivered to the state auditor it shall be presented to the appropriate city, town or school district clerk and the county auditor. The county auditor shall determine and certify whether the petition is signed by the required number of registered voters or (FREEHOLDERS) *eligible voters* as the case may be. The certificate shall be conclusive evidence thereof in any action or proceeding for the recovery of the costs, charges and expenses of any examination made pursuant to the petition.

Sec. 3. Minnesota Statutes 1982, section 6.62, subdivision 1, is amended to read:

Subdivision 1. [LEVY OF TAX.] Counties, cities and towns are authorized, if necessary, to levy, over and above tax levy limitations for other governmental purposes, an amount sufficient to pay the expense of a post-audit by the state auditor.

A school district is authorized to levy an amount sufficient to pay for the expense of a post-audit by the state auditor if the audit is performed at the discretion of the state auditor pursuant to section 6.51 or if the audit has been requested through a petition by (FREEHOLDERS) *eligible voters* pursuant to section 6.54. A school district is not authorized to levy these amounts if the post-audit by the state auditor is requested by the school board pursuant to section 6.55.

Sec. 4. Minnesota Statutes 1982, section 120.0751, subdivision 3, is amended to read:

Subd. 3. [CRITERIA FOR APPROVAL.] In (GRANTING OR DENYING) *approving or disapproving* the application the state board (OF EDUCATION) shall consider the following (CRITERIA):

(a) *if the circumstances of the pupil are similar or analogous to the exceptions permitted by section 120.075*, whether attending school in the district of residence creates a particular hardship for the pupil; (AND (B) WHETHER THE CIRCUMSTANCES OF THE PUPIL ARE SIMILAR OR ANALOGOUS TO THE EXCEPTIONS PERMITTED BY SECTION 120.075.)
or

(b) if the pupil has been continuously enrolled for at least two years in a district of which the pupil was not a resident because of an error made in good faith about the actual district of residence, whether attending school in the district of residence creates a particular hardship for the pupil. If the board finds that a good faith error was made and that attending school in the district of residence would create a particular hardship for the siblings of that pupil or foster children of that pupil's parents, it may separately approve an application for any or all of the siblings of the pupil who are related by blood, adoption, or marriage and for foster children of the pupil's parents.

Sec. 5. [120.191] [SPECIAL EDUCATION DIRECTOR.]

The authority for the selection and employment of the director of a special education cooperative established pursuant to section 120.17 or 471.59 shall be vested in the governing board of the cooperative. Notwithstanding the provisions of section 125.12, subdivision 6a or 6b, no individual shall have a right to employment as a director based on seniority or order of employment by the cooperative.

Sec. 6. Minnesota Statutes 1982, section 121.15, is amended to read:

121.15 [(PLANS AND SPECIFICATIONS FOR SCHOOL BUILDINGS) REVIEW AND COMMENT FOR SCHOOL DISTRICT CONSTRUCTION.]

(THE STATE BOARD SHALL PRESCRIBE RULES FOR SCHOOL SITES AND FOR THE MECHANICAL EQUIPMENT, ERECTION, ENLARGEMENT, AND CHANGE OF SCHOOL BUILDINGS. ALL PLANS AND SPECIFICATIONS FOR THE ERECTION, ENLARGEMENT, AND CHANGE OF SCHOOL BUILDINGS SHALL FIRST BE SUBMITTED TO THE STATE DEPARTMENT OF EDUCATION FOR APPROVAL BEFORE THE CONTRACT IS LET AND NO NEW SCHOOL BUILDINGS SHALL BE ERECTED OR ANY BUILDING ENLARGED OR CHANGED UNTIL THE PLANS AND SPECIFICATIONS HAVE BEEN SUBMITTED TO, AND APPROVED BY, THE STATE DEPARTMENT. THE STATE BOARD SHALL INCLUDE IN SUCH RULES THOSE MADE, FROM TIME TO TIME, BY THE STATE COMMISSIONER OF HEALTH RELATIVE TO SANITARY STANDARDS FOR TOILETS, WATER SUPPLY, AND DISPOSAL OF SEWAGE IN PUBLIC SCHOOL BUILDINGS. IN ALL OTHER RESPECTS THE AUTHORITY TO MAKE RULES FOR PUBLIC SCHOOL BUILDINGS SHALL BE VESTED IN THE STATE BOARD, WHICH SHALL HAVE THE POWER TO PREPARE AND FURNISH TO LOCAL SCHOOL BOARDS PLANS AND SPECIFICATIONS FOR TEMPORARY SCHOOL BUILDINGS, CONTAINING TWO CLASSROOMS OR LESS. THE STATE BOARD IN APPROVING

CONSTRUCTION PLANS MAY SPECIFICALLY QUALIFY ITS APPROVAL AS LIMITED SOLELY TO PHYSICAL PLANT, PLANS AND SPECIFICATIONS AND IT MAY SPECIFICALLY RESERVE ITS APPROVAL AS TO THE ADVISABILITY OF CONSTRUCTION FROM AN EDUCATIONAL PROGRAM STANDPOINT. UNDER SUCH RULES AND PROCEDURE AS THE STATE BOARD SHALL PRESCRIBE, THE STATE DEPARTMENT MAY CONDEMN SCHOOL BUILDINGS AND SITES WHICH ARE UNFIT OR UNSAFE FOR USE AS SUCH.)

Subdivision 1. [CONSULTATION.] A school district shall consult with the department of education before developing any plans and specifications to construct, remodel, or improve the building or site of an educational facility. This consultation shall occur before a referendum for bonds, solicitation for bids, or use of capital funds according to section 275.125, subdivision 11a, clause (c), is initiated.

Subd. 2. [PLAN SUBMITTAL.] The department of education, after the consultation required in subdivision 1, may require a school district engaging in a construction, remodeling, or site improvement project to submit for approval:

(a) two sets of preliminary plans for each new building or addition, and

(b) one set of final plans for each construction, remodeling, or site improvement project. The department of education shall approve or disapprove the plans within 60 days after submission. A school district shall not award contracts before the department approves the plans.

Final plans shall meet all applicable state laws, rules, and codes concerning public buildings, including sections 16.83 to 16.87. The department of education's approval shall be limited to compliance with applicable state laws, rules, and codes and shall reasonably conform to the recommended educational standards established by the department of education. The department may furnish to a school district plans and specifications for temporary school buildings containing two classrooms or less.

Subd. 3. [FINAL PLANS.] If no construction contract has been awarded within two years of approval, the approval shall no longer be valid. After approval, final plans and the approval shall be filed with the department of education. If substantial changes are made to plans after final approval, documents reflecting the changes shall be submitted to the department of education for approval. Upon completing a project, the school board shall certify to the department that the project was completed according to the approved plans.

Subd. 4. [CONDEMNATION OF SCHOOL BUILDINGS.] *The department of education may condemn school buildings and sites which the state board of education determines are unfit or unsafe for that use.*

Subd. 5. [RULEMAKING.] *The state board of education may adopt rules for public school buildings.*

Subd. 6. [REVIEW AND COMMENT.] *No referendum for bonds or solicitation of bids for new construction, expansion, or remodeling of an educational facility which requires a capital expenditure in excess of \$400,000 per school site shall be initiated prior to review and comment by the commissioner. A school board shall not separate portions of a single project into components to avoid the requirements of this subdivision.*

Subd. 7. [INFORMATION REQUIRED.] *A school board proposing to construct a facility described in subdivision 6 shall submit to the commissioner a proposal containing information including at least the following:*

(a) *the geographic area proposed to be served, whether within or outside the boundaries of the school district;*

(b) *the population proposed to be served, including census findings and projections of the number of preschool and school-aged people in the area;*

(c) *the reasonably anticipated need for the facility or service to be provided;*

(d) *a description of the construction in reasonable detail, including: the capital expenditures contemplated; the estimated annual operating cost, including the anticipated salary and number of new staff necessitated by the proposal; and an evaluation of the energy efficiency and effectiveness of the construction, including estimated annual energy costs;*

(e) *so far as is known, existing facilities within the area to be served that offer the same or similar service; the extent existing facilities or services are used; the extent to which space is available from other sources, including institutions for higher education or other public buildings; and the anticipated effect that the proposal will have on existing facilities and services;*

(f) *the anticipated benefit to the area that will result from the facility;*

(g) *if known, the relationship of the proposed construction to any priorities which have been established for the area to be served;*

(h) *the availability and manner of financing the facility and the estimated date to begin and complete the facility; and*

(i) *desegregation requirements that cannot be met by any other reasonable means.*

Subd. 8. [REVIEW OF PROPOSALS.] *In reviewing each proposal, the commissioner shall submit to the school board, within 60 days of receiving the proposal, the review and comment about the educational and economic advisability of the project. The review and comment shall be based on information submitted with the proposal and other information the commissioner determines is necessary.*

Subd. 9. [PUBLICATION.] *At least 20 days but not more than 60 days before a referendum for bonds or solicitation of bids to construct a facility, the school board shall publish the commissioner's review and comment in a legal newspaper of general circulation in the area. Supplementary information shall be available to the public.*

Subd. 10. [REPORT.] *Before January 15 of each year, the commissioner shall report to the legislature about the number and nature of proposals for projects submitted according to this section, the nature of the review and comment on the educational and economic advisability, and any recommendations.*

Sec. 7. Minnesota Statutes 1982, section 121.908, is amended to read:

121.908 [REQUIREMENT FOR ACCOUNTING, BUDGETING AND REPORTING.]

Subdivision 1. *On or before June 30, 1977, each Minnesota school district shall adopt the uniform financial accounting and reporting standards for Minnesota school districts provided for in section 121.902.*

Subd. 2. *Each (MINNESOTA SCHOOL) district shall submit to the commissioner by (AUGUST 15, 1977 AND) August 15 of each year (THEREAFTER,) an unaudited financial statement for the preceding fiscal year. This statement shall be submitted on forms prescribed by the commissioner after consultation with the advisory council on uniform financial accounting and reporting standards.*

Subd. 3. (PRIOR TO JUNE 30) *By December 31 of the calendar year (FOLLOWING) of the submission of the unaudited financial statement, the (SCHOOL) district shall provide to the commissioner and state auditor an audited financial statement prepared in a form which will allow comparison with and correction of material differences in the unaudited statement.*

Subd. 3a. Prior to (JULY 1, 1978 AND) July 1 of each year (THEREAFTER), the school board of each district shall approve and adopt its revenue and expenditure budgets for the next school year. The budget document so adopted shall be considered an expenditure-authorizing or appropriations document. No funds shall be expended by any board or district for any purpose in any school year prior to the adoption of the budget document which authorizes that expenditure, or prior to an amendment to the budget document by the board to authorize the expenditure. Expenditures of funds in violation of this subdivision shall be considered unlawful expenditures.

Subd. 4. Each (MINNESOTA SCHOOL) district shall submit to the department by (AUGUST 15, 1977, AND BY) August 15 of each year (THEREAFTER), on forms prescribed by the commissioner, the revenue and expenditure budgets adopted for that fiscal year.

Subd. 5. All governmental units formed by joint powers agreements entered into by (SCHOOL) districts pursuant to sections 120.17, 123.351, 471.59, or any other law and all educational cooperative service units shall be subject to the provisions of this section.

Sec. 8. Minnesota Statutes 1982, section 121.936, is amended by adding a subdivision to read:

Subd. 4a. By July 1, 1984, the department of education shall develop and implement an alternative reporting system for submission of financial data in summary form. This system shall accommodate the use of a microcomputer finance system to be developed and maintained by the department of education. The alternative reporting system must comply with sections 121.90 to 121.917. The provisions of this subdivision shall not be construed to require the department to purchase computer hardware nor to prohibit the department from purchasing services from any regional management information center or the Minnesota educational computing consortium.

Sec. 9. Minnesota Statutes 1982, section 122.23, subdivision 2, is amended to read:

Subd. 2. Upon a resolution of a school board in the area proposed for consolidation or upon receipt of a petition therefor executed by 25 percent of the voters resident in the area proposed for consolidation or by 50 such voters, whichever is lesser, the county auditor of the county which contains the greatest land area of the proposed new district shall forthwith cause a plat to be prepared. The resolution or petition shall show the approximate area proposed for consolidation. The resolution or petition may propose either that the bonded debt of the component districts will be paid according to the levies previously made for

that debt under chapter 475, as provided in subdivision 16a, or that the taxable property in the newly created district will be taxable for the payment of the bonded debt previously incurred by any component district as provided in subdivision 16b. *The resolution or petition may also propose that referendum levies previously approved by voters of the component districts pursuant to section 275.125, subdivision 2d, or its predecessor provision, be combined as provided in section 122.531, subdivision 2a or 2b, or that the referendum levies be discontinued.* The resolution or petition may also propose that the board of the newly created district consist of seven members, and may also propose the establishment of separate election districts from which school board members will be elected, the boundaries of these election districts, and the initial term of the member elected from each of these election districts. If more than one request for a plat is received by the county auditor and the requests involve parts of identical districts, he shall forthwith prepare a plat which in his opinion best serves the educational interests of the inhabitants of the district or areas affected. The plat shall show:

(a) Boundaries of the proposed district, as determined by the county auditor, and present district boundaries,

(b) The location of school buildings in the area proposed as a new district and the location of school buildings in adjoining districts,

(c) The boundaries of any proposed separate election districts, in accordance with the provisions of section 123.32, and

(d) Other pertinent information as determined by the county auditor.

Sec. 10. Minnesota Statutes 1982, section 122.23, subdivision 3, is amended to read:

Subd. 3. A supporting statement to accompany the plat shall be prepared by the county auditor. The statement shall contain:

(a) The adjusted assessed valuation of property in the proposed district,

(b) If a part of any district is included in the proposed new district, the adjusted assessed valuation of the property and the approximate number of pupils residing in the part of the district included shall be shown separately and the adjusted assessed valuation of the property and the approximate number of pupils residing in the part of the district not included shall also be shown,

(c) The reasons for the proposed consolidation, including a statement that at the time the plat is submitted to the state board of education, no proceedings are pending to dissolve any district involved in the plat unless all of the district to be dis-

solved and all of each district to which attachment is proposed is included in the plat,

(d) A statement showing that the jurisdictional fact requirements of subdivision 1 are met by the proposal,

(e) Any proposal contained in the resolution or petition regarding the disposition of the bonded debt or *referendum levies* of component districts,

(f) Any other information the county auditor desires to include, and

(g) The signature of the county auditor.

Sec. 11. Minnesota Statutes 1982, section 122.531, subdivision 2, is amended to read:

Subd. 2. [(CONSOLIDATION AND) VOLUNTARY DISSOLUTION: REFERENDUM LEVIES.] As of the effective date of (A CONSOLIDATION PURSUANT TO SECTION 122.23 OR) the voluntary dissolution of a district and its attachment to one or more existing districts pursuant to section 122.22, the authorization for all referendum levies previously approved by the voters of all affected districts for those districts pursuant to section 275.125, subdivision 2d, or its predecessor (OR SUCCESSOR) provision, is cancelled. However, if all of the territory of any independent district is included in the (NEWLY CREATED) *enlarged* district, and if the adjusted assessed valuation of taxable property in that territory comprises 90 percent or more of the adjusted assessed valuation of all taxable property in (A NEWLY CREATED OR) *an* enlarged district, the board of the (NEWLY CREATED OR) enlarged district may levy the increased amount previously approved by a referendum in the pre-existing independent district upon all taxable property in the (NEWLY CREATED OR) enlarged district. Any new referendum levy shall be certified only after approval is granted by the voters of the entire (NEWLY CREATED OR) enlarged district in an election pursuant to section 275.125, subdivision 2d (, OR ITS SUCCESSOR REFERENDUM PROVISION).

Sec. 12. Minnesota Statutes 1982, section 122.531, is amended by adding a subdivision to read:

Subd. 2a. [CONSOLIDATION; MAXIMUM AUTHORIZED REFERENDUM LEVIES.] As of the effective date of a consolidation pursuant to section 122.23, if the plan for consolidation so provides, or if the plan for consolidation makes no provision concerning referendum levies, the authorization for all referendum levies previously approved by the voters of all affected districts for those districts pursuant to section 275.125, subdivision 2d, or its predecessor provision shall be recalculated

as provided in this subdivision. The referendum levy authorization for the newly created district shall be the millage that would raise an amount equal to the combined dollar amount of the referendum levies authorized by each of the component districts for the year preceding the consolidation, unless the referendum levy authorization of the newly created district is subsequently modified pursuant to section 275.125, subdivision 2d. If the referendum levy authorizations for each of the component districts were limited to a specified number of years, the referendum levy authorization for the newly created district shall continue for a period of time equal to the longest period authorized for any component district. If the referendum levy authorization of any component district is not limited to a specified number of years, the referendum levy authorization for the newly created district shall not be limited to a specified number of years.

Sec. 13. Minnesota Statutes 1982, section 122.531, is amended by adding a subdivision to read:

Subd. 2b. [ALTERNATIVE METHOD.] As of the effective date of a consolidation pursuant to section 122.23, if the plan for consolidation so provides, the authorization for all referendum levies previously approved by the voters of all affected districts for those districts pursuant to section 275.125, subdivision 2d, or its predecessor provision shall be combined as provided in this subdivision. The referendum levy authorization for the newly created district may be any millage provided in the plan for consolidation, but may not exceed the millage that would raise an amount equal to the combined dollar amount of the referendum levies authorized by each of the component districts for the year preceding the consolidation. If the referendum levy authorizations for each of the component districts were limited to a specified number of years, the referendum levy authorization for the newly created district shall continue for a period of time equal to the longest period authorized for any component district. If the referendum levy authorization of any component district is not limited to a specified number of years, the referendum levy authorization for the newly created district shall not be limited to a specified number of years. The referendum levy authorization for the newly created district may be modified pursuant to section 275.125, subdivision 2d.

Sec. 14. Minnesota Statutes 1982, section 122.531, is amended by adding a subdivision to read:

Subd. 2c. If the plan for consolidation provides for discontinuance of referendum levies previously approved by voters of the component districts pursuant to section 275.125, subdivision 2d, or its predecessor provision, the newly created district shall not make a referendum levy unless the voters of the newly created district authorize a referendum levy pursuant to section 275.125, subdivision 2d.

Sec. 15. Minnesota Statutes 1982, section 123.32, is amended by adding a subdivision to read:

Subd. 29. [REQUIREMENTS FOR PETITIONS.] Any petition to a school board authorized in this section or section 275.125 or any other law which requires the board to submit an issue to referendum or election shall meet the following requirements to be valid.

(1) Each page of the petition shall contain a heading at its top which specifies the particular action the board is being petitioned to take. The signatures on any page which does not contain such a heading shall all be invalidated. All pages of the petition shall be assembled and filed with the board as a single instrument.

(2) Each page of the petition shall contain an authentication signed by the circulator of the petition specifying as follows:

I personally have circulated this page of the petition, all signatures were made in my presence, I believe that each person signed his or her own name and that each person who has signed is eligible to vote in a school district election according to Minnesota Statutes, section 123.32.

*Signed: _____
Signature of Petition Circulator*

Date: _____

The signatures on any page which does not contain such an authentication shall all be invalidated.

(3) Each signer of the petition shall personally sign his own name in ink or indelible pencil and shall indicate after his name his place of residence by street and number, or other description sufficient to identify the place. Except as provided in clause (4) of this subdivision, any signature which does not meet these requirements shall be invalidated.

(4) An individual who is unable to write his name shall be required to make his mark on the petition. The circulator of the petition shall certify the mark by signing the individual's name and address and shall thereafter print the phrase "mark certified by petition circulator".

(5) A petition to be valid must contain the minimum number of valid signatures of eligible voters specified in the law authorizing the petition and election.

Sec. 16. Minnesota Statutes 1982, section 123.33, subdivision 10, is amended to read:

Subd. 10. The school board of any school district of this state by a two-thirds vote may become a member of the Minnesota school boards association or the Minnesota association of public schools, or the metropolitan area school board association, and appoint one or more of its members to attend its annual meeting. The amount of annual membership dues in the association and actual and necessary expense incurred in attending such meeting shall be paid as other expenses of the district are paid. (THE SCHOOL BOARD OF ANY SCHOOL DISTRICT OF THIS STATE MAY MAINTAIN SUCH MEMBERSHIP AND PAY MEMBERSHIP DUES ONLY IN THE EVENT THE ASSOCIATIONS FILE ANNUAL FINANCIAL STATEMENTS SHOWING DETAILED EXPENDITURES AND RECEIPTS WITH THE COMMISSIONER OF EDUCATION NO LATER THAN OCTOBER 1 OF EACH YEAR. THE STATEMENTS TO THE COMMISSIONER SHALL BE MADE ON FORMS PRESCRIBED BY HIM NO LATER THAN JULY 15 OF EACH YEAR.)

Sec. 17. Minnesota Statutes 1982, section 123.33, subdivision 14, is amended to read:

Subd. 14. The school board of any school district of this state by a two-thirds vote may become a member of an association of vocational schools and may appoint one or more of its members to attend the annual meeting of such association. The amount of annual membership dues in the association and actual and necessary expenses incurred in attending such meeting shall be paid as other expenses of the district are paid. (THE SCHOOL BOARD OF ANY SCHOOL DISTRICT OF THIS STATE MAY MAINTAIN SUCH MEMBERSHIP AND PAY MEMBERSHIP DUES ONLY IN THE EVENT THE ASSOCIATION FILES ANNUAL FINANCIAL STATEMENTS SHOWING DETAILED EXPENDITURES AND RECEIPTS WITH THE COMMISSIONER OF EDUCATION NO LATER THAN OCTOBER 1 OF EACH YEAR. THE STATEMENTS TO THE COMMISSIONER SHALL BE MADE ON FORMS PRESCRIBED BY HIM NO LATER THAN JULY 15 OF EACH YEAR.)

Sec. 18. Minnesota Statutes 1982, section 123.34, subdivision 9, is amended to read:

Subd. 9. [SUPERINTENDENT.] All districts maintaining a classified secondary school shall employ a superintendent who shall be *an ex officio (A) nonvoting* member of the school board (BUT NOT ENTITLED TO VOTE THEREIN). The authority for selection and employment of a superintendent shall be vested in the school board *in all cases*. Notwithstanding the provisions of (SECTION) *sections 122.532, 122.541, 125.12, subdivision 6a or 6b, or any other law to the contrary*, no individual shall have a right to employment as a superintendent based on seniority or order of employment in (THE) *any* district. The superintendent (IN SUCH DISTRICTS) *of a district* shall (VISIT THE

SCHOOLS OF THE DISTRICT, AND EXERCISE A GENERAL SUPERVISION OVER THEM, AND REPORT THEIR CONDITION TO THE BOARD, WITH PROPER RECOMMENDATIONS, WHEN HE DEEMS IT ADVISABLE, OR WHEN REQUESTED BY THE BOARD. HE SHALL MAKE RECOMMENDATIONS TO THE BOARD CONCERNING THE EMPLOYMENT AND DISMISSAL OF TEACHERS. HE SHALL SUPERINTEND THE GRADING OF THE SCHOOLS AND EXAMINATIONS FOR PROMOTIONS AND PERFORM SUCH OTHER DUTIES AS THE BOARD SHALL PRESCRIBE. HE SHALL MAKE DIRECTLY TO THE COMMISSIONER SUCH REPORTS AS SHALL BE REQUIRED) *perform the following:*

(a) *visit and supervise the schools in the district, report and make recommendations about their condition when advisable or on request by the board;*

(b) *recommend to the board employment and dismissal of teachers;*

(c) *superintend school grading practices and examinations for promotions;*

(d) *make reports required by the commissioner of education; and*

(e) *perform other duties prescribed by the board.*

Sec. 19. Minnesota Statutes 1982, section 123.351, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] (a) The center board shall have the general charge of the business of the center and the ownership of facilities. Where applicable, section 123.36, shall apply. The center board may not issue bonds in its behalf. Each participating district may issue its bonds for the purpose of acquisition and betterment of center facilities in the amount certified by the center board to such participating district in accordance with chapter 475.

(b) The center board (1) may furnish vocational offerings to any eligible person residing in any participating district; (2) may provide special education for the handicapped and disadvantaged; and (3) may provide any other educational programs or services agreed upon by the participating districts. Academic offerings shall be provided only under the direction of properly licensed academic supervisory personnel.

(c) In accordance with subdivision 5, clause (b), the center board shall certify to each participating district the amount of funds assessed to the district as its proportionate share required

for the conduct of the educational programs, payment of indebtedness, and all other proper expenses of the center.

(d) The center board shall employ and contract with necessary qualified teachers and administrators and may discharge the same for cause pursuant to section 125.12. *The authority for selection and employment of a director shall be vested in the center board. Notwithstanding the provisions of section 125.12, subdivision 6a or 6b, no individual shall have a right to employment as a director based on seniority or order of employment by the center.* The board may employ and discharge other necessary employees and may contract for other services deemed necessary.

(e) The center board may provide an educational program for secondary and adult vocational phases of instruction. The high school phase of its educational program shall be offered as a component of the comprehensive curriculum offered by each of the participating school districts. Graduation shall be from the student's resident high school district. Insofar as applicable, sections 123.35 to 123.40, shall apply.

(f) The center board may prescribe rates of tuition for attendance in its programs by adults and nonmember districts secondary students.

Sec. 20. Minnesota Statutes 1982, section 123.36, subdivision 9, is amended to read:

Subd. 9. The board may contract for the furnishing of heat for its building for such terms as it may deem for the best interest of the district, not exceeding ten years. *However, a district may enter into a contract for a period not to exceed 30 years for a district heating system.* Where it is necessary to lay mains or pipes to connect these buildings with a heating system, the district is authorized to advance all, or any part of the cost thereof upon such terms and conditions as shall be agreed upon.

Sec. 21. Minnesota Statutes 1982, section 123.39, subdivision 4, is amended to read:

Subd. 4. The board may provide for the instruction of any resident pupil in another district when inadequate room, distance to school, unfavorable road conditions, or other facts or conditions make attendance in his own district unreasonably difficult or impractical, in which case such district shall pay to the district so attended the tuition agreed upon or charged, *pursuant to section 124.18, subdivision 2,* and may provide transportation; provided, that such pupil shall continue to be a pupil of the district of his residence for the payment of apportionment and other state aids.

Sec. 22. Minnesota Statutes 1982, section 124.14, subdivision 1, is amended to read:

Subdivision 1. The state board shall supervise distribution of (THE) school aids and grants in accordance with law. It may make rules (AND REGULATIONS) consistent with law for (SUCH) the distribution (WHICH WILL) to enable districts to perform efficiently the services required by law and further education in the state, including reasonable requirements for (SUCH) the reports and accounts to it as will assure accurate and lawful apportionment of aids. State and federal aids and discretionary or entitlement grants distributed by the state board shall not be subject to the contract approval procedures of the commissioner of administration or chapter 16. The commissioner of education shall adopt internal procedures for administration and monitoring of aids and grants.

Sec. 23. Minnesota Statutes 1982, section 124.15, subdivision 5, is amended to read:

Subd. 5. [VIOLATION; AID REDUCTION.] If the violation specified is corrected within the time permitted, or if the commissioner on being notified of the district board's decision to dispute decides (SUCH) the violation does not exist, or if the state board decides after hearing no violation specified in the commissioner's notice existed at the time (THEREOF) of it, or that (SUCH AS) any which existed were corrected within the time permitted, there (WILL) shall be no reduction of special state aids payable to (SUCH) the school district (;). Otherwise special state aids payable to the district for the year in which the violation occurred (WILL) shall be reduced as follows: The total amount of special state aids to which the district may be entitled (WILL) shall be reduced in the proportion that the period during which a specified violation continued, computed from the last day of the time permitted for correction, bears to the total number of days school is held in the district during the year in which (SUCH) a violation exists, multiplied by 60 percent of the product of the foundation aid formula allowance times its total pupil units for that year.

Sec. 24. Minnesota Statutes 1982, section 124.19, subdivision 3, is amended to read:

Subd. 3. [UNCERTIFIED TEACHERS; AID REDUCTION.] When a district employs (A TEACHER) one or more teachers (THAT) who do not hold a valid teaching certificate, special state aid shall be withheld in the proportion that the number of such teachers is to the total number of teachers employed by the district, multiplied by 60 percent of the product of the foundation aid formula allowance times its total pupil units for the year in which the employment occurred.

Sec. 25. Minnesota Statutes 1982, section 124.43, subdivision 1, is amended to read:

Subdivision 1. [REVIEW BY COMMISSIONER.] (a) To the extent moneys are from time to time available hereunder, the commissioner may, after review and a favorable recommendation by the state board of education, (MAKE) *recommend to the legislature* capital loans to school districts. Proceeds of the loans shall be used only for sites for school buildings and for acquiring, bettering, furnishing, or equipping school buildings under contracts to be entered into within 12 months from and after the date on which each loan is granted. Applications with the accompanying data specified in subdivision 2 shall be filed between October 1 of any year and the following June 1.

(b) Any board which intends to submit an application for a capital loan shall submit a proposal to the commissioner for review and comment pursuant to section (122.90) *121.15*, and the commissioner shall prepare a review and comment on the proposed facility, regardless of the amount of the capital expenditure required to construct the facility. The state board shall not make a favorable recommendation on an application for a capital loan for any facility unless:

(1) the facility receives a favorable review and comment pursuant to section (122.90) *121.15*; and

(2) the state board determines that

(A) the facilities are needed to replace facilities dangerous to the health and safety of pupils, or to provide for pupils for whom no adequate facilities exist;

(B) the facilities could not be made available through dissolution and attachment of the district to another district or through pairing, interdistrict cooperation, or consolidation with another district, or through the purchase or lease of facilities from existing institutions within the area. The preference of the school district regarding reorganization shall not be a criterion used by the state board in determining whether the facilities could be made available through reorganization;

(C) the facilities are comparable in size and quality to facilities recently constructed in other districts of similar enrollment; and

(D) the district's need for the facilities is comparable to needs which comparable districts are meeting through local bond issues.

The state board may recommend that the loan be approved in a reduced amount in order to meet the foregoing criteria. If the

state board recommends that a loan not be approved, the commissioner shall not (APPROVE) *recommend approval* of the loan (, AND). If the state board recommends that the loan be approved in a reduced amount, the commissioner shall not (APPROVE) *recommend approval* of a loan larger than that recommended by the state board.

(c) *As part of reviewing an application for a capital loan, the commissioner of education shall prepare estimated yearly repayments by the school district and the estimated amount of principal and interest that may be forgiven after the term of the loan. These estimates shall assume no growth in assessed valuation over the term of the loan, shall assume a 16 mill levy, and shall be prepared using a methodology approved by the commissioner of finance. The commissioner of education shall use a discount factor provided by the commissioner of finance in determining the present value of the estimated amount of interest and principal which may be forgiven after the term of the loan.*

((C)) (d) No loan shall be (APPROVED) *recommended for approval* for any district exceeding an amount computed as follows:

(1) The amount voted by the district under subdivision 2;

(2) Plus the aggregate principal amount of general obligation bonds of the district outstanding on the date of approval, not exceeding the limitation on net debt of the district in section 475.53, subdivision 4, or 24 percent of the adjusted assessed value, whichever is less;

(3) Less the maximum net debt permissible for the district on the date of approval, under the limitation in section 475.53, subdivision 4, or 24 percent of the adjusted assessed value, whichever is less; and

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

Sec. 26. [124.435] [APPROVAL BY LEGISLATURE.]

After review of an application for a capitol loan, the commissioner of education shall submit the application to the education committees of the legislature. The legislature may approve, disapprove, or modify the application. After the legislature has approved the application, the commissioner shall grant the loan for the purposes and in the amount specified by the legislature.

Sec. 27. [125.032] [LICENSURE; COMMUNITY EDUCATION INSTRUCTORS.]

Subdivision 1. [EXEMPTION.] Notwithstanding the provisions of any law to the contrary and except as otherwise provided in this section, a person who teaches in a community education program established pursuant to sections 121.85 to 121.88 is exempt from all licensure requirements.

Subd. 2. [EXCEPTIONS.] A person who teaches in a community education program which qualifies for aid pursuant to section 124.26 shall continue to meet licensure requirements as a teacher. A person who teaches in an early childhood and family education program which is offered through a community education program and which qualifies for per capita aid pursuant to section 124.271 shall continue to meet licensure requirements as a teacher. A person who teaches in a community education course which is offered for credit for graduation to persons under 18 years of age shall continue to meet licensure requirements as a teacher. A person who teaches a driver training course which is offered through a community education program to persons under 18 years of age shall be licensed by the board of teaching. A license which is required for an instructor in a community education program pursuant to this subdivision shall not be construed to bring an individual within the definition of a teacher for purposes of section 125.12, subdivision 1, or section 125.17, subdivision 1, clause (a). A community education instructor shall not be defined as a teacher pursuant to section 179.63, subdivision 13, or be a member of a teacher bargaining unit solely as a result of that individual's employment in a community education program.

Sec. 28. Minnesota Statutes 1982, section 125.05, is amended by adding a subdivision to read:

Subd. 5. [PROVISIONAL LICENSES; PROHIBITED.] The board of teaching shall grant no new provisional licenses. By January 15, 1984, the state board and commissioner of education shall submit a report to the education committees of the legislature with recommendations on provisional licenses.

Sec. 29. Minnesota Statutes 1982, section 125.12, is amended by adding a subdivision to read:

Subd. 1a. [NONPROVISIONAL LICENSE DEFINED.] For purposes of this section, "nonprovisional license" shall mean an entrance, continuing, or life license.

Sec. 30. Minnesota Statutes 1982, section 125.12, subdivision 6a, is amended to read:

Subd. 6a. [NEGOTIATED UNREQUESTED LEAVE OF ABSENCE.] The school board and the exclusive bargaining

representative of the teachers may negotiate a plan providing for unrequested leave of absence without pay or fringe benefits for as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts. Failing to successfully negotiate such a plan, the provisions of subdivision 6b shall apply. *The negotiated plan shall not include provisions which would result in the exercise of seniority by a teacher holding a provisional license, other than a vocational education license, contrary to the provisions of subdivision 6b, clause (c), or the reinstatement of a teacher holding a provisional license, other than a vocational education license, contrary to the provisions of subdivision 6b, clause (e).* The provisions of section 179.72 shall not apply for the purposes of this subdivision.

Sec. 31. Minnesota Statutes 1982, section 125.12, subdivision 6b, is amended to read:

Subd. 6b. [UNREQUESTED LEAVE OF ABSENCE.] The school board may place on unrequested leave of absence, without pay or fringe benefits, as many teachers as may be necessary because of discontinuance of position, lack of pupils, financial limitations, or merger of classes caused by consolidation of districts. The unrequested leave shall be effective at the close of the school year. In placing teachers on unrequested leave, the board shall be governed by the following provisions:

(a) The board may place probationary teachers on unrequested leave first in the inverse order of their employment. No teacher who has acquired continuing contract rights shall be placed on unrequested leave of absence while probationary teachers are retained in positions for which the teacher who has acquired continuing contract rights is licensed;

(b) Teachers who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed in the inverse order in which they were employed by the school district. In the case of equal seniority, the order in which teachers who have acquired continuing contract rights shall be placed on unrequested leave of absence in fields in which they are licensed shall be negotiable;

(c) *Notwithstanding the provisions of clause (b), no teacher shall be entitled to exercise any seniority when that exercise results in that teacher being retained by the district in a field for which the teacher holds only a provisional license, as defined by the board of teaching, unless that exercise of seniority results in the placement on unrequested leave of absence of another teacher who also holds a provisional license in the same field. The provisions of this clause shall not apply to vocational education licenses;*

((C)) (d) Notwithstanding clauses (a) (AND), (b) and (c), if (EITHER) the placing of a probationary teacher on unrequested leave before a teacher who has acquired continuing rights, (OR) the placing of a teacher who has acquired continuing contract rights on unrequested leave before another teacher who has acquired continuing contract rights but who has greater seniority, *or the restriction imposed by the provisions of clause (c)* would place the district in violation of its affirmative action program, the district may retain the probationary teacher (OR), the teacher with less seniority, *or the provisionally licensed teacher*;

((D)) (e) Teachers placed on unrequested leave of absence shall be reinstated to the positions from which they have been given leaves of absence or, if not available, to other available positions in the school district in fields in which they are licensed. Reinstatement shall be in the inverse order of placement on leave of absence. *No teacher shall be reinstated to a position in a field in which the teacher holds only a provisional license, other than a vocational education license, while another teacher who holds a nonprovisional license in the same field remains on unrequested leave.* The order of reinstatement of teachers who have equal seniority and who are placed on unrequested leave in the same school year shall be negotiable;

((E)) (f) No appointment of a new teacher shall be made while there is available, on unrequested leave, a teacher who is properly licensed to fill such vacancy, unless the teacher fails to advise the school board within 30 days of the date of notification that a position is available to (HIM) *that teacher*, that he or she may return to employment and that he or she will assume the duties of the position to which appointed on a future date determined by the board;

((F)) (g) A teacher placed on unrequested leave of absence may engage in teaching or any other occupation during the period of this leave;

((G)) (h) The unrequested leave of absence shall not impair the continuing contract rights of a teacher or result in a loss of credit for previous years of service;

((H)) (i) The unrequested leave of absence of a teacher who is placed on unrequested leave of absence prior to January 1, 1978 and who is not reinstated shall continue for a period of two years after which the right to reinstatement shall terminate. The unrequested leave of absence of a teacher who is placed on unrequested leave of absence on or after January 1, 1978 and who is not reinstated shall continue for a period of five years after which the right to reinstatement shall terminate; provided the teacher's right to reinstatement shall also terminate if he or she fails to file with the board by April 1 of any year a written statement requesting reinstatement;

((I)) (j) The same provisions applicable to terminations of probationary or continuing contracts in subdivisions 3 and 4 shall apply to placement on unrequested leave of absence;

((J)) (k) Nothing in this subdivision shall be construed to impair the rights of teachers placed on unrequested leave of absence to receive unemployment compensation if otherwise eligible.

Sec. 32. Minnesota Statutes 1982, section 125.17, subdivision 1, is amended to read:

Subdivision 1. [WORDS, TERMS, AND PHRASES.] Unless the language or context clearly indicates that a different meaning is intended, the following words, terms, and phrases, for the purposes of the following subdivisions in this section shall be defined as follows:

(a) [TEACHERS.] The term "teacher" includes every person regularly employed, as a principal, or to give instruction in a classroom, or to superintend or supervise classroom instruction, or as placement teacher and visiting teacher. Persons regularly employed as counselors and school librarians shall be covered by these sections as teachers if licensed as teachers or as school librarians.

(b) [SCHOOL BOARD.] The term "school board" includes a majority in membership of any and all boards or official bodies having the care, management, or control over public schools.

(c) [DEMOTE.] The word "demote" means to reduce in rank or to transfer to a lower branch of the service or to a position carrying a lower salary or compensation.

(d) [NONPROVISIONAL LICENSE.] *For purposes of this section, "nonprovisional license" shall mean an entrance, continuing, or life license.*

Sec. 33. Minnesota Statutes 1982, section 125.17, subdivision 11, is amended to read:

Subd. 11. [SERVICES TERMINATED BY DISCONTINUANCE OR LACK OF PUPILS; PREFERENCE GIVEN.] (a) Any teacher whose services are terminated on account of discontinuance of position or lack of pupils shall receive first consideration for other positions in the district for which (SHE) *that teacher* is qualified. In the event it becomes necessary to discontinue one or more positions, in making such discontinuance, teachers shall be discontinued in any department in the inverse order in which they were employed.

(b) *Notwithstanding the provisions of clause (a), no teacher shall be entitled to exercise any seniority when that exercise results in that teacher being retained by the district in a field for which the teacher holds only a provisional license, as defined by the board of teaching, unless that exercise of seniority results in the termination of services, on account of discontinuance of position or lack of pupils, of another teacher who also holds a provisional license in the same field. The provisions of this clause shall not apply to vocational education licenses.*

(c) *Notwithstanding the provisions of clause (a), no teacher shall be reinstated to a position in a field in which the teacher holds only a provisional license, other than a vocational education license, while another teacher who holds a nonprovisional license in the same field is available for reinstatement.*

Sec. 34. Minnesota Statutes 1982, section 275.125, subdivision 2d, is amended to read:

Subd. 2d. [REFERENDUM LEVY.] (1) The levy authorized by subdivision 2a may be increased in any amount which is approved by the voters of the district at a referendum called for the purpose. (SUCH A) *The referendum may be called by the school board or shall be called by the school board upon written petition of qualified voters of the district. The referendum shall be held on a date set by the school board. Only (ONE SUCH ELECTION) two elections may be held to approve a levy increase which will commence in a specific school year. (HOWEVER, MORE THAN ONE REFERENDUM MAY BE HELD TO APPROVE A LEVY INCREASE TO COMMENCE IN THE 1983-1984 SCHOOL YEAR.) The (QUESTION ON THE) ballot shall state the maximum amount of the increased levy in mills, the amount that will be raised by that millage in the first year it is to be levied, and that the millage shall be used to finance school operations. The (QUESTION) ballot may designate a specific number of years for which the referendum authorization shall apply. The ballot may contain a textual portion with the information required in this subdivision and a question stating substantially the following:*

"Shall the increase in the levy proposed by (petition to) the board of . . . , School District No. . . , be approved?"

If approved, the amount provided by the approved millage applied to each year's taxable valuation shall be authorized for certification for the number of years approved, if applicable, or until revoked or reduced by the voters of the district at a subsequent referendum.

(2) A referendum on the question of revoking or reducing the increased levy amount authorized pursuant to clause (1) of this subdivision may be called by the school board and shall be

called by the school board upon the written petition of qualified voters of the district. A levy approved by the voters of the district pursuant to clause (1) of this subdivision must be made at least once before it is subject to a referendum on its revocation or reduction for subsequent years. Only one such revocation or reduction election may be held to revoke or reduce a levy for any specific year and for years thereafter.

(3) A petition authorized by clause (1) shall be effective if signed by a number of qualified voters in excess of 15 percent, or ten percent if the school board election is held in conjunction with a general election, of the average number of voters at the two most recent district wide school elections. A referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(4) A petition authorized by clause (2) shall be effective if signed by a number of qualified voters in excess of five percent of the residents of the school district as determined by the most recent census. A revocation or reduction referendum invoked by petition shall be held within three months of submission of the petition to the school board.

(5) Notwithstanding any law to the contrary, the approval of 50 percent plus one of those voting on the question is required to pass a referendum.

(6) Within 30 days after the district holds a referendum pursuant to this clause, the district shall notify the commissioner of education of the results of the referendum.

Sec. 35. Minnesota Statutes 1982, section 136A.02, subdivision 1, is amended to read:

Subdivision 1. The higher education coordinating board shall consist of eight citizen members, one from each congressional district; to be appointed by the governor with the advice and consent of the senate, and three citizen members also to be appointed by the governor (BY AND) with the advice and consent of the senate to represent the state at large. All appointees to the board shall be selected for their knowledge of and interest in post secondary education and at least one shall be selected specifically for (HIS) knowledge of and interest in vocational education. *No member of the board shall be an employee of or receive compensation from a public or private post-secondary institution while serving on the board.*

Sec. 36. Minnesota Statutes 1982, section 475.61, subdivision 3, is amended to read:

Subd. 3. [IRREVOCABILITY.] Tax levies so made and filed shall be irrevocable, except as provided in this subdivision.

In each year when there is on hand any excess amount in the debt service fund of a school district at the time the district makes its property tax levies, the amount of the excess shall be certified by the school board to the county auditor and the auditor shall reduce the tax levy otherwise to be included in the rolls next prepared by the amount certified, unless the school board determines that the excess amount is necessary to ensure the prompt and full payment of the obligations and any call premium on the obligations, or will be used for redemption of the obligations in accordance with their terms. An amount shall be presumed to be excess for a school district in the amount that it, together with the levy required by subdivision 1, will exceed 106 percent (IN EXCESS) of the amount needed to meet when due the principal and interest payments on the obligations due before the second following July 1. This subdivision shall not limit a school board's authority to specify a tax levy in a higher amount if necessary because of anticipated tax delinquency.

If the governing body, including the governing body of a school district, in any year makes an irrevocable appropriation to the debt service fund of moneys actually on hand or if there is on hand any excess amount in the debt service fund, the recording officer may certify to the county auditor the fact and amount thereof and the auditor shall reduce by the amount so certified the amount otherwise to be included in the rolls next thereafter prepared.

Sec. 37. Laws 1967, chapter 822, is amended by adding a section to read:

Sec. 12. [OTHER PROGRAMS AND SERVICES.]

The board may also provide any other educational programs or other services requested by a participating district. However, these programs and services may not be post-secondary programs or services. Academic offerings shall be provided only under the direction of properly licensed academic supervisory personnel.

Sec. 38. Laws 1969, chapter 775, section 3, subdivision 2, as amended by Laws 1971, chapter 267, section 2, is amended to read:

Subd. 2. It shall be the duty and the function of the intermediate district to furnish to every person eligible therefor residing in any part of such district and such other resident of the state as provided by law the following:

(a) Vocational school facilities and instruction in vocational-technical education;

(b) Facilities for and instruction in special education.

The board may also provide any other educational programs or other services requested by a participating district. However, these programs and services may not be post-secondary programs or services. Academic offerings shall be provided only under the direction of properly licensed academic supervisory personnel.

Sec. 39. Laws 1969, chapter 1060, is amended by adding a section to read:

Sec. 7. [OTHER PROGRAMS AND SERVICES.]

The board may also provide any other educational programs or other services requested by a participating district. However, these programs and services may not be post-secondary programs or services. Academic offerings shall be provided only under the direction of properly licensed academic supervisory personnel.

Sec. 40. Laws 1974, chapter 237, section 1, is amended to read:

Section 1. [INDEPENDENT SCHOOL DISTRICT NO. 709; TERMINATION OF TEACHING POSITIONS.] Independent School District No. 709, St. Louis county, and the exclusive representative of teachers as defined by Minnesota Statutes, 1973 Supplement, Section 179.63, Subdivision 13, may enter into a written agreement with respect to the termination of such teachers due to discontinuance of position or lack of pupils within the school district, which may include a method, system or scheme other than that provided by Minnesota Statutes, Section 125.17, Subdivision 11, or any act amendatory thereof. *The written agreement entered into pursuant to this section shall not include provisions allowing a teacher to exercise any seniority when that exercise results in the teacher being retained by the district in a field for which the teacher holds only a provisional license, as defined by the board of teaching, other than vocational education license, unless that exercise of seniority results in the termination of services, on account of discontinuance of position or lack of pupils, of another teacher who also holds a provisional license in the same field. In addition, the written agreement entered into pursuant to this section shall not include provisions allowing a teacher to be reinstated to a position in a field in which the teacher holds only a provisional license, other than a vocational education license, while another teacher who holds a nonprovisional license in the same field is available for reinstatement.*

Sec. 41. Laws 1981, chapter 358, article VII, section 29, as amended by Laws 1981, Third Special Session chapter 1, article 1, section 10, and by Laws 1982, chapter 548, article IV, section 19, is amended to read:

Sec. 29. [EXEMPTION FROM PUBLIC SALE.] Notwithstanding Minnesota Statutes, section 124.76, from (JUNE 1, 1981) *July 1, 1983* until June 30, (1983) 1985, the requirements as to public sale of tax and aid anticipation certificates of indebtedness shall not apply to certificates which mature no later than twelve months after their date of issue. The interest rate on these certificates may be determined by direct negotiation.

Sec. 42. [BEMIDJI REGIONAL INTERDISTRICT COUNCIL.]

The Bemidji regional interdistrict council, formed according to Minnesota Statutes, section 471.59, may acquire real property by receiving a gift of the owner's equity and either entering into a contract for deed or assuming the obligations of the mortgage existing on the property. The real property shall be used by the council for educational programs and other related services. Each district which is a member of the council shall pay its pro rata share of the mortgage or contract for deed payments from its capital expenditure fund.

Sec. 43. [DATE OF CONSOLIDATION.]

Notwithstanding Minnesota Statutes, section 122.23, subdivision 13, or any other law to the contrary, the effective date of a consolidation of Independent School District No. 694, Buhl, with one or more school districts may be a date in 1984, as agreed upon by the school boards of the affected districts.

Sec. 44. [BOARD OF CONSOLIDATED DISTRICT.]

Independent School District No. 694, Buhl, and one or more districts with which it consolidates according to Minnesota Statutes, section 122.23, and any other applicable provisions of law, may agree to any of the following:

(a) A school board of not more than seven members, (b) election districts of the size and with the population desired by the consolidating districts, and (c) election of school board members in any manner agreed upon, such as at large from a previously existing district or from the newly consolidated district, some members at large, some members from election districts or from previously existing districts. However, at least six years after the first election of the consolidated district board, the board shall comply with the general provisions of law governing election of school board members. To the extent the provisions of Minnesota Statutes, section 122.23, or any other applicable law are inconsistent with this section, the provisions of this section shall apply.

Sec. 45. [PILOT PROJECTS USING MICROCOMPUTERS.]

The department of education shall pilot test microcomputer-based financial reporting systems in up to eight school districts during the 1983-1984 school year. The alternative reporting system must comply with Minnesota Statutes, sections 121.90 to 121.917.

The school districts selected as pilot sites shall operate parallel reporting systems until such time that the department certifies that the alternative system meets the reporting requirements. The systems to be tested shall include one developed by the Minnesota educational computing consortium and at least one other available system recommended for testing by the ESV computer council, in consultation with the department. The alternative reporting systems operated by school districts selected as pilot sites shall be exempt from the requirements in Minnesota Statutes, section 121.936, subdivision 1, clause (b)(2), for the 1983-1984 school year.

The department shall evaluate the pilot systems. The evaluation shall include recommendations on the feasibility and efficiency of reporting directly to the department, reporting to the department through the regional management information centers, or by other methods. The ESV computer council shall review the evaluation of the pilot systems and report its findings to the house education and appropriations committees and senate education and finance committees by February 15, 1984. The cost of the evaluation shall be paid by the department of education.

Sec. 46. [TIME PERIOD EXTENDED.]

Notwithstanding the provisions of Minnesota Statutes 1982, section 125.185, and 5 MCAR S 3.002, the board of teaching shall extend the time period to apply for a life license from July 1, 1982 to January 1, 1984.

Sec. 47. [NONRESIDENT PUPIL; INDEPENDENT SCHOOL DISTRICT NO. 181.]

Subdivision 1. Any pupil who, as of June 30, 1983, has continuously been enrolled for a period of two or more consecutive school years in Independent School District No. 181 without a tuition agreement pursuant to section 123.39, subdivision 5, or 124.18, subdivision 2, and was not a resident of that district, may continue in enrollment in that district as long as the pupil resides in a dwelling on the same property upon which the pupil resided on May 1, 1983. Independent School District No. 181 shall be considered the pupil's district of residence.

Subd. 2. Subdivision 1 shall also apply to any brother or sister of a qualified pupil who is related to that pupil by blood, adoption or marriage and to any foster child of that pupil's parents, as long as the sibling or foster child resides in a dwell-

ing on the same property upon which the qualified pupil resided on May 1, 1983.

Subd. 3. The provisions of subdivisions 1 and 2 shall be effective without local approval, according to Minnesota Statutes, section 645.023, subdivision 1, clause (a).

Sec. 48. [CENTRAL MINNESOTA EDUCATIONAL RESEARCH AND DEVELOPMENT COUNCIL.]

The central Minnesota educational research and development council, an entity formed by member school districts pursuant to Minnesota Statutes, section 471.59, is authorized pursuant to resolution to issue bonds, notes, or other obligations on behalf of its member school districts in order to provide funds to carry out its purposes. The obligations so issued shall be payable solely from the revenues, earnings, and assets of the entity and not be a liability or debt of any of the member school districts.

The obligations issued pursuant to this section may be issued without an election. However, if the obligations are issued for the acquisition or betterment of a building, an election shall be required. The obligations issued pursuant to this section may be sold at public or private sale and shall be in the forms and amounts, bear interest and mature and be subject to optional or mandatory redemption as the joint board may determine. This section shall not limit or restrict the ability of the member school districts to issue obligations or incur indebtedness pursuant to section 471.59 without regard to this section.

Sec. 49. [INTERMEDIATE SCHOOL DISTRICT STUDY.]

On December 1, 1983, the commissioner of education shall report to the education committees of the legislature about funding levels for secondary vocational services and special education services offered by Intermediate School Districts Nos. 916, 917, and 287. The report shall include an analysis of the use of special levies by intermediate districts and the ability of intermediate school districts to provide programs, compared to the ability of non-member districts or cooperative centers to provide programs.

The report shall include recommendations which would ensure equal opportunities for all districts to provide secondary vocational and special education services. The report shall also include recommended procedures for defining operating fund and capital fund needs, clarifying accounting procedures, and establishing tuition rates at secondary vocational and special education cooperatives. The report shall also include recommendations on whether school district cooperatives utilizing joint powers agreements should be able to lease-purchase real property and any statutory changes necessary to implement these recommendations.

Sec. 50. [ADMISSION REQUIREMENTS.]

Subdivision 1. [DEVELOPMENT OF PROPOSAL.] By November 15, 1983 the board of regents of the University of Minnesota, the state university board, the community college board, and the state board for vocational education shall develop proposals for admission requirements for incoming freshmen. Each proposal shall specify secondary curriculum requirements necessary for admission into institutions of that system. The proposals may include such requirements as minimum grade point average and standardized test scores.

Subd. 2. [REVIEW AND COMMENT.] The higher education coordinating board shall review and comment on the proposals developed according to subdivision 1.

Subd. 3. [FACTORS.] In developing proposals, the boards shall consider such factors as freshman level of preparedness for post-secondary work, the distinct missions of each system, the effect of the proposals on students, and the short-term and long-term effect of the proposals on the quality of education at all levels.

Subd. 4. [REPORT.] The higher education coordinating board shall report to the education committees of the legislature by January 1, 1984.

Sec. 51. [EXEMPTION FROM APPLICATION.]

The provisions of sections 29 to 33 and 40 shall not apply to any final decisions relating to placing teachers, as defined in Minnesota Statutes 1982, section 125.12, subdivision 1, on unrequested leaves of absence or, in the case of cities of the first class, termination of services of teachers, as defined in Minnesota Statutes 1982, section 125.17, subdivision 1, on account of discontinuance of position or lack of pupils made by school boards prior to the effective date of this act. The provisions of this act shall not apply to any school district that, on the effective date of this act, is governed by a contractual agreement which includes specific terms explicitly allowing the exercise of seniority rights by teachers holding provisional licenses, the results of which would be contrary to the provisions of this act, until the expiration of that contractual agreement. All contractual agreements entered into after the effective date of this act shall be consistent with this act.

Sec. 52. [REPEALER.]

Minnesota Statutes 1982, section 122.90, is repealed.

Sec. 53. [APPROPRIATION; COMMISSION ON EDUCATION.]

There is appropriated \$150,000 from the general fund to the legislative commission on public education. The sum is available until June 30, 1985.

Sec. 54. [EFFECTIVE DATE.]

Sections 1, 5, 15, 18, 19, 27, 28, and 34 are effective the day following final enactment.

ARTICLE 8

TECHNOLOGY AND EDUCATIONAL IMPROVEMENT

Section 1. [121.601] [SUBJECT AREA INSERVICE TRAINING.]

Subdivision 1. [ESTABLISHMENT.] The department of education shall establish a program for providing inservice training to school district staff. During the first year, the program shall provide inservice training to elementary and secondary staff in mathematics, science, and social science. For each succeeding year of the program, the commissioner shall recommend to the legislature subject areas for which inservice training programs shall be provided. Inservice training programs shall be designed to offer a broad spectrum of experiences, including activities which require active participant involvement rather than classroom lectures. To the extent possible, the inservice training programs shall be integrated with the technology inservice training provided according to sections 14 and 15 of this article.

Subd. 2. [PROPOSALS.] Grant proposals submitted by eligible applicants to the department shall include at least the following:

(a) a variety of staff education activities which are designed to assess and upgrade skills of those attending the training programs;

(b) provisions for addressing the requirements for licensure for those staff who currently are not licensed in the designated areas but who desire to be so licensed;

(c) a plan for staff who participate in the training program to return to their school districts and provide training programs or disseminate information on inservice programs to other staff in their districts and regions;

(d) a process for notifying staff in the state who teach in the designated subject areas and who are eligible for the program, a process for selecting staff to participate in the inservice

training program, and a mechanism for evaluation to be provided to the state board upon completion of the program;

(e) an estimated budget for the program, which shall provide for tuition expenses, related expenses including meals and lodging, and a stipend for participants in the program; and

(f) other information that may be requested by the department.

Subd. 3. [ELIGIBLE APPLICANTS.] The department may allocate money to public or nonpublic institutions of higher education, public or private nonprofit organizations, educational cooperative service units, or school districts for the purpose of providing inservice training according to this section. When approving or disapproving grants, the department shall ensure geographic accessibility of the programs to teachers throughout the state and a balance of programs available in different subject areas.

Subd. 4. [CONSULTATION.] When making grants for the inservice training programs according to this section, the department shall consult with elementary and secondary staff in the designated subject areas to ensure that proposals submitted incorporate recent research findings and address the retraining needs of staff in those subject areas.

Subd. 5. [PRIVATE MONEY.] The commissioner of education may accept contributions from additional private or public sources to supplement state money provided by this section. These contributions shall be added to the total amount of available state money and shall be administered by the department in the same manner as state money.

Subd. 6. [FEDERAL MONEY.] The commissioner of education shall apply for and accept all federal money available for inservice training programs in the designated subject areas.

Subd. 7. [APPLICATION DATES.] Applications for inservice training programs to be conducted during a school year shall be submitted to the department by January 15 preceding the beginning of that school year. The department shall approve or disapprove applications by the following March 1.

Sec. 2. [121.608] [INSTRUCTIONAL EFFECTIVENESS PLAN.]

By January 1, 1984, the commissioner of education shall develop a comprehensive statewide plan for maintaining and improving instructional effectiveness in the schools. The plan shall encourage implementation of school effectiveness strategies based on research findings in the area, develop in-service train-

ing models for school district staff, integrate developments in educational technology with classroom instruction models, and develop a mechanism for establishing a statewide network to coordinate and disseminate information on research in instructional effectiveness. The commissioner may employ consultants and specialists to assist in the development of the plan, and, to the extent possible, shall utilize the information provided by the planning, evaluation, and reporting process and the statewide assessment program.

Sec. 3. [121.609] [INSTRUCTIONAL EFFECTIVENESS TRAINING.]

Subdivision 1. [ADVISORY TASK FORCE; PROGRAM MODEL.] By January 1, 1984, the commissioner of education shall appoint an advisory task force to assist the department of education, in cooperation with the educational cooperative service units, in developing an implementation model for training school district staff in instructional effectiveness. The training program model shall be based on established principles of instructional design and the essential elements of effective instruction as determined by educational research. The training program model shall take into account the diverse needs of the school districts due to such factors as district size and location, and shall be structured to facilitate regional delivery of the training through the educational cooperative service units.

Subd. 2. [PILOT TESTING OF TRAINING MODEL.] Between January 1, 1984, and January 1, 1985, the commissioner shall administer a pilot program of the instructional effectiveness training models which shall be implemented in at least 20 pilot sites throughout the state. The advisory task force established in subdivision 1 of this section may recommend modifications in the training models as necessary.

Subd. 3. [EVALUATION AND REPORT.] The commissioner shall pay an independent evaluator to conduct an evaluation of the effectiveness of this section. The evaluator shall submit a report, including a sample survey of district personnel trained at the pilot sites, to the commissioner by January 1, 1985.

Sec. 4. [121.612] [CITATION.]

Subdivision 1. This section may be cited as the "Minnesota Academic Excellence Act."

Subd. 1a. [CREATION OF FOUNDATION.] There is created the Minnesota Academic Excellence Foundation. The purpose of the foundation shall be to promote academic excellence in Minnesota public schools through a public-private partnership. The foundation shall be a nonprofit organization.

Subd. 2. [BOARD OF DIRECTORS.] *The board of directors of the foundation shall consist of the governor or the governor's designee; the chairpersons of the education committee and education finance division in the house of representatives and the chairpersons of the education committee and education subcommittee on education aids in the senate; a minority member of the house of representatives to be appointed by the house minority leader; a minority member of the senate, to be appointed by the senate minority leader; the commissioner of education; and 15 members to be appointed by the governor. Of the 15 members appointed by the governor, six shall represent various education groups and nine shall represent various business groups. The board of directors shall meet as soon as possible after the effective date of this section. The commissioner of education shall serve as secretary for the board of directors and provide administrative support to the foundation.*

Subd. 3. [FOUNDATION PROGRAMS.] *The foundation shall plan for programs which advance the concept of educational excellence. These may include but are not limited to:*

(a) recognition programs and awards for students demonstrating academic excellence;

(b) summer institute programs for students with special talents;

(c) recognition programs for teachers, administrators, and others who contribute to academic excellence;

(d) summer mentorship programs with business and industry for students with special career interests and high academic achievements;

(e) governor's awards ceremonies to promote academic competition; and

(f) consideration of the establishment of a Minnesota high school academic league.

To the extent possible, the foundation shall make these programs available to students in all parts of the state.

Subd. 4. [PRIVATE FUNDING.] *The foundation shall seek private resources to supplement the available public money. Individuals, businesses, and other organizations may contribute to the foundation in any manner specified by the board of directors. All money received shall be administered by the board of directors.*

Subd. 5. [REPORT.] *By February 1, 1984, and February 1, 1985, the board of directors of the foundation shall report to*

the education committees of the legislature on the progress of its activities made pursuant to the provisions of this section.

Sec. 5. Minnesota Statutes 1982, section 122.41, is amended to read:

122.41 [POLICY.]

(IT IS HEREBY DECLARED TO BE) The policy of the state is to encourage (THE) organization of school districts into (SUCH LOCAL) units of administration (AS WILL) to afford better educational opportunities for all pupils, make possible (A) more economical and efficient operation of the schools, and insure (A) more equitable distribution of public school revenue. To this end all area of the state shall be included in an independent or special school district maintaining classified elementary and secondary schools, grades one through twelve, unless a district has made an agreement with another district or districts as provided in section 8 of this article or 122.541.

Sec. 6. Minnesota Statutes 1982, section 122.43, is amended to read:

122.43 [DISSOLUTION OF DISTRICTS NOT A PART OF INDEPENDENT DISTRICTS.]

Subdivision 1. (IF THERE BE) Any organized school district not a part of an independent school district maintaining classified elementary and secondary schools, grades one through twelve is dissolved, unless the district has made an agreement with another district or districts as provided in section 8 of this article or 122.541 (, SUCH DISTRICT SHALL HEREBY BE DISSOLVED).

Subd. 2. The board of each district so dissolved shall continue to maintain school (THEREIN) until all its territory (THEREOF) has been attached to a proper district not later than July 1 (, BUT). Such boards shall (HAVE POWER AND AUTHORITY) only (TO) make such contracts and (TO) do such things as are necessary to maintain schools properly (THE SCHOOLS) for the period they may be in session prior to the attachment.

Sec. 7. Minnesota Statutes 1982, section 122.44, is amended to read:

122.44 [PROCEDURE FOR ATTACHMENT TO ORGANIZED DISTRICTS (; PROCEDURE).]

Subdivision 1. Upon notice and hearing, as provided in section 122.22 for the attachment of dissolved districts, all terri-

tory of school districts dissolved by sections 122.41 to 122.52 and all area of the state not in a district maintaining classified elementary and secondary schools shall be attached by order of the county board to organized districts maintaining classified elementary and secondary schools, grades one through twelve, unless a district has made an agreement with another district or districts as provided in section 8 of this article or 122.541.

Sec. 8. [122.535] [AGREEMENTS FOR SECONDARY EDUCATION.]

Subdivision 1. [APPLICABILITY.] The provisions of this section shall apply to a district with fewer than 375 pupils enrolled in grades 7 through 12.

Subd. 2. [AGREEMENT.] The school board may enter into one or more agreements providing for instruction of its secondary pupils in one or more districts. The agreement shall be effective on July 1 and shall be for a specified or indefinite number of years. The agreement shall set forth the obligations of transportation, the tuition to be paid to the providing district, and all additional charges and fees to be paid to the providing district. The amount of tuition shall not be subject to the provisions of section 124.18, subdivision 2. The agreement may provide for negotiation of a plan for the assignment or employment in a providing district as an exchange teacher according to section 125.13, or placement on unrequested leave of absence of teachers whose positions are discontinued as a result of the agreement. "Teacher" has the meaning given it in section 125.12, subdivision 1.

Subd. 3. [INFORMATIONAL MEETING.] Before entering into agreements permitted by subdivision 2 of this section, the school board shall hold a public hearing. The board shall publish notice of the hearing in the newspaper with the largest circulation in the district. If the board proposes to enter into agreements with two or more districts, the board may conduct separate or consolidated hearings.

Subd. 4. [REVIEW AND COMMENT.] After the hearing required by subdivision 3 of this section and before entering into an agreement, the board shall submit the agreement to the commissioner of education for review and comment.

Subd. 5. [AID PAYMENTS.] A district entering into an agreement permitted in subdivision 2 of this section shall continue to count its resident pupils who are educated in other districts as resident pupils in the calculation of pupil units for the purposes of state aids, levy limitations, and any other purpose. A district may continue to provide transportation and collect transportation aid for its resident pupils. For purposes of aid calculations, the commissioner of education may adjust the cost

per eligible pupil transported to reflect changes in cost resulting from the agreement, if any.

Sec. 9. Minnesota Statutes 1982, section 123.741, subdivision 1, is amended to read:

Subdivision 1. The school board of each school district in the state shall develop and adopt a written educational policy which establishes educational goals for the district, a process for achieving these goals, and procedures for evaluating and reporting progress toward the goals. *These goals shall include meeting the curriculum requirements adopted by the state board of education.* The school board shall review this policy each year and adopt revisions which it deems desirable. School boards are encouraged to develop this school district policy and any revisions after consultation with the staff of each school building. In formulating the policy, the school board of a district is encouraged to consider: (a) the number of dropouts of school age in the district and the reasons for the dropouts; (b) existing programs within the district for dropouts and potential dropouts and (c) program needs of dropouts and potential dropouts.

Sec. 10. [129B.10] [CITATION.]

Sections 12 to 20 of this article may be cited as the "Minnesota Education Technology Act."

Sec. 11. [ADVISORY COMMITTEE ON TECHNOLOGY IN EDUCATION.]

By July 1, 1983, a 15 member advisory committee on technology in education shall be appointed by the governor to assist in the implementation of sections 13 to 20 of this article. Representation on the advisory committee shall include public school teachers and administrators, school boards, parents, department of education, Minnesota educational computing consortium, at least one regional management information center, council on quality education, higher education, and at least two members from high technology business and industry. Advisory committee members shall be knowledgeable about the use of technology in elementary and secondary education. The advisory committee shall terminate on June 30, 1985.

Sec. 12. [129B.11] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] *For the purpose of sections 13 to 20 of this article, the following terms have the meanings given them, unless clearly provided otherwise.*

Subd. 2. [AVERAGE DAILY MEMBERSHIP.] *"Average daily membership" has the meaning given it in section 124.17, subdivision 2.*

Subd. 3. [COURSEWARE PACKAGE.] *"Courseware package" means integrated videotape and videodisk, computer disk, and software and its supporting materials, such as workbooks and textbooks.*

Subd. 4. [STATE BOARD.] *"State board" means state board of education.*

Subd. 5. [ADVISORY COMMITTEE.] *"Advisory committee" means the advisory committee on technology in education established in section 11 of this article.*

Subd. 6. [TECHNOLOGY.] *"Technology" includes, but is not limited to, computers, telecommunications, cable television, interactive video, film, low-power television, satellite communications, and microwave communications.*

Sec. 13. [129B.12] [TECHNOLOGY UTILIZATION PLANS.]

Subdivision 1. [DEVELOPMENT OF PLAN.] *Each school district is encouraged to develop and adopt as part of its educational policy a written technology utilization plan, in consultation with the curriculum advisory committee for planning, evaluation, and reporting appointed pursuant to section 123.741, subdivision 3. The district is encouraged to review the plan each year and adopt revisions as desired.*

Subd. 2. [ELIGIBILITY FOR AID.] *Each school district which intends to prepare and submit a technology utilization plan that complies with this section is eligible to receive state aid. Application forms shall be provided to districts by the department of education by August 31, 1983.*

Subd. 3. [AID FOR PLANNING.] *A school district which applies for aid to develop a technology utilization plan shall receive \$0.75 times average daily membership for the 1982-1983 school year. No district which applied for aid shall receive less than \$500.*

Subd. 4. [PAYMENT OF AID; SUBMISSION OF PLANS.] *The department of education shall pay aid to a district within 30 days of receiving the district's application. Districts which receive aid shall submit technology utilization plans by January 31, 1984, or within 90 days of receiving aid, whichever is later.*

Subd. 5. [CONTENTS OF PLAN.] *The plan shall describe:*

(a) *how technology will be used to provide educational opportunities for people of all ages residing in the district, affirmatively addressing the needs of special populations, including females, minorities, and the disabled;*

(b) goals for implementing the use of technology in the district, including instruction and management uses;

(c) means to achieve these goals, including proposed teacher inservice training;

(d) procedures for integrating the use of technology into the district's community education program; and

(e) procedures to evaluate and report progress toward the goals.

Subd. 6. [MODEL PLANS.] By August 31, 1983, the department of education, in consultation with the advisory committee, educational cooperative service units, Minnesota educational computing consortium, and appropriate regional management information centers formed according to section 121.935, subdivision 1, shall develop model plans and criteria for evaluating district plans. The department may employ consultants and specialists to assist in this effort. The model plans and criteria shall be distributed to districts, and the department shall assist in developing district plans, upon request.

Subd. 7. [APPROVAL OF PLAN.] The state board shall approve or disapprove a plan within 60 days of receiving the plan submitted by a district. The plan may be modified by the district, in consultation with the department, at any time prior to state board action on the plan. A plan that is disapproved may be revised and resubmitted for approval.

Sec. 14. [129B.16] [INSERVICE TRAINING FOR USE OF TECHNOLOGY.]

Subdivision 1. [ELIGIBILITY FOR AID.] Each school district with an approved technology utilization plan, according to section 13 of this article, may apply for state aid to provide inservice training for elementary and secondary public school staff on the use of technology in education. The inservice training should not be limited to formal classroom presentations. School districts are encouraged to cooperate in providing inservice training for staff members.

Subd. 2. [APPLICATIONS.] Applications containing specific inservice training proposals for a district or combination of districts shall be submitted by December 1, 1984, in the form and manner prescribed by the department of education. The department shall approve or disapprove applications within 60 days of receipt.

Subd. 3. [AMOUNT OF AID.] A district or combination of districts whose application is approved shall receive \$1 times

average daily membership for the 1982-1983 school year. Aid shall be paid within 30 days of approval.

Subd. 4. [STATEWIDE INSERVICE TRAINING.] By June 30, 1985, the department shall provide for supplemental regional or statewide inservice training for district staff on the use of technology in education. The department may employ consultants or specialists for this purpose, but shall ensure that these training activities do not duplicate or conflict with services provided by other governmental agencies or organizations.

Sec. 15. [129B.18] [REGIONAL COORDINATORS.]

The Minnesota educational computing consortium shall provide regional instructional computing coordinators with expertise in the use of technology in education. The Minnesota educational computing consortium and the department of education shall agree on the services to be provided by the regional coordinators. Among other responsibilities, the regional coordinators shall serve as onsite consultants to districts participating in technology utilization planning and inservice training.

Sec. 16. [129B.20] [TECHNOLOGY DEMONSTRATION SITES.]

Subdivision 1. [SITE DESIGNATION.] By January 15, 1984, the state board shall designate from eight to ten districts as technology demonstration sites and award each district a grant for use during the 1983-1984 and 1984-1985 school years.

Subd. 2. [CRITERIA FOR SELECTION.] In consultation with the department of education, appropriate regional management information centers, and the Minnesota educational computing consortium, the advisory committee shall develop selection criteria for review by the state board. The state board shall establish selection criteria to be distributed to districts by October 1, 1983. Criteria shall include at least the following:

(a) exemplary program of technology utilization existing in the district;

(b) evidence of willingness by district staff and the community to incorporate technology fully into the curriculum to demonstrate new instructional methods;

(c) willingness to match the grant awarded to the district; and

(d) willingness to share educational experiences with other interested parties.

For two of the sites, criteria may include participation of Minnesota high technology business or industry. Clause (a) may be excluded as a factor in selection of the two sites, one of which may be a rural district.

Subd. 3. [SITES THROUGHOUT THE STATE.] *To the extent possible, the selected sites shall be geographically well-distributed with representation from urban, suburban, and rural areas.*

Subd. 4. [GRANT AWARDS.] *Applications for grants shall be submitted to the state board by December 1, 1983 in the form and manner prescribed by the department. Grants shall be awarded by January 15, 1984.*

Subd. 5. [RECIPIENT DUTIES AND USE OF MONEY.] *A district selected for a grant shall work cooperatively with the advisory committee, department of education, Minnesota educational computing consortium, higher education institutions in the area, and business and industry, as appropriate. A district selected for a grant shall have a technology utilization plan according to section 13 of this article. The district shall conduct at least one workshop each school year of the grant to demonstrate to other districts and interested parties its use of technology in education. Grant money may be used for equipment, consultants, curriculum development, and teacher training.*

Subd. 6. [PRIVATE FUNDING.] *The advisory committee shall seek funding and in-kind contributions from private sources to supplement state money for the purpose of awarding grants. Private contributions may be made directly to the technology demonstration sites.*

Subd. 7. [EVALUATION OF SITES.] *The state board shall evaluate the technology demonstration sites. It may contract with independent evaluators for this purpose.*

Sec. 17. [129B.22] [COURSEWARE PACKAGE EVALUATION.]

Subdivision 1. [LIST.] *By January 1, 1984, the department of education shall compile, publish, and distribute to districts a list of high quality courseware packages for use in public elementary and secondary schools. Every six months thereafter, the department shall supplement the list with recently evaluated materials.*

Subd. 2. [PROCUREMENT.] *The department shall obtain courseware packages for evaluation by notifying publishers and inviting them to submit their materials. The department may provide for evaluation of courseware packages that have not*

been submitted, if districts express strong interest in using the courseware packages.

Subd. 3. [CRITERIA.] The state board shall develop and adopt criteria and procedures for evaluation of courseware packages, in consultation with the department, advisory committee, appropriate regional management information centers, and the Minnesota educational computer consortium. The procedures developed shall contain a provision for resubmission of a courseware package. Chapter 14 shall not apply to the criteria and procedures.

Subd. 4. [CONSULTANTS.] The department may employ consultants to evaluate courseware packages and pay them fees based on the size and complexity of the courseware package involved. The evaluators shall certify to the state board that they have no financial interest in the product being evaluated or any similar or competing product.

Subd. 5. [EVALUATION TEAM.] The evaluation team for each courseware package shall include at least five persons, including three practicing teachers, from appropriate grade level or content areas, who will field test the courseware packages in their classrooms; one microcomputer professional knowledgeable in software and documentation techniques; and one curriculum content expert from the department. Each evaluation team member shall use the criteria and procedures adopted by the state board and submit a written report to the department upon completion.

Subd. 6. [HIGH QUALITY.] Based on the reports submitted by evaluation team members and the criteria and procedures adopted by the state board, the department shall determine whether the courseware package qualifies as high quality. The results shall be recorded in a standardized format and be available at the department for review by the courseware package producer and other interested persons.

Subd. 7. [DISPOSITION.] The department shall maintain a collection of the courseware packages evaluated as high quality. These materials shall be available to the public for review.

Sec. 18. [129B.23] [SUBSIDY FOR PURCHASE OF COURSEWARE PACKAGES.]

Subdivision 1. [AID AMOUNT.] A district that purchases or leases courseware packages that qualify as high quality according to section 17 of this article shall receive state aid. The aid shall be equal to the lesser of:

(a) \$1.60 times average daily membership for the 1982-1983 school year; or

(b) 25 percent of the actual expenditures of the district for purchase or lease of the courseware packages between January 1, 1984, and May 31, 1985.

Subd. 2. [AID PAYMENT.] Applications for aid shall be submitted in the form and manner prescribed by the department. Payment of aid shall be made by July 31, 1984, for applications received by June 30, 1984. Payment of aid shall be made by June 30, 1985, for applications received between July 1, 1984, and May 31, 1985.

Sec. 19. [129B.24] [PURCHASE OF COURSEWARE PACKAGE DUPLICATION RIGHTS.]

Rights to duplication of courseware packages may be purchased, and volume purchase agreements may be established by the department of education, if the department determines that the courseware packages qualify as high quality according to section 17 of this article, and if the courseware packages are available to the state at a lower cost than if purchased by school districts individually. The department shall make the courseware packages available to the Minnesota educational computing consortium for distribution to districts. The materials shall be available to districts without cost except for nominal costs of reproduction and distribution.

Sec. 20. [129B.26] [COURSEWARE PACKAGE DEVELOPMENT.]

Subdivision 1. [NEW COURSEWARE PACKAGES.] The Minnesota educational computing consortium, in consultation with the department of education, is authorized to develop and design courseware packages which will meet the needs of school districts and which otherwise are unavailable or too expensive for individual districts or the state to purchase. The Minnesota educational computing consortium may:

(a) contract with school districts, private entrepreneurs, and other public or private agencies for the development of a specified courseware package;

(b) assist entrepreneurs to develop their own ideas for courseware packages that could be used in school districts, by providing funds for that purpose;

(c) secure copyrights for those materials in which it has a whole or part interest;

(d) sell developed courseware packages at cost to school districts in Minnesota and at commercial rates elsewhere; and

(e) sell or contract for the marketing of courseware packages.

The department of education shall evaluate whether the courseware packages qualify as high quality according to the criteria and procedures established in section 17 of this article.

Courseware packages developed according to this subdivision shall become the property of the Minnesota educational computing consortium. Revenue from the sale of these courseware packages shall be used to develop additional courseware packages according to this section.

Subd. 2. [DISTRIBUTION.] The Minnesota educational computing consortium may sell courseware packages to Minnesota school districts at cost and may sell to school districts in other states and to the general public at commercial rates. Each contract with a developer who shares in the profits of distribution shall include a provision requiring sale of the courseware packages at cost to Minnesota school districts.

Sec. 21. [INCREASE IN COMPLEMENT.]

To implement the provisions of sections 13 to 20 of this article, the department of education may increase its complement by two positions: one education specialist II and one clerical support position. The positions are in the classified service of the state civil service.

Sec. 22. [REPORT ON NEED FOR CURRICULUM CHANGES.]

By October 1, 1983, the commissioner of education shall develop and submit a report to the education committees of the legislature on the need for amending current rules governing curriculum requirements in the elementary and secondary public schools. In developing the recommendations, the commissioner shall consider the extent to which the proposed curriculum requirements shall adequately prepare the students for entering post-secondary institutions. The report shall include at least the following:

(1) preliminary information on the extent to which school districts are in compliance with the current curriculum requirements established in state board rules;

(2) a preliminary draft of proposed rules which would increase the curriculum requirements in elementary and secondary schools;

(3) recommendations for changes in the laws which impose penalties for noncompliance with state board of education rules;

(4) development of a statewide monitoring system to ensure compliance with curriculum requirements;

(5) assessment of the feasibility of establishing learning requirements for elementary and secondary students to complete outside the classroom; and

(6) recommendations for changes in high school graduation requirements and achievement standards.

Sec. 23. [RULEMAKING ON CURRICULUM.]

By September 1, 1984, the state board of education shall adopt rules pursuant to chapter 14, establishing elementary and secondary curriculum requirements which will ensure that a minimum comprehensive educational program is available to all public school students in the state. The rules adopted by the state board shall be effective beginning in the 1985-1986 school year.

Sec. 24. [REPORT TO LEGISLATURE.]

The department of education shall evaluate the concept of extending the school year. The department shall consider at least the following: educational benefits, methods to extend the school year, fiscal implications, and other relevant factors. By November 1, 1983, the department shall report its findings and recommendations to the education committees of the legislature.

Sec. 25. [REPORTS TO THE LEGISLATURE.]

By February 1, 1984, the department of education shall report to the education committees of the legislature on the progress of implementing the programs in sections 1 to 3, and 13 to 20 of this article.

By February 1, 1985, the department of education shall report to the education committees of the legislature on preliminary evaluations of the programs and participants in sections 1 to 3, and 13 to 20 of this article.

Sec. 26. [APPROPRIATIONS; DEPARTMENT OF EDUCATION.]

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section. The sums are available until June 30, 1985.

Subd. 2. [SUBJECT AREA INSERVICE TRAINING.] The sum of \$500,000 is appropriated for the purposes of section 1 of this article. The department may use up to \$50,000 of this appropriation for administration and evaluation of the program.

Subd. 3. [INSTRUCTIONAL EFFECTIVENESS PLAN.] The sum of \$50,000 is appropriated for the purposes of section 2 of this article.

Subd. 4. [INSTRUCTIONAL EFFECTIVENESS TRAINING.] *The sum of \$300,000 is appropriated for the purposes of section 3 of this article. No more than \$15,000 shall be used for the evaluation required in section 3, subdivision 3 of this article.*

Subd. 5. [ACADEMIC EXCELLENCE FOUNDATION.] *The sum of \$150,000 is appropriated for the purpose of section 4 of this article. No more than \$50,000 of this amount shall be used for administrative costs. The foundation shall add to this appropriation any additional money raised from other sources.*

Subd. 6. [TECHNOLOGY UTILIZATION PLANS.] *The sum of \$650,000 is appropriated for the purposes of section 13 of this article.*

The department may use up to \$63,000 of the appropriation for costs of developing model plans and criteria, assisting districts to develop plans, and evaluating the program.

Subd. 7. [INSERVICE TRAINING.] *The sum of \$936,000 is appropriated for the purposes of section 14 of this article.*

The department may use up to \$220,000 of the appropriation for supplemental regional or statewide inservice training.

Subd. 8. [TECHNOLOGY DEMONSTRATION SITES.] *The sum of \$1,600,000 is appropriated for the purposes of section 16 of this article. The department may use up to \$15,000 of the appropriation for costs of administering the program and up to \$40,000 for evaluating the program. The department shall allocate \$300,000 for the costs of inservice training conducted at the demonstration sites, including partial substitute pay and travel expenses for visitation to the sites from districts within the state.*

Subd. 9. [COURSEWARE PACKAGE EVALUATION.] *The sum of \$200,000 is appropriated for the purposes of section 17 of this article. The department may use up to \$15,000 of the appropriation for costs of administering the program.*

Subd. 10. [SUBSIDY FOR COURSEWARE PURCHASE.] *The sum of \$1,154,000 is appropriated for the purposes of section 16 of this article.*

Subd. 11. [PURCHASE OF COURSEWARE DUPLICATION RIGHTS.] *The sum of \$225,000 is appropriated for the purposes of section 19 of this article.*

Subd. 12. [INCREASE IN COMPLEMENT.] *The sum of \$125,000 is appropriated for the purposes of section 21 of this article.*

Sec. 27. [APPROPRIATIONS; MINNESOTA EDUCATIONAL COMPUTING CONSORTIUM.]

Subdivision 1. There is appropriated from the general fund to the Minnesota educational computing consortium the amounts indicated in this section for the fiscal years ending June 30 in the year designated. Any unexpended balance from the appropriation for fiscal year 1984 shall not cancel but shall be available for fiscal year 1985.

Subd. 2. [REGIONAL COORDINATORS.] For regional instructional computing coordinators as provided in section 15 of this article, there is appropriated:

\$280,000 1984,

\$280,000 1985.

Subd. 3. [COURSEWARE PACKAGE DEVELOPMENT.] The sum of \$250,000 is appropriated for fiscal year 1984 for the purposes of section 20 of this article. The Minnesota educational computing consortium shall supplement this appropriation from other sources in its budget for the purpose of developing courseware packages.

Sec. 28. [EFFECTIVE DATE.]

Sections 1 to 4, and 10 to 20 of this article are effective the day following final enactment.

ARTICLE 9

COUNCIL ON QUALITY EDUCATION

Section 1. Minnesota Statutes 1982, section 121.503, is amended to read:

121.503 [PROGRAM SELECTION.]

Subdivision 1. [AUTHORIZATION.] A school district or group of districts that (WISH) *wishes* to receive (MONEYS) *a grant* for improved learning programs may apply to the (STATE BOARD OF EDUCATION) *council on quality education* for approval. Programs may be approved for one portion of a school population, (AN ENTIRE SCHOOL ATTENDANCE AREA,) *one or several attendance areas,* (AN ENTIRE SCHOOL DISTRICT,) *or one or a group of (SCHOOL) districts.*

Subd. 2. [APPLICATIONS.] The (STATE BOARD) *council on quality education* shall prescribe the form and manner of *annual* application for the program. (THE COUNCIL ON

QUALITY EDUCATION MAY REVIEW AND ADVISE THE STATE BOARD ON APPLICATIONS MADE FOR IMPROVED LEARNING PROGRAMS. BEGINNING IN 1982, AND EACH YEAR THEREAFTER, APPLICATIONS SHALL BE SUBMITTED TO THE STATE BOARD BY JANUARY 15. IF A DISTRICT WISHES TO RECEIVE AID FOR THE PRINCIPAL-TEACHER, CAREER TEACHER OR COUNSELOR-TEACHER COMPONENT OF AN IMPROVED LEARNING PROGRAM, AN APPLICATION FOR STATE AID MUST BE SUBMITTED TO THE STATE BOARD BY JANUARY 15.) *The application may include estimates of salaries and fringe benefits for the next school year and for the additional time beyond the regular contract period for staff to be employed (SHALL BE ITEMIZED ON THE APPLICATION FOR AID). (THE BOARD SHALL NOTIFY ALL APPLICANTS OF AID APPROVED OR DENIED BY MARCH 15 OF EACH YEAR. THE BOARD SHALL APPROVE OR DENY APPLICATIONS IN THE ORDER THAT THEY ARE RECEIVED.) The council shall require that each program be evaluated and it may contract for additional evaluation.*

Subd. 2a. [DECLINING GRANT AMOUNTS.] *An improved learning program may receive grants for not more than three years. The grant amount for the second year of a program shall not exceed 75 percent of the grant amount for the first year. The grant amount for the third year of a program shall not exceed 50 percent of the grant amount for the first year. The council shall notify each recipient that no grant will be awarded after the third year and that the recipient is expected to continue successful programs without grants.*

Subd. 3. [(WAIVERS) RULES AND RIGHTS.] *On recommendation of the council of quality education, the state board of education may waive school district compliance with its rules which would prevent implementation of an improved learning program (WHICH RECEIVES APPROVAL FROM THE STATE BOARD). (HOWEVER, INDIVIDUALS PARTICIPATING) Participation in (THE) an improved learning program as a principal-teacher, counselor-teacher, or career teacher (PROGRAM) shall (MAINTAIN THEIR) not affect seniority (DATE) in the district (AND ALL) or rights under the applicable collective bargaining agreement.*

Subd. 4. [ADDITIONAL FUNDING.] *A school district providing an improved learning program may receive funds for the program from private sources and governmental agencies, including state or federal funds.*

Subd. 5. [REPORT.] *The (DEPARTMENT) council on quality education shall submit a report to the legislature (BY FEBRUARY 1, 1983, AND) by February 1 each year (THEREAFTER). This report shall include the number and description*

of programs approved, implementation status of programs approved, waivers granted, and evaluation of programs approved.

Sec. 2. Minnesota Statutes 1982, section 121.505, is amended to read:

121.505 [PROGRAM (CRITERIA) COMPONENTS.]

Subdivision 1. [MANDATORY COMPONENTS.] (A PLAN FOR) An improved learning program shall include:

(a) (CURRICULA, INSTRUCTIONAL STRATEGY AND USE OF MATERIALS RESPONSIVE TO THE INDIVIDUAL EDUCATIONAL NEEDS AND LEARNING STYLES OF EACH PUPIL TO ENABLE STUDENTS TO MAKE CONTINUOUS PROGRESS AND LEARN AT A RATE APPROPRIATE TO THEIR ABILITIES) *participation by a designated individual as a principal-teacher, career teacher, or counselor-teacher, as defined in sections 121.506 and 121.507;*

(b) a plan to (DEVELOP STUDENT ABILITIES FOR BOTH LEARNER AND TEACHER IN BASIC SKILLS AND APPLIED LEARNING SKILLS AND, WHEN APPROPRIATE, ARTS, HUMANITIES, PHYSICAL, NATURAL, AND SOCIAL SCIENCES; MULTICULTURAL EDUCATION; PHYSICAL, EMOTIONAL, AND MENTAL HEALTH; CONSUMER ECONOMICS, AND CAREER EDUCATION) *involve parents in planning the educational experiences of their children;*

(c) (PLANS TO MAKE USE OF COMMUNITY RESOURCES AND COMMUNICATIONS MEDIA TO PURSUE IMPROVED LEARNING OPPORTUNITIES FOR PUPILS) *an annual plan for the district to evaluate program goals and objectives;*

(d) a (STAFF DEVELOPMENT PROGRAM FOR TEACHERS AND OTHER SCHOOL PERSONNEL, SUCH AS THAT FOUND IN SECTIONS 121.506 AND 121.507) *plan for the district to fund the program after the third year of the program;*

((E) A PLAN TO IMPROVE THE LEARNING ENVIRONMENT, INCLUDING USE OF THE COMMUNITY IN GENERAL, TO ENHANCE THE LEARNING PROCESS;)

((F) A PLAN FOR ANNUAL AND ONGOING EVALUATION OF PROGRAM GOALS AND OBJECTIVES; AND)

((G) A PLAN TO INVOLVE PARENTS IN PLANNING AN IMPROVED LEARNING PROGRAM FOR THEIR CHILDREN.)

Subd. 2. [OPTIONAL COMPONENTS.] (A PLAN FOR)
An improved learning program may include:

(a) (A PRINCIPAL-TEACHER AND CAREER TEACHER PROGRAM AS DEFINED IN SECTION 121.506) *efforts to improve curricula strategies, instructional strategies, and use of materials which respond to the individual educational needs and learning styles of each pupil in order to enable each pupil to make continuous progress and to learn at a rate appropriate to that pupil's abilities;*

(b) (A COUNSELOR-TEACHER PROGRAM AS DEFINED IN SECTION 121.507) *efforts to develop student abilities in basic skills; applied learning skills; and, when appropriate, arts; humanities; physical, natural, and social sciences; multicultural education; physical, emotional, and mental health; consumer economics; and career education;*

(c) *use of community resources and communications media to pursue improved learning opportunities for pupils;*

(d) *staff development for teachers and other school personnel;*

(e) *improvements to the learning environment, including use of the community in general, to enhance the learning process;*

((C)) (f) *cooperative efforts with other agencies involved with human services or child development and development of alternative community based learning experiences;*

((D)) (g) *apprenticeship post-secondary education components for (STUDENTS) pupils who are able to accelerate or programs for (STUDENTS) pupils with special abilities and interests who are given advanced learning opportunities within existing programs;*

((E)) (h) *use of volunteers in the learning program;*

((F)) (i) *flexible attendance schedules for (STUDENTS) pupils;*

((G)) (j) *adult education component;*

((H)) (k) *coordination with early childhood and family education (COMPONENT) programs;*

((I)) (l) *variable student/faculty ratios for special education students to provide for special programming;*

((J)) (m) inclusion of nonpublic (STUDENTS PARTICIPATING IN AN IMPROVED LEARNING PROGRAM) *pupils* as part of the ratio in the principal-teacher and career teacher component;

((K)) (n) application of educational research findings;

((L)) (o) summer learning experiences for students as recommended by the principal-teacher and career teacher;

((M)) (p) use of educational assistants, teacher aides or paraprofessionals as part of the improved learning program;

((N)) (q) establishment of alternative criteria for high school graduation; and

((O)) (r) variable age and class size groupings of students.

Sec. 3. Minnesota Statutes 1982, section 129B.01, subdivision 2, is amended to read:

Subd. 2. [TERMS, COMPENSATION, REMOVAL, VACANCIES.] The membership terms, compensation, removal of members and filling of vacancies shall be as provided for in section 15.0575; *members appointed by organizations shall be subject to reappointment or removal by the appointing organizations.*

Sec. 4. Minnesota Statutes 1982, section 129B.02, is amended to read:

129B.02 [PURPOSE.]

Subdivision 1. [CONCERN FOR FUTURE.] The legislature of the state of Minnesota expresses concern over the future of elementary and secondary education in this state, its ability to meet the educational needs of the public school students, the professional growth and satisfaction of school staffs, the effectiveness and efficiency of present schools and their learning processes, continuing pupil unit cost escalation and the resulting financial crisis which this brings about. New approaches to the learning process, better (UTILIZATION) use of professional staff and community resources, different requirements as to course offerings, course content, grading, graduation and school attendance must be researched and developed. It is believed that revised programs, innovations, new attitudes about learning and the public schools' responsibilities can be effectively achieved if (SUCH) research and development (ARE) is performed by the council on quality education and at the local school level by the school's staff and with involvement by the students and their community. Although funds spent now for (SUCH) *these* purposes can produce substantial educational and cost benefits in

the future, (SUCH) *these* capital type funds are seldom available within any single school district's budget.

Subd. 2. [RESEARCH AND DEVELOPMENT.] The purpose of the council on quality education is, therefore, to encourage, promote, aid, and perform research and development for quality education in Minnesota elementary and secondary schools, to evaluate the results of significant innovative programs and to disseminate information about these programs throughout the state.

To these ends, the council through the state board of education shall establish a venture fund from which grants or loans may be made in support of research and development programs relating to the problems and objectives (HERETOFORE) described in *this section* which shall include but not be limited to:

- (1) effective (UTILIZATION) use of community personnel and resources (.);
- (2) developing *improved learning programs, including model personnel policies and procedures, new staffing and educational concepts such as differentiated staffing and comprehensive developmental and educational planning for individual pupils* (.);
- (3) assessment and evaluation of education programs (.);
- (4) developing (A MANAGEMENT AND UNIT OF INSTRUCTIONAL OBJECTIVES DESIGN WHICH WILL PROVIDE) *procedures to increase a school's accountability (BY RELATING TIME AND DOLLARS TO THE AMOUNT OF LEARNING PRODUCED.)*;
- (5) determining responsibilities to be assumed by the schools exclusively or concurrently with other agencies or individuals (.);
- (6) effective dissemination of educational information (.);
- (7) developing new knowledge about learning and teaching (.);
- (8) developing model educational programs (AS ALTERNATIVES TO EXISTING EDUCATIONAL PRACTICES AND CURRICULA) *and alternative delivery systems that will improve curriculum offerings for small rural schools* (.);
- (9) model programs and innovations to increase equality of educational opportunities (.);
- (10) research and testing of new concepts of educational efficiency, effectiveness and cost benefits (.); and

(11) comprehensive interdisciplinary programs in health education and comprehensive programs designed to coordinate and integrate the delivery of pupil support services.

Subd. 3. [NEW CONCEPTS.] The council shall not be limited to supporting innovations, programs or procedures supplementary to existing school structures and programs but may assist or research entirely new concepts such as open schools, informal schools and the like. It is the legislature's intent that any supported program shall hold promise of both educational and cost benefits and that the costs and improvements in learning effectiveness introduced thereby shall be measured and related. *The council shall provide for an evaluation of each program which it supports with a grant or loan.*

The council may also review literature and other information about innovative programs in Minnesota and other states and disseminate the results of this research throughout the state. The council may identify ideas for innovative programs in the course of this research and solicit proposals from school boards for grants for such programs (; PROVIDED). *However, not (TO EXCEED) more than ten percent of the funds appropriated to the venture fund in any year may be expended to fund such research and programs.*

Subd. 4. [REPORT TO LEGISLATURE.] The council shall (MAKE A) report to the legislature by November 15 of each even numbered year (TO THE LEGISLATURE) concerning all research and all proposals received (AND), the dispositions (MADE THEREOF) of them by the council and the state board of education, the evaluations of the programs that were funded, and of receipts and expenditures resulting from sales of materials developed through venture fund grants.

Sec. 5. Minnesota Statutes 1982, section 129B.04, is amended to read:

129B.04 [PROPOSALS.]

Subdivision 1. [REQUIREMENTS.] (THE) A school board (OF ANY LOCAL SCHOOL DISTRICT) or (ANY) group of (SUCH) school boards may develop a proposal for a grant or loan in support of a research and development program of the kind described in section 129B.02. *Except for grants according to subdivision 1a, every (SUCH) proposal shall include:*

(1) (A STATEMENT OF) the objectives of the program, and the procedures (FOR ACHIEVING THE OBJECTIVES) to achieve them;

(2) (A DESCRIPTION OF) the evaluation procedures for measuring (THE) effectiveness of the program;

(3) (PROVISION FOR SUCH) fiscal control and fund accounting procedures (AS ARE) necessary to assure proper disbursement and accounting for funds paid to the applicant;

(4) (PROVISION FOR) administration of the program by the (LOCAL) school district, or in cooperation with other school districts, educational institutions, or local agencies under the supervision of the (LOCAL) school district; and

(5) a description of (THE INVOLVEMENT OF LOCAL) how school staff, (STUDENTS) pupils, and members of the community are involved in planning and implementing the program.

Subd. 1a. [MINI GRANTS.] The council may award grants not to exceed \$5,000 to districts to (1) disseminate information about successful projects initiated by the district with a grant from the venture fund, or (2) replicate cost-effective innovations which either were initiated in other districts with venture fund support or were validated by the department of education or federal agencies. The council shall prescribe the form and manner of application for these grants.

Subd. 2. [PROCEDURE.] Every program proposal shall be submitted to the council created by section 129B.01; not less than (THREE) two months before the planned commencement of the program. The council shall recommend approval or disapproval, or shall modify and then recommend such modification with respect to every proposal submitted to it. The council shall also recommend the amount and type of grant to be made in support of the proposed program in the light of the then currently available moneys in the venture fund (, WHICH). This information shall be provided to the council by the state board of education. The council shall also recommend what rules (AND REGULATIONS), if any, shall be suspended or modified (IN ORDER) to implement the proposal. Only (SUCH) proposals (AS ARE) recommended for approval shall be transmitted by the council to the state board (, AND). All (SUCH) these proposals shall be approved and funded from the venture fund by the state board as recommended by the council unless the state board, within 30 days (OF RECEIPT OF) after receiving a proposal from the council, (SHALL MAKE) makes other disposition of the proposal by formal board action. One half of each grant recommended by the council and funded by the state board may be (DEEMED) an interest free loan (TO BE) and repaid over (A) five (YEAR PERIOD) years.

Sec. 6. [129B.041] [COPYRIGHT AND SALE OF PRODUCTS.]

Subdivision 1. [COPYRIGHT.] Products of projects and programs funded pursuant to sections 129B.01 to 129B.05, including curriculum and instructional materials, computer and telecommunications software, and associated manuals and re-

ports, may by copyrighted by the council in the name of the state and may be sold. However, the state shall sell the products to all school districts and public agencies in the state at prices that do not exceed the cost of reproduction and distribution.

Subd. 2. [SALE.] The council shall enter into an agreement with the Minnesota educational computing consortium for the sale and distribution of computer and telecommunications software products of projects and programs funded pursuant to sections 129B.01 to 129B.05. The agreement shall provide that the products sold be clearly labeled as products developed pursuant to a grant or loan from the council on quality education.

Subd. 3. The education products revolving account is established in the state treasury. Except as provided in the agreement between the council and the Minnesota educational computing consortium pursuant to subdivision 2, proceeds up to the cost of reproduction and distribution from the sale of products under this section shall be deposited in this account. All funds in this account are annually appropriated to the department of education and shall be used to reproduce and distribute products of projects and programs funded pursuant to sections 129B.01 to 129B.05.

Subd. 4. Proceeds in excess of costs from the sale of products pursuant to this section shall be shared equally between the state and the school district which developed the product with a grant from the council. The school district share is appropriated to the department of education and shall be paid to the district. The state share is appropriated to the department of education and shall be placed in the venture fund of the council and used to fund similar projects.

Sec. 7. Minnesota Statutes 1982, section 129B.05, is amended to read:

129B.05 [STATE BOARD AND COMMISSIONER.]

Subdivision 1. [GENERAL POWERS.] The state board of education shall develop and promulgate (SUCH) additional recommendatory guidelines as may be appropriate (FOR THE FURTHERANCE OF) to further sections 129B.01 to 129B.05 and the development and implementation of the contemplated programs (CONTEMPLATED HEREIN), for its benefit and the benefit of the council and applicants. The commissioner of education shall make available to the council at its request (SUCH) the staff (AS) the council deems necessary to perform its functions.

Subd. 2. [CONSULTANTS.] The council may also employ or contract for the services of (OUTSIDE) consultants (, AND). The consultants may be for purposes such as research, evaluation, dissemination, cost-benefit analyses, and inservice train-

ing. The council may contract with one or more qualified consultants or law firms specializing in securing broadcast and telecast licenses from the federal communications commission. The consultant or law firm shall assist with the preparation of all necessary license applications to the federal communications commission on behalf of school districts recommended by the council as transmission sites. The council may use as much of the annual appropriation (TO THE STATE DEPARTMENT OF EDUCATION), made for the purposes of sections 129B.01 to 129B.05 as is necessary (, SHALL BE MADE AVAILABLE TO THE COUNCIL) for this purpose.

Sec. 8. Minnesota Statutes 1982, section 129B.09, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] The school board of any district, however organized, which receives early childhood and family education moneys from the council on quality education shall provide those services in (ONE ELEMENTARY SCHOOL ATTENDANCE) *an area* (, OR AN AREA WITHIN THE DISTRICT, IF) the council deems (THE AREA) to be appropriate. The council on quality education shall prescribe the form and manner of application for the programs and shall select the grant recipients. These programs shall be as equally distributed as possible among districts in cities of the first class, in suburbs, and outside the seven county metropolitan area.

Sec. 9. Minnesota Statutes 1982, section 129B.09, subdivision 12, is amended to read:

Subd. 12. [NEGOTIATED GRANTS.] For the (1981-1982 AND 1982-1983) *1983-1984 school (YEARS) year* the council on quality education may fund up to 36 early childhood and family education programs according to the negotiated grants procedure in sections 129B.01 to 129B.05.

For the 1983-1984 school year, the council on quality education shall only make grants to the early childhood and family education programs which were funded for the 1982-1983 school year.

Sec. 10. [REVIEW OF EARLY CHILDHOOD AND FAMILY EDUCATION FORMULAS.]

The council on quality education, with the assistance of the state board, shall review various formulas for statewide funding of early childhood and family education programs. The formulas reviewed shall include a formula using a per capita aid amount distributed to school districts through the community education program and designated for early childhood and family education programs. The council shall report to the legislature by February 15, 1984, regarding its review of formulas.

Sec. 11. [REPORT TO LEGISLATURE.]

The council on quality education shall submit a report to the education committees of the legislature by February 15, 1984 containing evaluation data on programs designed to benefit handicapped adults and recommendations for policies for school districts to extend services to handicapped adults.

Sec. 12. [INSTRUCTION TO THE REVISOR.]

In the next edition of Minnesota Statutes, the revisor of statutes is requested to renumber Minnesota Statutes, sections 121.501, 121.502, 121.503, 121.504, 121.505, 121.506, and 121.507 in an appropriate place in Minnesota Statutes, chapter 129B. The revisor of statutes is also requested to retitle chapter 129B as "Grants for Education".

Sec. 13. [REPEALER.]

Minnesota Statutes 1982, sections 122.542 and 124.251 are repealed.

Sec. 14. [APPROPRIATION.]

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [COUNCIL ON QUALITY EDUCATION; VENTURE FUND GRANTS.] For the council on quality education venture fund grants pursuant to sections 129B.01 to 129B.05, there is appropriated

\$778,000 1984,

\$816,000 1985.

(a) The appropriation for fiscal year 1984 includes \$84,000 for grants for fiscal year 1983 payable in fiscal year 1984, and \$694,000 for grants for fiscal year 1984 payable in fiscal year 1984.

(b) The appropriation for fiscal year 1985 includes \$122,000 for grants for fiscal year 1984 payable in fiscal year 1985, and \$694,000 for grants for fiscal year 1985 payable in fiscal year 1985.

(c) Any unexpended balance remaining from the appropriations in this subdivision for 1984 shall not cancel and shall be available for the second year of the biennium.

Subd. 3. [EARLY CHILDHOOD AND FAMILY EDUCATION PROGRAMS.] For early childhood and family education programs pursuant to sections 129B.06 to 129B.09, there is appropriated:

\$1,028,000 1984.

The appropriation for fiscal year 1984 includes \$209,000 for grants for fiscal year 1983 payable in fiscal year 1984, and \$819,000 for grants for fiscal year 1984. The amount of the appropriation for grants for fiscal year 1984 is the total appropriation for these grants.

The council on quality education shall prorate this amount among the eligible districts in proportion to the ratio of the district's grant for fiscal year 1983 to the total amount of grants made for fiscal year 1983. However, the total amount of revenue received by a district for fiscal year 1984 pursuant to this subdivision and Minnesota Statutes, section 124.271, subdivision 2a, clause (2) shall not exceed the amount of the district's grant for fiscal year 1983.

ARTICLE 10

TEACHER MOBILITY

Sec. 1. Minnesota Statutes 1982, section 125.60, subdivision 2, is amended to read:

Subd. 2. The board of any district may grant an extended leave of absence without salary to any full or part time elementary, secondary or area vocational-technical school teacher who has been employed by the district for at least five years and has at least ten years of allowable service, as defined in section 354.05, subdivision 13, or the bylaws of the appropriate retirement association or ten years of full time teaching service in Minnesota public elementary, secondary and area vocational-technical schools. The maximum duration of an extended leave of absence pursuant to this section shall be determined by mutual agreement of the board and the teacher at the time the leave is granted and shall be at least three but no more than five years. An extended leave of absence pursuant to this section shall be taken by mutual consent of the board and the teacher and may be granted only once. *If the school board denies a teacher's request, it shall provide reasonable justification for the denial.*

Section 2. Minnesota Statutes 1982, section 125.60, subdivision 3, is amended to read:

Subd. 3. [REINSTATEMENT.] Except as provided in subdivisions 6a and 6b, a teacher on an extended leave of absence pursuant to this section shall have the right to be reinstated to

a position for which (HE) *the teacher* is licensed at the beginning of any school year which immediately follows a year of the extended leave of absence, unless (HE) *the teacher* is discharged or placed on unrequested leave of absence or (HIS) *the contract* is terminated pursuant to section 125.12 or 125.17 while (HE) *the teacher* is on the extended leave. The board shall not be obligated to reinstate any teacher who is on an extended leave of absence pursuant to this section, unless the teacher advises the board of (HIS) *the intention to return before February 1 in the school year preceding the school year in which (HE) the teacher wishes to return.* The board shall notify the commissioner within 30 days of being notified that a teacher intends to return from an extended leave.

Sec. 3. Minnesota Statutes 1982, section 125.60, subdivision 7, is amended to read:

Subd. 7. [APPLICATION PROCEDURES; LIMITS.] No school board shall grant an extended leave of absence pursuant to this section without applying for and receiving authorization from the commissioner of education. The commissioner of education shall establish procedures for applications and shall approve or disapprove applications pursuant to this subdivision within the limits of the appropriation for the purposes of sections 354.094 and 354A.091. Each application shall state whether or not the teacher requesting the extended leave of absence pursuant to this section intends to pay the employee contribution and requests state payment of the employer contribution into the teacher's retirement fund pursuant to section 354.094 or 354A.091 in order to receive retirement service credit for years spent on leave. The commissioner shall approve no more than (300) 250 applications for extended leaves beginning in the (1981-1982, 1982-1983 AND) 1983-1984 school (YEARS) *year* for teachers who intend to pay employee contributions and request state payment of employer contributions.

If more than (300) 250 applications for extended leaves beginning in any school year are received by March 15 of the preceding school year, the commissioner may decide which applications to approve according to the order of receipt, a method ensuring participation by teachers from the maximum possible number of districts, random allotment or any combination of these methods. Applications received by the commissioner after March 15 shall be considered for approval according to the order of receipt within the limits prescribed by this subdivision.

The commissioner shall not approve any applications for extended leaves beginning in the 1984-1985 or any subsequent school year for teachers who intend to pay employee contributions and request state payment of employer contributions. There is no limit on the number of applications which may be approved for extended leaves for teachers who do not intend to pay em-

ployee contributions or who do not request state payment of employer contributions.

Sec. 4. Minnesota Statutes 1982, section 125.611, subdivision 8, is amended to read:

Subd. 8. [PAYMENT; REDUCTION.] An eligible teacher *who is offered and accepts an early retirement incentive contract pursuant to subdivision 7* shall receive an early retirement incentive in the amount of \$10,000. This amount shall be reduced by \$500 for each year that a teacher is over the age of 55 years to a maximum age of 60 years and by an additional \$1,500 for each year that a teacher is over the age of 60 years. The age of the teacher shall be determined as of the June 30 in the school year during which the application for the early retirement incentive is made.

Sec. 5. Minnesota Statutes 1982, section 125.611, subdivision 9, is amended to read:

Subd. 9. [DESEGREGATION DISTRICTS.] Notwithstanding the provisions of subdivision 8, *beginning in the 1983-1984 school year*, an eligible teacher who is employed by a school district which is implementing a desegregation plan ordered by federal court or approved by the state board, and who is offered and accepts an early retirement incentive contract pursuant to subdivision 7, shall receive an early retirement incentive in the amount of ~~(\$15,000)~~ *\$12,500*. This amount shall be reduced by ~~(\$750)~~ *\$625* for each year that a teacher is over the age of 55 years to a maximum age of 60 years and by an additional ~~(\$2,250)~~ *\$1,875* for each year that a teacher is over the age of 60 years. The age of the teacher shall be determined as of the June 30 in the school year during which the application for the early retirement incentive is made.

Sec. 6. Minnesota Statutes 1982, section 354.094, subdivision 1, is amended to read:

Subdivision 1. [SERVICE CREDIT CONTRIBUTIONS.] (IF) A member (IS) granted an extended leave of absence pursuant to section 125.60 or 136.88, except as provided in subdivision 1a (HE) *or 1b*, may *pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter, for each year of (HIS) the leave (BY PAYING INTO THE FUND EMPLOYEE CONTRIBUTIONS) provided the member and the employing board make the required employer contribution in any proportion they may agree upon, during the period of the leave which shall not exceed five years. Except as provided in subdivision 1a or 1b, the state shall not pay employer contributions into the fund for (EACH) any year for which a member (WHO) is on extended leave (PAYS EMPLOYEE CONTRIBUTIONS INTO THE FUND).* The employee and employer contributions shall be based upon the rates

of contribution prescribed by section 354.42 for the salary received during the year immediately preceding the extended leave. Payments for the years for which a member is receiving service credit while on extended leave shall be made on or before June 30 of each fiscal year for which service credit is received.

Sec. 7. Minnesota Statutes 1982, section 354.094, subdivision 1a, is amended to read:

Subd. 1a. [(RESTRICTIONS) *EXCEPTION FOR LEAVES SINCE 1981-1982.*] Notwithstanding subdivision 1, the following provisions apply to elementary, secondary and area vocational-technical school teachers whose extended leaves begin in the 1981-1982, 1982-1983, or 1983-1984 school year (AND EACH YEAR THEREAFTER):

(a) (ONLY) A member whose application states the intention to pay employee contributions into the fund, requests state payment of employer contributions, and is approved by the commissioner within the limits of section 125.60, subdivision 7, (QUALIFIES FOR THE PAYMENT OF EMPLOYEE CONTRIBUTIONS AND FOR STATE PAYMENT OF EMPLOYER CONTRIBUTIONS PURSUANT TO SUBDIVISION 1) *may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter for each year of the leave during the period of the leave which shall not exceed five years;*

(b) The state shall pay employer contributions *into the fund* for a member described in clause (a) for no more than the first three years of the leave, *provided the member who is on extended leave pays the employee contribution into the fund by the payment date specified in subdivision 1;*

(c) A member whose application is approved as to the member's eligibility under section 125.60, subdivisions 1 and 2 but whose application does not request state payment of employer contributions or is disapproved as to state payment of employer contributions, or who is in the fourth or fifth year of leave affected by clause (b) may pay employee contributions and receive allowable service credit as provided in subdivision 1 if the member and (HIS) the employing school board make the required employer contribution, in any proportion which they may agree upon, by the payment date specified in subdivision 1.

Sec. 8. Minnesota Statutes 1982, section 354.094, is amended by adding a subdivision to read:

Subd. 1b. [PRE-MAY 16, 1981 LEAVE EXCEPTION.] *Notwithstanding subdivision 1, the following provisions apply only to elementary, secondary, and area vocational technical school teachers whose extended leaves began in the 1978-1979, 1979-1980, or 1980-1981 school years:*

(a) *A member whose period of extended leave began on or before May 15, 1981, may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter for each year of the leave during the period of the leave which does not exceed five years;*

(b) *The state shall pay employer contributions into the fund for a member described in clause (a) of this subdivision for each year of the leave for which the member who is on extended leave pays the employee's contribution into the fund by the payment date specified in subdivision 1.*

Sec. 9. Minnesota Statutes 1982, section 354.66, subdivision 4, is amended to read:

Subd. 4. [RETIREMENT CONTRIBUTIONS.] Notwithstanding any provision (OF) *to the contrary* in this chapter relating to the salary figure to be used for the determination of contributions or the accrual of service credit (TO THE CONTRARY), a teacher *assigned to a part time position pursuant to this section* shall continue to make employee contributions to and to accrue allowable service credit in the retirement fund during the period of part time employment (PURSUANT TO THIS SECTION UPON) on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full time basis *provided that, except as provided in subdivision 4a, prior to June 30 each year the member and the employing board make that portion of the required employer contribution to the retirement fund, in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full time basis and the amount of compensation actually received by the teacher for the services rendered in the part time assignment.* The state shall make (THE FULL) that portion of the required employer contributions to the retirement fund on behalf of the teacher (TO THE RETIREMENT ASSOCIATION FOR THE PART TIME TEACHING SERVICE) that is based on the amount of compensation actually received by the teacher for the services rendered in the part time assignment in the manner described in section 354.43, subdivisions 1 (, 2) and 5. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42. Full accrual of allowable service credit and employee contributions for part time teaching service pursuant to this section and section 354A.094 shall not continue for a period longer than 10 years.

Sec. 10. Minnesota Statutes 1982, section 354.66, is amended by adding a subdivision to read:

Subd. 4a. [EXCEPTION.] *Notwithstanding the provisions of subdivision 4, a teacher whose assignment to a part time position pursuant to this section is authorized by the commis-*

sioner within the limits of subdivision 9, shall continue to make employee contributions and to accrue allowable service credits in the retirement fund during the period of part time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full time basis. The state shall make the full required employer contributions to the retirement fund on behalf of the teacher in the manner described in section 354.43, subdivisions 1 and 5. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354.42. Full accrual of allowable service credit and employee contributions for part time teaching service pursuant to this section and section 354A.094 shall not continue for a period longer than ten years.

Sec. 11. Minnesota Statutes 1982, section 354.66, subdivision 9, is amended to read:

Subd. 9. [APPLICATIONS; LIMITS.] *For the 1983-1984 and 1984-1985 school years, a school district shall not assign a teacher to a part time teaching position qualifying for full accrual of service credit from and employee contributions to the retirement fund pursuant to this section without applying for and receiving the authorization of the commissioner of education. In cooperation with the board of trustees of the teachers retirement association and the boards of trustees of the appropriate teachers retirement fund associations and within the limits of the amount appropriated for the purpose of this section, the commissioner of education shall approve or disapprove the applications from school districts for authorization to assign teachers to part time teaching positions qualifying for full accrual of service credit from and employee contributions to the retirement fund pursuant to this section (; PROVIDED HE). The commissioner shall not approve more than (55) 125 total applications pursuant to this section and section 354A.094 for participation in the fund in (ANY FISCAL YEAR) each of the 1983-1984 and 1984-1985 school years by teachers who intend to pay employee contributions and request full state payment of employer contributions. If more than (55) 125 applications for any school year are received by the commissioner by March 15 of the preceding school year, the commissioner may decide which applications to approve according to the order of receipt, a method ensuring participation by teachers from the maximum possible number of districts, random allotment or any combination of these methods. Applications received by the commissioner after March 15 shall be considered for approval according to the order of receipt within the limits prescribed by this subdivision. The state board for community colleges and the state university board may within the limits appropriated to them for purposes of this section assign a teacher to a part time teaching position qualifying for full accrual of service credit from and employee contributions to the retirement fund pursuant to this section without applying for and receiving the authorization of the commissioner of education.*

Sec. 12. Minnesota Statutes 1982, section 354A.091, subdivision-1, is amended to read:

Subdivision 1. [RETIREMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary of this chapter or the articles of incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit, except as provided in subdivision 1a or 1b, an elementary, secondary or area vocational-technical school teacher in the public schools of a city of the first class who is granted an extended leave of absence pursuant to section 125.60, *may pay employee contributions to the applicable association and shall be entitled to receive allowable service credit in (THE APPLICABLE) that association for each year of leave, provided the member and the employing board make the required employer contributions, in any proportion they may agree upon, to that association during the period of leave which shall not exceed five years. (TO OBTAIN THE SERVICE CREDIT, THE TEACHER ON EXTENDED LEAVE SHALL MAKE AN EMPLOYEE CONTRIBUTION TO THE APPLICABLE ASSOCIATION EACH YEAR DURING THE PERIOD OF THE LEAVE. THE EXTENDED LEAVE PERIOD FOR WHICH A TEACHER SHALL BE ENTITLED TO RECEIVE ALLOWABLE SERVICE CREDIT PURSUANT TO THIS SECTION SHALL NOT EXCEED THE LEAVE DURATION MAXIMUM SET FORTH IN SECTION 125.60, SUBDIVISION 2. IF THE TEACHER ON EXTENDED LEAVE MAKES THE EMPLOYEE CONTRIBUTION PURSUANT TO THIS SECTION DURING A LEAVE OF ABSENCE YEAR.)* Except as provided in subdivision 1a or 1b the state shall not make an employer contribution on behalf of the teacher (TO THE APPLICABLE ASSOCIATION FOR THAT YEAR). The employee and employer contributions shall be (IN AMOUNTS EQUAL TO THE EMPLOYEE AND EMPLOYER CONTRIBUTION RATES IN EFFECT FOR OTHER ACTIVE MEMBERS OF THE ASSOCIATION COVERED BY THE SAME PROGRAM APPLIED) *based upon the rates of contribution prescribed by section 354A.12 as applied to a salary figure equal to the teacher's actual covered salary for the plan year immediately preceding the leave. Payment of the employee (CONTRIBUTION) and employer contributions authorized pursuant to this section shall be made (BY THE TEACHER) on or before June 30 of the fiscal year for which service credit is to be (OBTAINED, AND PAYMENT OF THE EMPLOYER CONTRIBUTION SHALL BE MADE BY THE STATE WITHIN 30 DAYS OF NOTIFICATION BY THE ASSOCIATION OF RECEIPT OF THE REQUIRED EMPLOYEE CONTRIBUTION) received.* No allowable service with respect to a year of extended leave of absence shall be credited to a teacher until payment of the required employee and employer contributions has been received by the association.

Sec. 13. Minnesota Statutes 1982, section 354A.091, subdivision 1a, is amended to read:

Subd. 1a. [(CONTRIBUTION RESTRICTIONS) *EXCEPTION FOR LEAVES SINCE 1981-1982.*] Notwithstanding subdivision 1, the following provisions apply to elementary, secondary and area vocational-technical school teachers whose extended leaves begin in the 1981-1982, 1982-1983, or 1983-1984 school year (AND EACH YEAR THEREAFTER):

(a) (ONLY) A member whose application states the intention to pay employee contributions to the applicable association, requests state payment of the employer contribution, and is approved by the commissioner within the limits of section 125.60, subdivision 7, (QUALIFIES FOR THE PAYMENT OF EMPLOYEE CONTRIBUTIONS AND FOR STATE PAYMENT OF EMPLOYER CONTRIBUTIONS PURSUANT TO SUBDIVISION 1) *may pay employee contributions to the applicable association and receive allowable service credit in that association for each year of leave during the period of the leave, which shall not exceed five years;*

(b) The state shall pay employer contributions for a member described in clause (a) for no more than the first three years of the leave, *provided the member who is on extended leave pays the employee contribution to the applicable association by the payment date specified in subdivision 1;*

(c) A member whose application is approved as to the member's eligibility under section 125.60, subdivisions 1 and 2 but whose application does not request state payment of employer contributions or is disapproved as to state payment of employer contributions, or who is in the fourth or fifth year of leave affected by clause (b) may pay employee contributions and receive allowable service credit as provided in subdivision 1 if the member and (HIS) *the* employing school board make the required employer contribution, in any proportion which they may agree upon, by the payment date specified in subdivision 1.

Sec. 14. Minnesota Statutes 1982, section 354A.091, is amended by adding a subdivision to read:

Subd. 1b. [PRE-MAY 16, 1981 LEAVE EXCEPTION.] *Notwithstanding subdivision 1, the following provisions apply only to elementary, secondary, and area vocational technical school teachers whose extended leaves began in the 1978-1979, 1979-1980 or 1980-1981 school years:*

(a) A member whose period of extended leave began on or before May 15, 1981, *may pay employee contributions and receive allowable service credit toward annuities and other benefits under this chapter for each year of the leave during the period of the leave which does not exceed five years;*

(b) The state shall pay employer contributions into the applicable fund for a member described in clause (a) of this sub-

division for each year of the leave for which the member who is on extended leave pays the employee's contribution into the fund by the payment date specified in subdivision 1.

Sec. 15. Minnesota Statutes 1982, section 354A.094, subdivision 4, is amended to read:

Subd. 4. [RETIREMENT CONTRIBUTIONS.] Notwithstanding any provision to the contrary in this chapter or the articles of incorporation or bylaws of an association relating to the salary figure to be used for the determination of contributions or the accrual of service credit, a teacher assigned to a part time position pursuant to this section shall continue to make employee contributions to and to accrue allowable service credit in the applicable association during the period of part time employment (PURSUANT TO THIS SECTION UPON) on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full time basis provided that, except as provided in subdivision 4a, prior to June 30 each year the member and the employing board make that portion of the required employer contribution to the applicable association in any proportion which they may agree upon, that is based on the difference between the amount of compensation that would have been paid if the teacher had been employed on a full time basis and the amount of compensation actually received by the teacher for services rendered in the part time assignment. The state shall make (THE FULL) that portion of required employer contributions to the applicable association on behalf of the teacher (TO THE APPLICABLE ASSOCIATION FOR THE PART TIME TEACHING SERVICE) that is based on the amount of compensation actually received by the teacher for the services rendered in the part time assignment in the manner described in section 354.43, subdivisions 1 (, 2) and 5. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12. Full membership, accrual of allowable service credit and employee contributions for part time teaching service by a teacher pursuant to this section and section 354.66 shall not continue for a period longer than ten years.

Sec. 16. Minnesota Statutes 1982, section 354A.094, is amended by adding a subdivision to read:

Subd. 4a. [EXCEPTION.] Notwithstanding the provisions of subdivision 4, a teacher whose assignment to a part time position pursuant to this section is authorized by the commissioner within the limits of subdivision 9, shall continue to make employee contributions to and to accrue allowable service credit in the applicable association during the period of part time employment on the same basis and in the same amounts as would have been paid and accrued if the teacher had been employed on a full time basis. The state shall make the full required employer contributions to the applicable association on behalf of the teacher

in the manner described in section 354.43, subdivisions 1 and 5. The employee and employer contributions shall be based upon the rates of contribution prescribed by section 354A.12. Full membership accrual of allowable service credit and employee contributions for part time teaching service by a teacher pursuant to this section and section 354.66 shall not continue for a period longer than ten years.

Sec. 17. Minnesota Statutes 1982, section 354A.094, subdivision 9, is amended to read:

Subd. 9. [APPLICATION APPROVAL; LIMITS.] *For the 1983-1984 and 1984-1985 school years, a district shall not assign a teacher to a part time teaching position qualifying for full membership in, accrual of service credit from and employee contributions to a teachers retirement fund association pursuant to this section without applying for and receiving the authorization of the commissioner of education. In cooperation with the boards of trustees of the appropriate retirement fund associations and within the limits of the amounts appropriated for the purpose of this section, the commissioner of education shall approve or disapprove the applications from districts for authorization to assign teachers to part time teaching positions qualifying for full membership in, accrual of service credit from and employee contributions to a teachers retirement fund association pursuant to this section; provided (HE) the commissioner shall not approve more than (55) 125 total applications pursuant to this section and section 354.66 for participation in the fund in (ANY FISCAL YEAR) each of the 1983-1984 and 1984-1985 school years by teachers who intend to pay employee contributions and request full state payment of employer contributions. If more than (55) 125 applications for any school year are received by the commissioner by March 15 of the preceding school year, the commissioner may decide which applications to approve according to the order of receipt, a method ensuring participation by teachers from the maximum possible number of districts, random allotment, or any combination of these methods. Applications received by the commissioner after March 15 shall be considered for approval according to the order of receipt within the limits prescribed by this subdivision.*

Sec. 18. [REPEALER.]

Minnesota Statutes 1982, section 124.611 is repealed.

Sec. 19. [APPROPRIATION.]

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [EXTENDED LEAVES OF ABSENCE.] To meet the state's obligation prescribed in Minnesota Statutes 1982, sections 354.094 and 354A.091, there is appropriated:

\$1,143,000 1984,

\$1,524,000 1985.

Subd. 3. [PART-TIME TEACHING.] To meet the state's obligation prescribed in Minnesota Statutes 1982, sections 354.-66 and 354A.094, there is appropriated:

\$ 74,000 1984,

\$182,000 1985.

Subd. 4. [EARLY RETIREMENT INCENTIVES.] To meet the state's obligation prescribed in Minnesota Statutes 1982, section 125.611, there is appropriated:

\$1,983,000 1984,

\$1,962,500 1985.

Subd. 5. [NONCANCELLATION; FUNDING RESTRICTION.] Any unexpended balances remaining from the appropriations in this section for fiscal year 1984 shall not cancel but shall be available for the second year of the biennium. Notwithstanding the provisions of Minnesota Statutes 1982, sections 354.43 and 354A.12, the state's obligations prescribed in Minnesota Statutes 1982, sections 354.094, 354.66, 354A.091, and 354A.094 shall not be financed out of standing appropriations for the state's obligations pursuant to Minnesota Statutes 1982, chapter 354 or 354A.

Subd. 6. [TRANSFER AUTHORITY.] If any appropriation for any year in subdivision 2, 3 or 4 exceeds the amount needed to pay the state's obligation for that year under that subdivision, then the excess amount may be used to make payments for that year pursuant to another subdivision.

Sec. 20. [EFFECTIVE DATE.]

Sections 1, 3, 11, and 17 of this article are effective the day following final enactment.

ARTICLE 11

LIBRARIES

Section 1. Minnesota Statutes 1982, section 134.07, is amended to read:

134.07 [(LIBRARIES, READING ROOMS; TAX) PUBLIC LIBRARY SERVICE.]

(SUBDIVISION 1.) The governing body of any city or county may establish and maintain (A) public library (, A PUBLIC READING ROOM, OR BOTH,) service for the use of its inhabitants. By ordinance or resolution it may set apart for the benefit thereof any public property of the city or county. (EXCEPT AS PROVIDED IN SUBDIVISION 2,) In any statutory city and in any city of the second, third, or fourth class, and in any county, the governing body (THEREOF) may levy an annual tax (OF NOT MORE THAN 2.6 2/3 MILLS) on (THE DOLLAR, OF) all taxable property therein except counties may not tax property which is already taxed for public library service. The proceeds of (ANY SUCH) the tax shall be known as the library fund.

(SUBD. 2. THE GOVERNING BODY OF ANY CITY OF THE FOURTH CLASS LOCATED IN ANY COUNTY HAVING OVER 7,000 AND LESS THAN 9,000 INHABITANTS AND OVER 70 FULL AND FRACTIONAL CONGRESSIONAL TOWNSHIPS, OPERATING UNDER A HOME RULE CHARTER, MAY LEVY AN ANNUAL TAX OF NOT TO EXCEED 1.6 2/3 MILLS FOR SUCH PURPOSES, NOTWITHSTANDING ANY LIMITATION CONTAINED IN ITS HOME RULE CHARTER.)

Sec. 2. Minnesota Statutes 1982, section 134.08, is amended to read:

134.08 [(WHEN ESTABLISHED BY VOTE; EXISTING LIBRARIES) ESTABLISHING AND DISCONTINUING LIBRARY SERVICE; APPLICABILITY OF LAW.]

Subdivision 1. [ESTABLISHMENT.] If (A) public library (OR READING-ROOM) service is not (OTHERWISE) established under section 134.07, the governing body of the (MUNICIPALITY) city or county, upon the petition of (50) eligible voters, as defined in section (200.02) 201.014, subdivision (25) 1, of the (MUNICIPALITY) city or county, in a number not less than five percent of the number of persons who voted at the last general election in the city or county, shall submit the question of the establishment or provision of public library services to the voters at the next (MUNICIPAL) general election. If (TWO-THIRDS) a majority of the votes cast on the question are in the affirmative, the governing body shall establish the library or (READING-ROOM) shall provide public library service as authorized in section 134.12 or 375.335 and levy (A YEARLY) an annual tax for its support (, WITHIN THE LIMITS FIXED BY SECTION 134.07).

Subd. 2. [DISCONTINUANCE.] If public library service is established under the provisions of subdivision 1, it may be

discontinued only after a majority of the votes cast on the question are in the affirmative on a question on a ballot in a general election. The question of discontinuance of public library service shall be placed on the ballot at the next general election upon the petition of eligible voters, as defined in section 201.014, subdivision 1, of the city or county, in a number not less than five percent of the number of persons who voted at the last general election in the city or county.

Subd. 3. [APPLICABILITY.] All public (LIBRARIES AND READING-ROOMS) library service heretofore established and now existing in cities (ARE) and counties is continued and all ordinances and resolutions setting apart public property for their support are hereby confirmed. Nothing in sections 134.08 to 134.15 shall be construed as abridging any power or duty in respect to libraries conferred by any city charter. If a city charter does not address matters provided for in chapter 134, the provisions of chapter 134 shall apply.

Sec. 3. Minnesota Statutes 1982, section 134.09, is amended to read:

134.09 [(DIRECTORS) LIBRARY BOARDS (; TERM; REMOVAL).]

Subdivision 1. [APPOINTMENT.] When (ANY SUCH) public library (OR READING ROOM) service is established, except in any city of the first class operating under a home rule charter, the mayor of the city (OR PRESIDENT OF THE STATUTORY CITY,) with the approval of the council for a city library or the board of commissioners for a county library, shall appoint a board of five, seven or nine (DIRECTORS) members from among the residents of the city or county (, BUT). The number of members on the board shall be determined by resolution or ordinance adopted by the council or the board of commissioners. Not more than one (OF WHOM) council member or county commissioner shall at any time be a member of (SUCH GOVERNING BODY, SUCH) the library board. The appointments (TO) shall be made (PRIOR TO) before the first meeting of (SUCH) the library board after the end of the fiscal year.

Subd. 2. [TERM OF OFFICE.] If nine board members are appointed, three shall hold office for one year, three for two years and three for three years. If seven members (BE) are appointed, three shall hold office for one year, two for two years, and two for three years; if five (BE) are appointed, two shall hold office for one year, two for two years, and one for three years. (THE NUMBER OF DIRECTORS ON THE BOARD SHALL BE DETERMINED BY RESOLUTION OR ORDINANCE ADOPTED BY THE COUNCIL.) All terms shall end with the fiscal year. Annually (THEREAFTER SUCH) the mayor (OR PRESIDENT) with the approval of the council, or the board of county commissioners shall appoint board members

for the term of three years (AND) until their successors qualify a sufficient number of (DIRECTORS) *members* to fill the places of those whose term or terms expire. *A library board member shall not be eligible to serve more than three consecutive three-year terms.*

Subd. (2) 3. [REMOVAL OF MEMBERS.] The mayor (OR PRESIDENT, BY AND) with the (CONSENT) *approval* of the council, *or the board of county commissioners* may remove any (DIRECTOR) *member* for misconduct or neglect.

(SUBD. 3. TERMS OF DIRECTORS IN OFFICE AT THE TIME LAWS 1945, CHAPTER 46, TAKES EFFECT SHALL EXPIRE AT THE END OF THE CITY'S FISCAL YEAR CURRENT AT THE EXPIRATION OF THEIR TERMS AS HERETOFORE PROVIDED.)

Subd. 4. [ABOLISHMENT.] Upon recommendation of a majority of any library board created under the provisions of subdivision 1, the governing body of (SUCH) *the city or county* may abolish (SUCH) *the* library board at the end of any fiscal year provided that (SUCH) *the* governing body shall simultaneously establish a successor library board of either five, seven or nine members by resolution or ordinance. (IN THE EVENT OF SUCH RESOLUTION OR ORDINANCE, THE MAYOR, WITH THE APPROVAL OF THE COUNCIL, SHALL APPOINT A LIBRARY BOARD OF THE NUMBER OF MEMBERS AS PROVIDED BY SAID RESOLUTION OR ORDINANCE. IF NINE ARE APPOINTED, THREE SHALL HOLD OFFICE FOR ONE YEAR, THREE FOR TWO YEARS AND THREE FOR THREE YEARS. IF SEVEN MEMBERS BE APPOINTED, THREE SHALL HOLD OFFICE FOR ONE YEAR, TWO FOR TWO YEARS, AND TWO FOR THREE YEARS; IF FIVE BE APPOINTED, TWO SHALL HOLD OFFICE FOR ONE YEAR, TWO FOR TWO YEARS, AND ONE FOR THREE YEARS. ANNUALLY THEREAFTER SUCH MAYOR SHALL APPOINT FOR THE TERM OF THREE YEARS AND UNTIL THEIR SUCCESSORS QUALIFY A SUFFICIENT NUMBER OF DIRECTORS TO FILL THE PLACES OF THOSE WHOSE TERM OR TERMS EXPIRE. ALL TERMS SHALL END WITH THE FISCAL YEAR.) *The appointment of successor board members shall be made as provided in subdivision 1. The terms of successor board members shall be as provided in subdivision 2.*

Sec. 4. Minnesota Statutes 1982, section 134.10, is amended to read:

134.10 [BOARD VACANCIES; COMPENSATION.]

(VACANCIES IN) The *library board* (OF DIRECTORS) *president* shall (BE REPORTED) *report vacancies in the board*

to the council (AND FILLED BY LIKE) or the board of county commissioners. The council or board of county commissioners shall fill the vacancies by appointment for the unexpired term. (DIRECTORS) Library board members shall receive no compensation for their services (AS SUCH) but may be reimbursed for actual and necessary traveling expenses incurred in the discharge of library board duties and activities.

Sec. 5. Minnesota Statutes 1982, section 134.11, is amended to read:

134.11 [ORGANIZATION OF BOARD; (RULES) BONDING; DUTIES.]

Subdivision 1. [ORGANIZATION.] Immediately after appointment, (SUCH) the library board shall organize by electing one of its number as president and one as secretary, and from time to time it may appoint such other officers (AND EMPLOYEES) as it deems necessary. (THE SECRETARY, BEFORE ENTERING UPON HIS DUTIES, SHALL GIVE BOND TO THE MUNICIPALITY IN AN AMOUNT FIXED BY THE DIRECTORS, CONDITIONED FOR THE FAITHFUL DISCHARGE OF HIS OFFICIAL DUTIES.)

Subd. 2. [DUTIES.] The library board shall adopt (SUCH) bylaws and regulations for the government of the library (AND READING-ROOM) and for the conduct of its business as may be expedient and conformable to law. It shall have exclusive control of the expenditure of all moneys collected for or placed to the credit of the library fund, of interest earned on all moneys collected for or placed to the credit of the library fund, of the construction of library buildings, and of the grounds, rooms, and buildings provided for library purposes. All moneys received for (SUCH) the library shall be paid into the city or county treasury, credited to the library fund, kept separate from other moneys of the (MUNICIPALITY) city or county, and paid out only upon (ITEMIZED VOUCHERS APPROVED) approval by the board. The library board may lease rooms for library use (, FIX). The library board shall appoint a qualified library director and other staff as necessary, establish the compensation of employees, and remove any of them (AT PLEASURE) for cause. With the approval of the council or board of county commissioners, the library board may purchase grounds and erect a library building thereon.

Sec. 6. Minnesota Statutes 1982, section 134.12, is amended to read:

134.12 [BENEFITS OF LIBRARY.]

Subdivision 1. [NON-RESIDENTS (TO RECEIVE).] Any library board (OF DIRECTORS) may admit to the benefits of its library persons not residing within (THE MUNICIPALITY).

its city or county under regulations and upon conditions as to payment and security prescribed by (IT) *the library board*.

Subd. 2. [(LOAN OF BOOKS,) CONTRACTS WITH CITIES AND TOWNS.] The *library board* may contract with the county board of the county in which the library is situated or the county board of any adjacent county, or with the governing body of any neighboring town or city, to loan (BOOKS OF THE LIBRARY, EITHER SINGLY OR IN TRAVELING LIBRARIES,) *library materials* to residents of the *contracting* county, town, or city.

Subd. 3. [USE OF (FREE) PUBLIC LIBRARY; TAX LEVY.] Any (SUCH) county board or *city governing body* may contract with the board (OF DIRECTORS) of any (FREE) *city or county* public library for the use of the library by the residents of the county, town, or city who do not have the use of a (FREE) *public library*, upon the terms and conditions as those granted residents of the *city or county* where the *public library* is located, and to pay (SUCH) *the library board* (OF DIRECTORS) an annual amount therefor. Any (SUCH) county board or *city governing body* may establish a library fund by levying an annual tax upon all taxable property which is not already taxed for the support of any (FREE) *public library* and all taxable property which is situated outside of any city in which is situated a (FREE) *public library*.

Sec. 7. Minnesota Statutes 1982, section 134.13, is amended to read:

134.13 [(DIRECTORS NOW IN OFFICE;) ANNUAL REPORT (; EXCEPTIONS).]

(THE DIRECTORS OF ANY SUCH LIBRARY OR READING ROOM IN OFFICE UNDER EXISTING LAWS SHALL SO CONTINUE UNTIL THE EXPIRATION OF THEIR TERMS, BUT THEIR SUCCESSORS SHALL BE APPOINTED AND VACANCIES FILLED UNDER THE PROVISION OF SECTIONS 134.08 TO 134.15. AT THE FIRST REGULAR MEETING OF THE BOARD) *As soon as practicable* following the end of (EACH) *the* fiscal year (OF A CITY,) the *library board* shall report to the governing body of the (MUNICIPALITY) *city or county* all amounts received during the preceding year and the sources thereof, the amounts expended and for what purposes, the number of (BOOKS) *library materials* on hand, the number purchased and loaned, and such other information as it deems advisable. (A COPY OF SUCH REPORT) *No later than April 1 of each year* the *library board* shall (BE FILED) *file this information* with the (LIBRARY DIVISION, STATE) department of education *on forms supplied by the department*. (NOTHING IN THIS SECTION SHALL APPLY TO LIBRARIES IN CITIES OF THE FIRST CLASS.)

Sec. 8. Minnesota Statutes 1982, section 134.14, is amended to read:

134.14 [TITLE TO PROPERTY; FREE USE.]

All property given, granted, conveyed, donated, devised, or bequeathed to, or otherwise acquired by, any (MUNICIPALITY) *city or county* for a *public library (OR READING-ROOM)* shall vest in, and be held in the name of, (SUCH MUNICIPALITY) *the city or county* and any conveyance, grant, donation, devise, bequest, or gift made to, or in the name of, any public library or library board shall be deemed to have been made directly to (SUCH MUNICIPALITY) *the city or county to be used as provided in section 134.11*. Every *public library (AND READING-ROOM)* established under sections (134.08) *134.07* to 134.15 shall be forever free to the use of the inhabitants of the (MUNICIPALITY) *city or county* subject to (SUCH) reasonable regulations (AS) the (DIRECTORS) *library board* may adopt.

Sec. 9. Minnesota Statutes 1982, section 134.15, is amended to read:

134.15 [GIFTS (; CONTRACTS).]

With the consent of the governing body of any *city or county*, expressed by ordinance or resolution, (AND WITHIN THE LIMITATIONS OF SECTIONS 134.08 TO 134.15 AS TO THE RATE OF TAXATION,) the library board may accept any gift, grant, devise, or bequest made or offered by any person for *public library* purposes, or for the establishment, enlargement, or maintenance of an art gallery or museum in connection with its library, and may carry out the conditions of (SUCH) *the* donation. The (MUNICIPALITY) *city or county* in all such cases is authorized to acquire a site, levy a tax, and pledge itself by ordinance or resolution to a perpetual compliance with all the terms and conditions of the gift, grant, devise, or bequest so accepted.

Sec. 10. Minnesota Statutes 1982, section 134.30, is amended to read:

134.30 [DEFINITIONS.]

Subdivision 1. (AS USED IN SECTIONS 134.30 TO 134.35 AND SECTIONS 134.351, 134.352, AND 134.353,) The terms (DEFINED) *used in (THIS SECTION SHALL) chapter 134* have the meanings (ASCRIBED TO) *given them in this section*.

Subd. 2. "Public library" means any library that provides free access to all residents of a city or county without discrimination, receives at least half of its financial support from public

funds and is organized under the provisions of chapter 134 (OR SECTION 375.33). It does not include libraries such as law, medical, school and academic libraries organized to serve a special group of persons, or libraries organized as a combination of a public library and another type of library.

Subd. 3. "Public library services" means services provided by or on behalf of a public library and does not include services for elementary schools, secondary schools or post-secondary educational institutions.

Subd. 4. "Regional public library system" means a multi-county public library service agency that provides free access to all residents of the region without discrimination, and is organized under the provisions of (SECTIONS 134.12, 375.335, 471.59 OR CHAPTER 317) *chapter 134 or 317, or section 471.59.*

Subd. 5. "Basic system services" means services offered by all regional public library systems either directly or by contract. These services shall include, but are not limited to, communication among participants, resource sharing, delivery of materials, reciprocal borrowing, and cooperative reference service.

Subd. 6. "Multi-county, multi-type library system" means a cooperative network composed of any combination of public libraries, regional public library systems, public school libraries, public or private college or university libraries and any other libraries which share services and resources within a multi-county area.

Subd. 7. "*City*" or "*cities*" means home rule and statutory cities unless specifically provided otherwise.

Sec. 11. Minnesota Statutes 1982, section 134.32, subdivision 1, is amended to read:

Subdivision 1. The department shall provide the grants specified in this section from any available state (OR), federal, or other funds.

Sec. 12. Minnesota Statutes 1982, section 134.32, subdivision 7, is amended to read:

Subd. 7. (NOTHING WITHIN THE PROVISIONS OF THIS SECTION SHALL BE CONSTRUED TO ALLOW STATE MONEY TO BE USED FOR THE CONSTRUCTION OF LIBRARY FACILITIES) *It may provide grants for construction or remodeling of library facilities from any state and federal funds specifically appropriated for this purpose.*

Sec. 13. Minnesota Statutes 1982, section 134.351, subdivision 3, is amended to read:

Subd. 3. [AGREEMENT.] In order for a multi-county, multi-type library system to qualify for a planning, development or operating grant pursuant to sections (134.352 AND) 134.353 and section 16 of this article, each participating library in the system shall adopt an organizational agreement providing for the following:

- (a) Sharing of resources among all participating libraries;
- (b) Long-range planning for cooperative programs;
- (c) The development of a delivery system for services and programs;
- (d) The development of a bibliographic data base; and
- (e) A communications system among all cooperating libraries.

Sec. 14. Minnesota Statutes 1982, section 134.351, subdivision 7, is amended to read:

Subd. 7. [REPORTS.] Each multi-county, multi-type system receiving a grant pursuant to section (134.352 OR) 134.353 or section 16 of this article shall provide an annual progress report to the department of education. The department shall report before November 15 of each year to the legislature on all projects funded under (SECTIONS 134.352 AND) section 134.353 and section 16 of this article.

Sec. 15. Minnesota Statutes 1982, section 134.353, is amended to read:

134.353 [MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEM DEVELOPMENT GRANT.]

The state board of education may provide development (AND OPERATING) grants to multi-county, multi-type library systems (IN THEIR SECOND AND SUBSEQUENT YEARS OF OPERATION). In awarding a development (AND OPERATING) grant, the state board shall consider the extra costs incurred in systems located in sparsely populated and large geographic regions.

Sec. 16. [134.354] [MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEM OPERATING GRANT.]

The state board of education may provide operating grants to multi-county, multi-type library systems. In awarding an operating grant, the state board shall consider the extra costs incurred in systems located in sparsely populated and large geographic areas.

Sec. 17. Minnesota Statutes 1982, section 134.36, is amended to read:

134.36 [RULES.]

The state board of education shall promulgate rules as necessary for implementation of (ANY PROVISION OF SECTIONS 134.30 TO 134.353) *library grant programs*.

Sec. 18. Minnesota Statutes 1982, section 375.335, is amended to read:

375.335 [REGIONAL (LIBRARIES) PUBLIC LIBRARY SYSTEMS.]

Subdivision 1. [ESTABLISHMENT.] Two or more (CONTIGUOUS) counties (, EXCEPT COUNTIES ONE OR MORE OF WHICH CONTAIN A CITY OF THE FIRST CLASS OVER 300,000 ACCORDING TO THE 1960 UNITED STATES CENSUS) or two or more cities located in two or more counties may, through action by their governing bodies under the provisions of section 471.59, establish and maintain a regional *public library system*, even though any one or more of the counties or cities may already have a (COUNTY) library with a library board; provided that in any (SUCH) county or city already having a (COUNTY) library board, the approval of (SAID) the library board shall also be required. Cities (IN ANY OF THE CONTRACTING COUNTIES) having public libraries may join in the regional *public library system* by being parties to the agreement which establishes the regional *public library system* through action of their library boards and their city councils, or as (HEREINAFTER) provided in subdivision 3.

Subd. 2. [LIBRARY BOARD.] The agreement establishing (SUCH) a regional *public library (MAY) system* shall provide for a library board to govern the organization having all the powers and duties of city and county library boards as provided in (SECTION 375.33) sections 134.11, 134.12, and 134.13 and including exclusive determination of all library services to be provided under terms of the agreement as defined in section 134.30, subdivision 5, and exclusive control of the expenditure of all funds for the services. (SUCH) The regional library system board may consist of as many members as the contracting parties deem necessary, appointed in (SUCH NUMBERS) a number from among the residents of the contracting parties and for (SUCH) terms by each (COUNTY BOARD) party to the contract as may be determined by the contracting parties, irrespective of the existence of one or more city and county library boards already in existence in the participating cities and counties. Not more than one member from each contracting party shall be a member of the governing body of a contracting party and no member may be appointed to serve more than three consecutive three-year terms. In (SUCH) the participating

cities and counties, (SUCH) the portion of the proceeds of the city and county library tax authorized by section (375.33, SUBDIVISION 1) 134.07, shall be used for the support of the regional public library system as the contracting agreement may provide.

Subd. 3. [CITY PARTICIPATION.] Where (SUCH) a regional *public library system* is established, any city located in any of the contracting counties which is excluded from the county tax supporting the regional *public library system* under the provisions of section (375.33, SUBDIVISION 1) 134.07, may, upon recommendation of its library board and upon action by its governing body, be included in (SUCH) the county tax and become an integral part of the regional *public library system*. (SUCH CITIES AND ANY OTHER CITIES IN THE PARTICIPATING COUNTIES) *Cities included in the county tax and with public libraries which are part of the regional public library system, whether or not governed by home rule charter provisions, upon action by their city council, may levy taxes for the additional support of their local library services (PROVIDED THAT SAID COMBINED LEVIES SHALL NOT EXCEED THE STATUTORY LIMIT ON THE LIBRARY LEVY).* Any (SUCH) local public library board or governing body may, at its option, continue to control (SUCH) the local library fund or pay all or part thereof into the regional *public library system* fund, to be used for the increase or improvement of *public library services* in (SUCH) the city.

Subd. 4. [PROPERTY.] All property given, granted, conveyed, donated, devised or bequeathed to, or otherwise acquired by any regional library board or any regional public library system board however created shall vest in, and be held in the name of, the regional library board or regional public library system board. Any conveyance, grant, donation, devise, bequest, or gift made to, or in the name of, any regional library or public library system shall be deemed to have been made directly to the regional public library system board.

Subd. 5. [RATIFICATION.] All property heretofore given, granted, conveyed, donated, devised, bequeathed to, or otherwise acquired by any regional library board or any regional public library system board however created is hereby validated, ratified and confirmed as the property of the board.

Subd. 6. [RATIFICATION.] Any multicounty regional *public library* heretofore created, and the agreements creating them, are hereby validated, ratified, and confirmed and the benefits of subdivisions 1 to (6) 5 shall hereafter apply to these libraries.

Sec. 19. Minnesota Statutes 1982, section 648.39, subdivision 1, is amended to read:

Subdivision 1. [FREE DISTRIBUTION.] The revisor of statutes shall without charge distribute each edition of Minnesota Statutes, supplement to the Minnesota Statutes, and the Laws of Minnesota to the persons, officers, departments, agencies, or commissions listed in this subdivision. Prior to distribution of Minnesota Statutes, supplement to the Minnesota Statutes, or the Laws of Minnesota, the revisor of statutes shall inquire whether the full number of copies authorized by this subdivision are required for their work. Unless a smaller number is needed, each edition shall be distributed without charge as follows:

- (a) 30 copies to the supreme court;
- (b) 1 copy to each judge of a district court;
- (c) 1 copy to the clerk of each district court for use in each courtroom of the district court of his county;
- (d) 100 copies to the state law library;
- (e) 100 copies to the law school of the University of Minnesota;
- (f) 100 copies to the office of the attorney general;
- (g) 10 copies each to the governor's office, the departments of agriculture, commerce, corrections, education, health, transportation, labor and industry, economic security, natural resources, public safety, public service, public welfare, and revenue, and the pollution control agency;
- (h) 1 copy each to other state departments, agencies, boards, and commissions not specifically named in this subdivision;
- (i) 1 copy to each member of the legislature;
- (j) 100 copies for the use of the senate and 150 copies for the use of the house of representatives;
- (k) 4 copies to the secretary of the senate;
- (l) 4 copies to the chief clerk of the house of representatives;
- (m) 1 copy to each judge, district attorney, clerk of court of the United States and the deputy clerk of each division of the United States district court in this state, the secretary of state of the United States, the library of congress, and the Minnesota historical society;

(n) 20 copies each to the department of administration, state auditor, and legislative auditor;

(o) 1 copy to each county library maintained pursuant to (SECTION 134.12 OR 375.33) *chapter 134*, except in counties containing cities of the first class. If a county has not established a county library pursuant to (SECTION 134.12 OR 375.33) *chapter 134*, the copy shall be provided to any public library in the county; and

(p) 50 copies to the revisor of statutes.

Sec. 20. [TEMPORARY RULES.]

The state board of education may adopt temporary rules, according to the provisions of Minnesota Statutes, sections 14.29 to 14.36, to implement a grant program for construction of library facilities using federal funds.

Sec. 21. [REPEALER.]

Minnesota Statutes 1982, sections 134.03; 134.06; 134.16; 134.19; 134.352; and 375.33 are repealed.

Sec. 22. [INSTRUCTION TO THE REVISOR.]

The revisor of statutes, under the powers in section 648.34, shall renumber sections 134.01 and 134.02 by placing them in chapter 123; shall renumber section 134.04 by placing it in chapter 121; shall renumber section 134.30 by placing it at the beginning of chapter 134; and shall renumber section 375.335 by placing it in chapter 134.

Sec. 23. [APPROPRIATION.]

Subdivision 1. There is appropriated from the general fund to the department of education the sums indicated in this section for the fiscal years ending June 30 in the years designated.

Subd. 2. [BASIC SUPPORT GRANTS.] For grants pursuant to sections 134.32 to 134.35 and 134.36 for the provision of library services there is appropriated:

\$4,381,000 1984,

\$4,605,000 1985.

The appropriation for 1984 includes \$595,000 for aid for fiscal year 1983 payable in fiscal year 1984, and \$3,786,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The appropriation for 1985 includes \$668,000 for aid for fiscal year 1984 payable in fiscal year 1985 and \$3,937,000 for aid for fiscal year 1985 payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$4,454,000 for fiscal year 1984 and \$4,632,000 for fiscal year 1985.

If the Crow River regional library system and the Western Plains regional library system merge by July 1, 1983, the basic support grant paid to the merged system pursuant to section 134.35, subdivision 4, shall be increased by \$24,000 in fiscal year 1984 and \$12,000 in fiscal year 1985. These additional grants are included in the appropriations in this subdivision.

Subd. 3. [MULTI-COUNTY LIBRARY SYSTEMS.] For grants pursuant to section 134.353 and section 16 of this article to multi-county, multi-type library systems there is appropriated:

\$188,000 1984,

\$197,000 1985.

The appropriation for 1984 includes \$26,000 for aid for fiscal year 1983 payable in fiscal year 1984, and \$162,000 for aid for fiscal year 1984 payable in fiscal year 1984.

The appropriation for 1985 includes \$29,000 for aid for fiscal year 1984 payable in fiscal year 1985 and \$168,000 for aid for fiscal year 1985 payable in fiscal year 1985.

The appropriations are based on aid entitlements of \$190,000 for fiscal year 1984 and \$198,000 for fiscal year 1985.

ARTICLE 12

TEACHER RETIREMENT CONTRIBUTIONS

Section 1. [APPROPRIATIONS.]

Subdivision 1. The sums indicated in this section are appropriated from the general fund to the agencies and for the purposes indicated, to be available for the fiscal years ending June 30 in the years indicated. If the appropriation for either year is insufficient, the appropriation for the other year is available for it.

Subd. 2. [TEACHERS RETIREMENT ASSOCIATION: TEACHERS STATEWIDE.] To the teachers retirement association, to meet the state's obligation prescribed in Minnesota Statutes, section 354.43, there is appropriated:

\$87,508,200 1984.

\$92,137,200 1985.

Subd. 3. [TEACHERS RETIREMENT ASSOCIATION: SUPPLEMENTAL BENEFITS-1915.] *To the teachers retirement association, to meet the state's obligation prescribed in Minnesota Statutes, section 354.55, subdivision 5, there is appropriated:*

\$1,500 1984,

\$1,500 1985.

Subd. 4. [TEACHERS RETIREMENT ASSOCIATIONS IN CITIES OF THE FIRST CLASS.] *To the commissioner of finance for payment to teachers retirement associations in Minneapolis, St. Paul, and Duluth to meet the state's obligation prescribed in Minnesota Statutes, section 354A.12, subdivision 2, there is appropriated:*

\$17,917,000 1984,

\$18,791,200 1985.

Subd. 5. [EMPLOYER SOCIAL SECURITY CONTRIBUTIONS.] *To the commissioner of employee relations for payment to the federal government to meet the state's obligation prescribed in Minnesota Statutes, section 355.46, there is appropriated:*

\$80,155,900 1984,

\$86,385,400 1985.

Subd. 6. [SOCIAL SECURITY COSTS OF ADMINISTRATION.] *To the commissioner of employee relations to meet the state's obligation prescribed in Minnesota Statutes, sections 355.46 and 355.49, there is appropriated.*

\$51,000 1984,

\$51,000 1985.

ARTICLE 13

AID PAYMENT REDUCTIONS

Section 1. Minnesota Statutes 1982, section 121.904, subdivision 4a, as amended by Laws 1982, Third Special Session chapter 1, article III, section 1, is amended to read:

Subd. 4a. [LEVY RECOGNITION.] (a) "School district tax settlement revenue" means the current, delinquent, and manufactured home property tax receipts collected by the county and distributed to the school district, including distributions made pursuant to section 279.37, subdivision 7, and excluding the amount levied pursuant to section 275.125, subdivision 9a, and Laws 1976, Chapter 20, Section 4.

(b) In June of each year, the school district shall recognize as revenue, in the fund for which the levy was made, the lesser of:

(1) the June and July school district tax settlement revenue received in that calendar year; or

(2) the sum of the state aids and credits enumerated in section 124.155, subdivision 2 which are for the fiscal year payable in that fiscal year; or

(3) thirty-two percent of the amount of the (SPREAD) levy *certified* in the (CURRENT) *prior* calendar year, *plus or minus auditor's adjustments*, not including levy portions that are assumed by the state, which remains after subtracting, by fund, the amounts levied for the following purposes:

(i) reducing or eliminating projected deficits in the appropriated fund balance accounts for unemployment insurance and bus purchases;

(ii) statutory operating debt pursuant to section 275.125, subdivision 9a, and Laws 1976, Chapter 20, Section 4; and

(iii) retirement and severance pay pursuant to section 275.125, subdivision 6a, and Laws 1975, Chapter 261, Section 4;

(iv) amounts levied for bonds issued and interest thereon, amounts levied for debt service loans and capital loans, and amounts levied pursuant to section 275.125, subdivision 14a.

(c) In July of each year, the school district shall recognize as revenue that portion of the school district tax settlement revenue received in that calendar year and not recognized as revenue for the previous fiscal year pursuant to clause (b).

(d) All other school district tax settlement revenue shall be recognized as revenue in the fiscal year of the settlement. Portions of the school district levy assumed by the state, including prior year adjustments and the amount to fund the school portion of the reimbursement made pursuant to section 273.425, shall be recognized as revenue in the fiscal year beginning in the calendar year for which the levy is payable.

Sec. 2. [REDUCTIONS FOR FISCAL YEAR 1984.]

Aid payments that were not reduced in fiscal year 1983 because of the recognition of school district tax settlement revenue, pursuant to Minnesota Statutes, section 121.904, subdivision 4a, as amended by Laws 1982 third special session, chapter 1, article 3, section 1, shall be reduced from aid payments in fiscal year 1984 by approximately \$7,600,000. The commissioner shall reduce aid payments authorized by the appropriations in articles 1 to 12 in accordance with section 10 of article 6.

Sec. 3. [REDUCTIONS FOR REVENUE EQUITY.]

Pursuant to section 7, of article 1, aid payments shall be reduced in fiscal year 1985 by approximately \$4,269,000."

Delete the title and insert:

"A bill for an act relating to education; providing for aids to education, aids to libraries, state payments for teacher retirement contributions, tax levies, and the distribution of tax revenues; granting certain duties and powers to school boards, school districts, the state board of education, the state board for vocational education, and the higher education coordinating board; modifying certain components of foundation aid; providing for revenue equity; modifying the computation of the transportation aid, summer school, and community education aids and levies; providing funding for AVTI's; providing incentives for school districts to use technology in education; modifying certain provisions relating to teacher mobility programs; modifying certain duties of the council on quality education; appropriating money; amending Minnesota Statutes 1982, sections 6.54; 6.62, subdivision 1; 120.0751, subdivision 3; 120.17, subdivision 3; 121.15; 121.503; 121.505; 121.904, subdivision 4a, as amended; 121.908; 121.911, by adding a subdivision; 121.912, subdivision 3, and by adding a subdivision; 121.936, by adding a subdivision; 122.23, subdivisions 2 and 3; 122.41; 122.43; 122.44; 122.531, subdivision 2, and by adding subdivisions; 123.32, by adding a subdivision; 123.33, subdivisions 10 and 14; 123.34, subdivision 9; 123.351, subdivision 4; 123.36, subdivisions 9, 13, and by adding a subdivision; 123.37, subdivision 1b; 123.39, subdivision 4; 123.702, subdivision 1a; 123.705; 123.741, subdivision 1; 123.933, subdivision 3; 124.14, subdivision 1; 124.15, subdivision 5; 124.155, subdivision 2, as amended; 124.17, subdivision 2d; 124.19, subdivision 3; 124.201, subdivisions 2 and 3, and by adding subdivisions; 124.2122, subdivisions 1 and 2; 124.2124, subdivision 1; 124.2126, subdivision 3; 124.2127, subdivision 1; 124.2132, subdivisions 1 and 4; 124.214, subdivision 2; 124.225; 124.245, by adding a subdivision; 124.246, subdivision 2; 124.247, subdivision 3, and by adding a subdivision; 124.26, subdivision 1; 124.271, subdivisions 2a, 6, and by adding subdivisions; 124.273, subdivision 4; 124.32, subdivisions 3a, 5, and 5a; 124.43, subdivision 1; 124.572, subdivision 2; 124.646,

subdivision 1; 125.05, by adding a subdivision; 125.12, subdivisions 6a, 6b, and by adding a subdivision; 125.17, subdivisions 1 and 11; 125.60, subdivisions 2, 3, and 7; 125.611, subdivisions 8 and 9; 126.54, subdivision 1; 129B.01, subdivision 2; 129B.02; 129B.04; 129B.05; 129B.09, subdivisions 1 and 12; 134.07; 134.08; 134.09; 134.10; 134.11; 134.12; 134.13; 134.14; 134.15; 134.30; 134.32, subdivisions 1 and 7; 134.351, subdivisions 3 and 7; 134.353; 134.36; 136A.02, subdivision 1; 275.125, subdivisions 2d, 2e, 2i, 4, 5, 5b, 8, 9, 11a, 11b, and by adding subdivisions; 354.094, subdivisions 1, 1a, and by adding a subdivision; 354.66, subdivisions 4, 9, and by adding a subdivision; 354A.091, subdivisions 1, 1a, and by adding a subdivision; 354A.094, subdivisions 4, 9, and by adding a subdivision; 375.335; 466.06; 475.61, subdivision 3; and 648.39, subdivision 1; Laws 1967, chapter 822; Laws 1969, chapters 775, section 3, subdivision 2, as amended; and 1060; Laws 1974, chapter 237, section 1; Laws 1981, chapter 358, article VII, section 29, as amended; and Laws 1982, chapter 548, article III, sections 27 and 28; proposing new law coded in Minnesota Statutes, chapters 3; 120; 121; 122; 124; 125; 126; 129B; and 134; proposing new law coded as Minnesota Statutes, chapter 124A; repealing Minnesota Statutes 1982, sections 122.542; 122.90; 124.11, subdivisions 1 and 2c; 124.2123; 124.2124; 124.2125; 124.2128; 124.24; 124.251; 124.26, subdivision 4; 124.271, subdivision 5; 124.273, subdivisions 1 and 2; 124.32, subdivisions 1 and 9; 124.561; 124.562; 124.5621; 124.5622; 124.5623; 124.5624; 124.5625; 124.5626; 124.5627; 124.611; 129B.09, subdivision 5; 134.03; 134.06; 134.16; 134.19; 134.352; 275.125, subdivisions 6b, 6c, 6d, 7a, and 7c; and 375.33."

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

House Conferees: KEN NELSON, BOB MCEACHERN, RICHARD KOSTOHRYZ and CONNIE LEVI.

Senate Conferees: TOM A. NELSON, GENE MERRIAM, RANDOLPH W. PETERSON and JAMES C. PEHLER.

Nelson, K., moved that the report of the Conference Committee on H. F. No. 92 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 Nelson, K., and on the demand of 10 members, a call of the House was ordered. The following members answered to their names:

Anderson, G.	Bergstrom	Carlson, L.	Coleman	Elioff
Battaglia	Bishop	Clark, J.	Dempsey	Ellingson
Beard	Blatz	Clark, K.	DcnOuden	Erickson
Begich	Brinkman	Clawson	Dimler	Evans
Bennett	Burger	Cohen	Eken	Findlay

Forsythe	Kelly	Nelson, K.	Riveness	Staten
Frerichs	Knickerbocker	Neuenschwander	Rodosovich	Sviggum
Graba	Kostohryz	Norton	Rodriguez, C.	Swanson
Gruenes	Krueger	O'Connor	Rodriguez, F.	Valan
Gustafson	Kvam	Ogren	St. Onge	Valento
Gutknecht	Larsen	Olsen	Sarna	Vellenga
Halberg	Levi	Omann	Schafer	Voss
Haukoos	Long	Onnen	Scheid	Waltman
Heap	Ludeman	Otis	Schoenfeld	Welch
Himle	Mann	Pauly	Seaberg	Welker
Hoffman	Marsh	Peterson	Segal	Welle
Hokr	McDonald	Piepho	Shea	Wenzel
Jacobs	McEachern	Piper	Sherman	Wigley
Jennings	McKasy	Quinn	Simoneau	Wynia
Jensen	Metzen	Quist	Skoglund	Zaffke
Johnson	Minne	Redalen	Solberg	Speaker Sieben
Kahn	Murphy	Reif	Sparby	
Kalis	Nelson, D.	Rice	Stadum	

Minne 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. 92, A bill for an act relating to education; providing for aids to education, aids to libraries, aids for teacher retirement contributions, tax levies, and the distribution of tax revenues; granting certain duties and powers to school boards, school districts, the state board of education, and the state board for vocational education; providing for revenue equity; modifying the computation of the transportation aid, summer school, and community education aids and levies; establishing an average-cost funding formula for AVTIs; authorizing intermediate school districts to offer nonpost-secondary academic courses; establishing programs for improvement of schools; providing incentives for school districts to utilize technology in instruction; appropriating money; amending Minnesota Statutes 1982, sections 6.54; 6.62, subdivision 1; 16A.15, subdivision 1; 120.075, subdivision 4, and by adding a subdivision; 120.10, subdivision 2; 120.17, subdivision 3; 120.64, subdivisions 2 and 4; 121.908; 121.911, by adding a subdivision; 121.912, subdivision 3; 122.23, subdivisions 2 and 3; 122.41; 122.43; 122.44; 122.531, subdivision 2, and by adding subdivisions; 123.33, subdivisions 10 and 14; 123.34, subdivision 9; 123.351, subdivision 4; 123.36, subdivisions 9, 13, and by adding a subdivision; 123.37, subdivision 1b; 123.39, subdivision 4; 123.705; 124.11, subdivisions 2a and 2b; 124.14, subdivision 1; 124.15, subdivision 5; 124.17, subdivisions 1 and 2d; 124.19, subdivisions 1 and 3; 124.201, subdivisions 2, 3, and by adding subdivisions; 124.2122, subdivisions 1 and 2; 124.2126, subdivision 3; 124.2128, subdivision 1; 124.2132, subdivision 4; 124.225; 124.245, by adding a subdivision; 124.246, subdivision 2; 124.247, subdivision 3; 124.26, subdivision 1; 124.271, subdivisions 2a, 6, and by adding a subdivision; 124.273, subdivisions 1b, 2b, and 4; 124.32, subdivisions 1b, 1d, 2, 3a, 5, and 5a; 124.572, subdivision 2; 124.573, subdivision 2; 124.574, subdivisions 2b and 3; 124.646, subdivision 1; 125.60, subdivision 7; 125.611, subdivision 8; 129B.02; 129B.04; 129B.05; 129B.09, subdivision 12; 134.07; 134.08; 134.09; 134.10; 134.-

11; 134.12; 134.13; 134.14; 134.15; 134.30; 134.32, subdivisions 1 and 7; 134.351, subdivisions 3 and 7; 134.353; 134.36; 275.125, subdivisions 2d, 2e, 2i, 5, 5b, 6d, 8, 11a, 11b, and by adding subdivisions; 354.66, subdivision 9; 354A.094, subdivision 9; 375.335; 466.01, subdivision 1; 475.61, subdivision 3; and 648.39, subdivision 1; amending Laws 1967, chapter 822, section 4; Laws 1969, chapter 775, section 3, subdivision 2, as amended; Laws 1969, chapter 1060, section 4; Laws 1981, chapter 358, article 7, section 29, as amended; and Laws 1982, chapter 548, article 3, sections 27 and 28; proposing new law coded in Minnesota Statutes, chapters 3, 120, 121, 122, 123, 124, 126, 129B, and 134; repealing Minnesota Statutes 1982, sections 121.501 to 121.507; 122.542; 124.11, subdivision 1; 124.24; 124.251; 124.26, subdivision 4; 124.271, subdivision 5; 124.273, subdivisions 1 and 2; 124.32, subdivisions 1 and 9; 124.561; 124.562; 124.5621; 124.5622; 124.5623; 124.5624; 124.5625; 124.5626; 124.5627; 124.572, subdivision 8; 124.573, subdivision 5; 124.574, subdivision 2; 124.611; 125.611, subdivision 9; 129B.06 to 129B.09; 134.03; 134.06; 134.16; 134.19; 134.352; and 375.33.

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.

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

There were 92 yeas and 33 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Fjoslien	Mann	Piepho	Sparby
Battaglia	Graba	Marsh	Piper	Staten
Beard	Greenfield	McEachern	Price	Sviggum
Begich	Gruenes	McKasy	Quinn	Tomlinson
Bennett	Gustafson	Metzen	Redalen	Tunheim
Bergstrom	Gutknecht	Minne	Reif	Valan
Berkelman	Halberg	Munger	Rodosovich	Vanasek
Bishop	Hoffman	Murphy	Rodriguez, C.	Vellenga
Brinkman	Jacobs	Nelson, D.	Rodriguez, F.	Waltman
Carlson, L.	Jensen	Nelson, K.	St. Onge	Welch
Clark, J.	Johnson	Neuenschwander	Sarna	Welle
Clark, K.	Kahn	Norton	Scheid	Wenzel
Clawson	Kelly	O'Connor	Schoenfeld	Wigley
Cohen	Kostohryz	Ogren	Seaberg	Wynia
Coleman	Krueger	Omann	Segal	Zaffke
Eken	Kvam	Onnen	Shea	Speaker Sieben
Elioff	Larsen	Osthoff	Simoneau	
Ellingson	Levi	Otis	Skoglund	
Evans	Long	Peterson	Solberg	

Those who voted in the negative were:

Anderson, B.	Blatz	Burger	Dempsey	DenOuden
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Dimler	Heap	Knickerbocker	Rivenness	Uphus
Erickson	Heinitz	Ludeman	Rose	Valento
Findlay	Himle	McDonald	Schafer	Voss
Forsythe	Hokr	Olsen	Sherman	Welker
Frerichs	Jennings	Pauly	Swanson	
Haukoos	Kalis	Quist	Thiede	

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

MOTIONS FOR RECONSIDERATION

Sparby moved that the vote whereby S. F. No. 320 was passed earlier today be now reconsidered. The motion prevailed.

Sparby moved that the action whereby S. F. No. 320 was given its third reading be now reconsidered. The motion prevailed.

S. F. No. 320 was reported to the House.

Sparby moved to amend S. F. No. 320, as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 17.713, subdivision 7, is amended to read:

Subd. 7. [GRADE.] "Grade" means the percentage of total nitrogen, available phosphorous or phosphoric acid, and soluble potassium or soluble potash stated in whole numbers in the same terms, order and percentages as in the guaranteed analysis; provided, however, that fertilizer materials, bone meals, manures, and similar raw materials may be guaranteed in fractional units, and specialty fertilizers may be guaranteed in fractional units of less than one percent of total nitrogen, available phosphorus or phosphoric acid, and soluble potassium or soluble potash.

Sec. 2. Minnesota Statutes 1982, section 17.714, subdivision 1, is amended to read:

Subdivision 1. [REGISTRATION FEE; CERTAIN ITEMS.] Fertilizer brands and grades sold only as small package items or represented and labeled as specialty fertilizer; and soil and plant amendments sold with recommendations for commercial agricultural use, shall be registered (AT THE FEE SET FORTH IN) and a fee paid pursuant to section 17.717 (, SUBDIVISIONS 3 AND 4). Fees paid for registration made in this manner shall be in lieu of any other license or tonnage fees.

Sec. 3. Minnesota Statutes 1982, section 17.715, subdivision 1, is amended to read:

Subdivision 1. [LICENSED PERSONS.] A person who manufactures, blends, mixes, or otherwise manipulates commercial fertilizer material *and a person who stores or distributes bulk fertilizer for resale* shall obtain a license from the commissioner for each fixed location within the state where these operations are performed.

Sec. 4. Minnesota Statutes 1982, section 17.718, subdivision 1, is amended to read:

Subdivision 1. [SEMIANNUAL STATEMENT.] Each licensed distributor of commercial fertilizer (UNDER SECTION 17.717, SUBDIVISION 1,) and each registrant of a commercial fertilizer, soil amendment, or plant amendment (UNDER SECTION 17.717, SUBDIVISIONS 3 AND 4,) shall file with the commissioner on forms furnished by the commissioner, a semi-annual statement for the periods ending December 31 and June 30 setting forth the number of net tons of each grade of commercial fertilizer, soil amendment, or plant amendment distributed in this state during the reporting period. The report (SHALL BE) is due on or before the 30th of the month following the close of each reporting period of each calendar year. The inspection fee at the rate stated in section 17.717, subdivision 5 shall accompany the statement. For the tonnage report that is not filed or the payment of inspection fees that is not made within 30 days after the end of the reporting period, a penalty of ten percent of the amount due, with a minimum penalty of \$10, shall be assessed against the licensee or registrant, and the total amount of fees due, plus penalty, shall constitute a debt and may be recovered in a civil action against the licensee or registrant. The assessment of this penalty shall not prevent the department from taking other actions as provided in this chapter. The commissioner may by regulation require additional reports for the purpose of gathering statistical data relating to fertilizer, soil amendments, and plant amendments distribution in the state.

Sec. 5. Minnesota Statutes 1982, section 17.725, subdivision 1, is amended to read:

Subdivision 1. [FOR ADMINISTRATION.] The commissioner may prescribe and (, AFTER PUBLIC HEARING FOLLOWING DUE PUBLIC NOTICE,) adopt *temporary or permanent* rules (RELATING TO THE MANUFACTURE, SALE, DISTRIBUTION, TONNAGE REPORTING, LABELING, STORAGE, AND HANDLING OF COMMERCIAL FERTILIZERS AND SOIL AMENDMENTS AND PLANT AMENDMENTS OR OTHER SOIL ADDITIVES) necessary to carry into effect (THE FULL INTENT AND MEANING OF) sections 17.711 to 17.729.

Sec. 6. Minnesota Statutes 1982, section 17.725, subdivision 2, is amended to read:

Subd. 2. [LIMING MATERIALS.] The commissioner may (MAKE AND PUBLISH) *adopt* rules governing the labeling, registration, and distribution of liming materials (AS ARE) sold for agricultural purposes, including (:) limestone (carbonates), sulfates, slags (silicates), burned lime (oxides), and hydrated lime (hydroxides). Such products shall not (, HOWEVER, BE DEEMED FERTILIZERS, SOIL AMENDMENTS OR PLANT AMENDMENTS) *be* subject to (THE REGISTRATION AND) *any* tonnage fees (STATED IN SECTIONS 17.711 TO 17.729) *under section 17.717, subdivision 4. No registration fee may be imposed on any distributor who sells liming materials only at retail to customers.*

Sec. 7. Minnesota Statutes 1982, section 17.728, subdivision 4, is amended to read:

Subd. 4. [PENALTY.] Any person convicted of violating a provision of sections 17.711 to 17.729 or any rule adopted under section 17.725, is guilty of a misdemeanor. *Any person convicted of another violation of the same provision or rule upon a subsequent prosecution within one year of the original conviction is guilty of a gross misdemeanor.*

Sec. 8. [EXISTING FEES CONTINUE.]

The commissioner shall continue to charge the fees set by law as of January 1, 1983, until the commissioner sets different fees under Minnesota Statutes, section 17.717, subdivision 1.

Sec. 9. [REPEALER.]

Minnesota Statutes 1982, section 17.717, subdivisions 3, 4 5, and 6 are repealed."

Delete the title and insert:

"A bill for an act relating to agriculture; making certain changes in the law relating to establishing a fertilizer inspection fund; prescribing penalties; amending Minnesota Statutes 1982, sections 17.713, subdivision 7; 17.714, subdivision 1; 17.715, subdivision 1; 17.718, subdivision 1; 17.725, subdivisions 1 and 2; and 17.728, subdivision 4; repealing Minnesota Statutes 1982, section 17.717, subdivisions 3, 4, 5, and 6."

The motion prevailed and the amendment was adopted.

S. F. No. 320, A bill for an act relating to agriculture; making certain changes in the law relating to a fertilizer inspection fund; prescribing penalties; amending Minnesota Statutes 1982, sections 17.713, subdivision 7; 17.714, subdivision 1; 17.715, subdivision 1; 17.717, subdivision 1; 17.718, subdivision 1; 17.725,

subdivisions 1 and 2; and 17.728, subdivision 4; repealing Minnesota Statutes 1982, section 17.717, subdivisions 3, 4, and 5.

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.

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

There were 105 yeas and 14 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Evans	Krueger	Otis	Sherman
Battaglia	Findlay	Kvam	Pauly	Simoneau
Beard	Fjoslien	Larsen	Peterson	Skoglund
Begich	Forsythe	Levi	Piepho	Solberg
Bennett	Graba	Long	Piper	Sparby
Berkelman	Greenfield	Mann	Quinn	Stadium
Bishop	Gruenes	McEachern	Redalen	Staten
Blatz	Gustafson	Metzen	Reif	Swanson
Brinkman	Halberg	Minne	Riveness	Tomlinson
Burger	Heap	Munger	Rodosovich	Tunheim
Carlson, L.	Heinitz	Murphy	Rodriguez, C.	Uphus
Clark, J.	Himle	Nelson, D.	Rodriguez, F.	Valan
Clark, K.	Hokr	Nelson, K.	Rose	Vanasek
Cohen	Jacobs	Neuenschwander	St. Onge	Vellenga
Coleman	Jensen	Norton	Sarna	Voss
Dempsey	Johnson	O'Connor	Scheid	Welch
Dimler	Kahn	Ogren	Schoenfeld	Welle
Eken	Kalis	Olsen	Seaberg	Wenzel
Elioff	Kelly	Omann	Segal	Wigley
Ellingson	Knickerbocker	Onnen	Shaver	Wynia
Erickson	Kostohryz	Osthoff	Shea	Speaker Sieben

Those who voted in the negative were:

DenOuden	Jennings	Quist	Thiede	Welker
Gutknecht	Ludeman	Schafer	Valento	Zaffke
Haukoos	McDonald	Svigum	Waltman	

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

There being no objection the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following message was received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 164.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 164

A bill for an act relating to state government; removing the requirement of senate confirmation for appointment to certain state agencies; limiting terms of certain holdover appointees; formulating a procedure for senate and house confirmations; changing a time requirement for filing a statement of economic interest in certain cases; amending Minnesota Statutes 1982, sections 1.33; 3.9223, subdivision 1; 10A.09, subdivisions 1 and 3; 14.48; 15.0575, subdivision 2; 15.0597, subdivision 6; 15.06, subdivisions 2 and 5; 15.50, subdivision 1; 40.03, subdivision 1; 85A.01, subdivision 1; 105.401, subdivision 1; 115A.05, subdivision 2; 116E.02, subdivision 1; 116J.04; 121.82, subdivision 1; 121.844, subdivision 1; 182.664, subdivision 1; 250.05, subdivision 2; 299B.05, subdivision 1; 414.01, subdivision 2; 473.123, subdivision 4; 473.141, subdivision 3; 490.15, subdivision 1; proposing new law coded in Minnesota Statutes, chapter 15; repealing Minnesota Statutes 1982, section 11A.07, subdivision 3.

May 20, 1983

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S. F. No. 164, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 164 be amended as follows:

Page 8, line 35, strike "department of natural"

Page 8, strike line 36

Page 9, line 1, strike "region number one" and insert "*soil and water conservation board administrative region*"

Page 13, after line 18, insert:

"Sec. 20. Minnesota Statutes 1982, section 179.72, subdivision 1, is amended to read:

Subdivision 1. There is hereby established a public employment relations board with the powers and duties assigned to it

by this section. The board shall consist of five members appointed by the governor of the state of Minnesota (WITH THE ADVICE AND CONSENT OF THE SENATE). Two members shall be representative of public employees; two shall be representative of public employers; and one shall be representative of the public at large. Public employers and employee organizations representing public employees may submit for consideration names of persons representing their interests to serve as members of the board. The board shall select one of its members to serve as chairman for a term beginning May 1 each year."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 15, after the first semicolon insert "179.72, subdivision 1;"

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

Senate Conferees: DONALD M. MOE, GENE MERRIAM and JAMES ULLAND.

House Conferees: FRED C. NORTON, O. J. (LON) HEINITZ and BOB NEUENSCHWANDER.

Norton moved that the report of the Conference Committee on S. F. No. 164 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 164, A bill for an act relating to state government; removing the requirement of senate confirmation for appointment to certain state agencies; limiting terms of certain hold-over appointees; formulating a procedure for senate and house confirmations; changing a time requirement for filing a statement of economic interest in certain cases; amending Minnesota Statutes 1982, sections 1.33; 3.9223, subdivision 1; 10A.09, subdivisions 1 and 3; 14.48; 15.0575, subdivision 2; 15.0597, subdivision 6; 15.06, subdivisions 2 and 5; 15.50, subdivision 1; 40.03, subdivision 1; 85A.01, subdivision 1; 105.401, subdivision 1; 115A.05, subdivision 2; 116E.02, subdivision 1; 116J.04; 121.82, subdivision 1; 121.844, subdivision 1; 182.664, subdivision 1; 250.05, subdivision 2; 299B.05, subdivision 1; 414.01, subdivision 2; 473.123, subdivision 4; 473.141, subdivision 3; 490.15, subdivision 1; proposing new law coded in Minnesota Statutes, chapter 15; repealing Minnesota Statutes 1982, section 11A.07, subdivision 3.

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.

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

There were 124 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Erickson	Kostohryz	Osthoff	Simoneau
Anderson, G.	Evans	Krueger	Otis	Skoglund
Battaglia	Findlay	Kvam	Pauly	Solberg
Beard	Fjoslien	Larsen	Peterson	Sparby
Begich	Forsythe	Levi	Piepho	Stadum
Bennett	Frerichs	Long	Piper	Staten
Bergstrom	Graba	Ludeman	Price	Sviggum
Berkelman	Greenfield	Mann	Quist	Swanson
Bishop	Cruenes	Marsh	Redalen	Thiede
Blatz	Gustafson	McDonald	Reif	Tomlinson
Brandl	Gutknecht	McEachern	Rice	Tunheim
Brinkman	Halberg	McKasy	Riveness	Uphus
Burger	Haukoos	Metzen	Rodosovich	Valan
Carlson, L.	Heap	Minne	Rodriguez, C.	Valento
Clark, J.	Heinitz	Munger	Rodriguez, F.	Vanasek
Clark, K.	Himle	Murphy	Rose	Vellenga
Clawson	Hoffman	Nelson, D.	St. Onge	Waltman
Cohen	Hokr	Nelson, K.	Sarna	Welch
Coleman	Jacobs	Neuenschwander	Schafer	Welle
Dempsey	Jennings	Norton	Scheid	Wenzel
DenOuden	Jensen	O'Connor	Schoenfeld	Wigley
Dimler	Johnson	Ogren	Seaberg	Wynia
Eken	Kahn	Olsen	Segal	Zaffke
Elioff	Kelly	Omamn	Shaver	Speaker Sieben
Ellingson	Knickerbocker	Onnen	Sherman	

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

CALL OF THE HOUSE LIFTED

Minne moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

The Speaker called Minne to the Chair.

SPECIAL ORDERS

S. F. No. 1151 was reported to the House.

There being no objection, S. F. No. 1151 was temporarily laid over on Special Orders.

The Speaker resumed the Chair.

Brinkman was excused between the hours of 3:30 p.m. until 8:00 p.m.

S. F. No. 891, A bill for an act relating to transportation; permitting the use of state vehicles in ridesharing arrangements; providing for a unique registration category and special license plates for commuter vans; defining ridesharing arrangement and other terms; clarifying taxation, licensing, and vehicle use requirements in ridesharing arrangements; excluding certain ridesharing arrangements from the provisions of chapter 176 governing workers' compensation; clarifying employers' liability under workers' compensation for a ridesharing arrangement; excluding participation in a ridesharing arrangement from overtime compensation and the payment of minimum wages as defined in chapter 177; excluding payments other than salary to drivers in ridesharing arrangements from the definition of gross income; excluding motor vehicles participating in ridesharing arrangements from the definition of commercial motor vehicle; deleting the requirement to transfer rideshare program development from the commissioner of transportation; amending Minnesota Statutes 1982, sections 16.753, subdivision 3; 169.01, by adding a subdivision; 174.257, by adding subdivisions; 176.041; 176.051, by adding subdivisions; 290.08, by adding a subdivision; 296.17; and Laws 1981, chapter 363, section 55, subdivision 2; proposing new law coded in Minnesota Statutes, chapters 168 and 177.

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 109 yeas and 11 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Evans	Kvam	Pauly	Shaver
Anderson, G.	Forsythe	Larsen	Peterson	Simoneau
Battaglia	Graba	Levi	Piepho	Skoglund
Beard	Greenfield	Long	Piper	Sparby
Begich	Gruenes	Mann	Price	Stadum
Bennett	Gutknecht	Marsh	Quinn	Staten
Bergstrom	Halberg	McKasy	Quist	Swanson
Berkelman	Haukoos	Metzen	Redalen	Tomlinson
Bishop	Heap	Minne	Reif	Tunheim
Blatz	Heinitz	Munger	Rice	Uphus
Brandl	Himle	Murphy	Riveness	Valan
Burger	Hoffman	Nelson, D.	Rodosovich	Valento
Carlson, L.	Hokr	Nelson, K.	Rodriguez, C.	Vanasek
Clark, J.	Jacobs	Neuenschwander	Rodriguez, F.	Vellenga
Clark, K.	Jensen	Norton	Rose	Waltman
Clawson	Johnson	O'Connor	St. Onge	Welch
Cohen	Kahn	Ogren	Sarna	Welle
Coleman	Kalis	Olsen	Scheid	Wenzel
Dempsey	Kelly	Omann	Schoenfeld	Wigley
Eken	Knuth	Onnen	Schreiber	Wynia
Elioff	Kostohryz	Osthoff	Seaberg	Speaker Sieben
Ellingson	Krueger	Otis	Segal	

Those who voted in the negative were:

DenOuden	Frerichs	Ludeman	Sviggum	Welker
Dimler	Jennings	Schafer	Thiede	Zaffke
Fjoslien				

The bill was passed and its title agreed to.

S. F. No. 682 was reported to the House.

Welker moved to amend S. F. No. 682, as follows:

Page 6, after line 9, insert:

"Subdivision 1. [PET BIRD OWNERS.] Any person who wishes to be licensed to own a pet bird must first be certificated in MTBR."

Renumber the subdivisions

The motion prevailed and the amendment was adopted.

MOTION FOR RECONSIDERATION

Staten moved to reconsider the vote whereby the Welker amendment to S. F. No. 682 was adopted. The motion prevailed.

The Welker amendment to S. F. No. 682 was again reported to the House.

Welker moved to amend S. F. No. 682, as follows:

Page 6, after line 9, insert:

"Subdivision 1. [PET BIRD OWNERS.] Any person who wishes to be licensed to own a pet bird must first be certificated in MTBR."

Renumber the subdivisions.

The motion did not prevail and the amendment was not adopted.

S. F. No. 682, A bill for an act relating to animals; providing for the welfare of certain pets and companion animals; imposing a penalty; proposing new law coded in Minnesota Statutes, chapter 346.

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 99 yeas and 23 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Evans	Long	Piper	Sherman
Anderson, G.	Fjoslien	Mann	Price	Simoneau
Battaglia	Forsythe	McEachern	Quinn	Skoglund
Beard	Freirichs	McKasy	Quist	Solberg
Bennett	Greenfield	Metzen	Reif	Sparby
Bergstrom	Gruenes	Minne	Rice	Staten
Berkelman	Gustafson	Munger	Riveness	Swanson
Blatz	Gutknecht	Murphy	Rodosovich	Tomlinson
Brandl	Heinitz	Nelson, D.	Rodriguez, C.	Tunheim
Burger	Himle	Nelson, K.	Rodriguez, F.	Uphus
Carlson, L.	Hoffman	Neuenschwander	Rose	Vanasek
Clark, J.	Hokr	Norton	St. Onge	Vellenga
Clark, K.	Jensen	O'Connor	Sarna	Waltman
Clawson	Johnson	Ogren	Schafer	Welch
Cohen	Kelly	Olsen	Scheid	Welle
Coleman	Knickerbocker	Omann	Schreiber	Wenzel
Dempsey	Knuth	Osthoff	Seaberg	Wynia
Eken	Kostohryz	Otis	Segal	Zaffke
Elioff	Larsen	Pauly	Shaver	Speaker Sieben
Ellingson	Levi	Peterson	Shea	

Those who voted in the negative were:

Bishop	Graba	Kvam	Redalen	Valento
DenOuden	Halberg	Ludeman	Schoenfeld	Welker
Dimler	Haukoos	McDonald	Sviggum	Wigley
Erickson	Jennings	Onnen	Thiede	
Findlay	Krueger	Piepho	Valan	

The bill was passed and its title agreed to.

H. F. No. 995 was reported to the House.

There being no objection, H. F. No. 995 was temporarily laid over on Special Orders.

REPORT FROM THE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

Eken, from the Committee on Rules and Legislative Administration, pursuant to Rule 1.9, designated the following bills as Special Orders to be added to Special Orders pending for today, May 21, 1983:

H. F. Nos. 623, 429, 1046 and 851; S. F. No. 510; H. F. No. 1137; S. F. No. 147 and H. F. No. 100.

H. F. No. 623 was reported to the House.

Sarna moved to amend H. F. No. 623, the first engrossment, as follows:

Page 2, line 22, after "*spectacles*" insert "*., used for reading or fishing, and*"

The motion prevailed and the amendment was adopted.

H. F. No. 623, A bill for an act relating to commerce; permitting the sale of certain eye glasses by persons other than optometrists; amending Minnesota Statutes 1982, section 148.56.

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 101 yeas and 15 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Graba	Mann	Price	Staten
Anderson, R.	Greenfield	Marsh	Quinn	Svigum
Battaglia	Gruenes	McDonald	Quist	Swanson
Beard	Gustafson	McEachern	Redalen	Thiede
Begich	Halberg	McKasy	Rice	Tomlinson
Bennett	Haukoos	Metzen	Rodosovich	Tunheim
Bergstrom	Heap	Minne	Rodriguez, F.	Uphus
Berkelman	Heinitz	Munger	Rose	Vanasek
Bishop	Hoffman	Murphy	St. Onge	Vellenga
Blatz	Jacobs	Nelson, D.	Sarna	Waltman
Brandl	Jensen	Nelson, K.	Schafer	Welch
Burger	Johnson	Neuenschwander	Scheid	Welker
Carlson, L.	Kelly	Norton	Schoenfeld	Welle
Clark, J.	Knickerbocker	O'Connor	Schreiber	Wenzel
Clark, K.	Knuth	Ogren	Seaberg	Wynia
Cohen	Kostohryz	Osthoff	Segal	Zaffke
Coleman	Krueger	Otis	Shaver	Speaker Sieben
DenOuden	Kvam	Pauly	Simoneau	
Eken	Earsen	Peterson	Skoglund	
Ellingson	Levi	Piepho	Solberg	
Evans	Ludeman	Piper	Sparby	

Those who voted in the negative were:

Anderson, G.	Findlay	Frerichs	Kalis	Sherman
Dempsey	Fjoslien	Gutknecht	Onnen	Valento
Erickson	Forsythe	Jennings	Reif	Wigley

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

There being no objection the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 553, A bill for an act relating to elections; changing certain election procedures, requirements, and time limits;

amending Minnesota Statutes 1982, sections 201.071, subdivision 1; 203B.02, subdivision 1; 203B.04, subdivision 1; 203B.21, subdivision 2; 204B.12, subdivision 1; 204B.19, subdivision 1; 204B.21, subdivision 1; 204B.27, subdivision 1; 204B.34, subdivision 1; 204B.35, subdivision 4; 204C.03, by adding a subdivision; 204C.05, subdivision 1; 204C.32, subdivision 2; 204C.33, subdivision 2; 204D.06; 204D.11, subdivisions 1 and 5; 204D.14; 204D.15, subdivision 2; 205.03, subdivisions 1 and 3; and 209.02, subdivision 4; proposing new law coded in Minnesota Statutes, chapter 203B; repealing Minnesota Statutes 1982, sections 201.091, subdivisions 6 and 7; and 204B.12, subdivision 2.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 672, A bill for an act relating to taxation; sales and use; clarifying the taxability or exempt status of certain items or transactions; allowing for a sales tax refund in certain instances; providing penalties for certain operators or misuse of exemption certificates; clarifying filing dates and penalties for not timely filing or paying the tax; requiring a notice on the sales tax return form; authorizing the filing of security and the use of sampling; providing restrictions on refunds; clarifying payments required before appeal; eliminating the fee for permits; amending Minnesota Statutes 1982, sections 297A.01, subdivisions 3 and 4; 297A.211, by adding a subdivision; 297A.25, subdivision 1; 297A.26, by adding a subdivision; 297A.27, subdivision 1; 297A.275; 297A.28; 297A.31, subdivision 1; 297A.35, subdivision 1, and by adding a subdivision; 297A.391; and 297B.03; proposing new law coded in Minnesota Statutes, chapter 297A; repealing Minnesota Statutes 1982, sections 297A.05 and 297A.251.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 251, A bill for an act relating to retirement; authorizing public and private sector pension funds to invest in Minnesota non-farm real estate; permitting certain public pension funds to participate in real estate investments; modifying the governance of police and salaried firefighter relief association trust funds after the local association ceases to exist; authorizing amendment of the Red Wing police relief association by-laws; increasing certain benefits payable by the Crookston firefighters relief association; amending Minnesota Statutes 1982, sections 69.77, subdivision 2; 354A.08; 422A.05, subdivision 2c; and 423A.01, subdivisions 2 and 4; and Laws 1971, chapter 51, sections 10, subdivision 3; 12; and 14, subdivisions 1, 7, 8, 9, 11, and by adding subdivisions; proposing new law coded in Minnesota Statutes, chapter 356.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 297.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 297

A bill for an act relating to criminal justice; requiring peace officers to make arrests based on probable cause in cases of domestic assault; requiring peace officers to notify victims of domestic assault of the legal remedies available; amending Minnesota Statutes 1982, section 629.341; and Laws 1983, chapter 52, by adding a section.

May 20, 1983

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S. F. No. 297, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 297 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 629.341, is amended to read:

Subdivision 1. [ARREST.] Notwithstanding the provisions of section 629.34 or any other law or rule to the contrary, a peace officer may arrest without a warrant a person anywhere, including at his place of residence if the peace officer has probable cause to believe the person within the preceding four hours has assaulted, *threatened with a dangerous weapon, or placed in fear of immediate bodily harm* his spouse (OR), *former spouse, other person with whom he resides or has formerly resided,* although the assault did not take place in the presence of the peace officer. (A PEACE OFFICER MAY NOT ARREST A PERSON PURSUANT TO THIS SECTION WITHOUT FIRST OBSERVING RECENT PHYSICAL INJURY TO, OR IMPAIRMENT OF PHYSICAL CONDITION OF THE ALLEGED VICTIM.)

Subd. 2. [IMMUNITY.] Any peace officer acting in good faith and exercising due care in the making of an arrest pursuant to subdivision 1 shall have immunity from civil liability that otherwise might result by reason of his action.

Subd. 3. [NOTICE OF RIGHTS.] *The peace officer shall advise the victim of the availability of a shelter or other services in the community and give the victim immediate notice of the legal rights and remedies available. The notice shall include furnishing the victim a copy of the following statement:*

"IF YOU ARE THE VICTIM OF DOMESTIC VIOLENCE, you can ask the city or county attorney to file a criminal complaint. You also have the right to go to court and file a petition requesting an order for protection from domestic abuse which could include the following: (a) an order restraining the abuser from further acts of abuse; (b) an order directing the abuser to leave your household; (c) an order preventing the abuser from entering your residence, school, business, or place of employment; (d) an order awarding you or the other parent custody of or visitation with your minor child or children; (e) an order

directing the abuser to pay support to you and the minor children if the abuser has a legal obligation to do so."

The notice shall include the resource listing, including telephone number, for the area battered women's shelter, to be designated by the department of corrections.

Subd. 4. [REPORT REQUIRED.] Whenever a peace officer investigates an allegation that an incident described in subdivision 1 has occurred, whether or not an arrest is made, the officer shall make a written police report of the alleged incident. The officer must submit the report to his supervisor or other person to whom the employer's rules or policies require reports of similar allegations of criminal activity to be made.

Subd. 5. [TRAINING.] The board of peace officer standards and training shall provide a copy of this section to every law enforcement agency in this state on or before June 30, 1983.

Upon request of the board of peace officer standards and training to the bureau of criminal apprehension, the subject matter of at least one training course must include instruction in the subject matter of domestic abuse. Every basic skills course required in order to obtain initial licensure as a peace officer must, after January 1, 1985, include at least three hours of training in handling domestic violence cases.

Sec. 2. Minnesota Statutes 1982, section 629.72, is amended by adding a subdivision to read:

Subd. 4. [SERVICE OF ORDER FOR PROTECTION.] If an order for protection is issued pursuant to section 518B.01 while the arrested person is still in detention, the order shall be served upon the arrested person during detention if possible.

Sec. 3. Laws 1983, chapter 52, is amended by adding a section to read:

Sec. 4. [EFFECTIVE DATE.]

This act is effective June 1, 1983."

Amend the title as follows:

Page 1, line 2, delete "requiring" and insert "authorizing"

Page 1, line 6, after the semicolon insert "requiring written reports of alleged domestic violence incidents; requiring peace officer training; requiring service of certain orders for protection upon arrested persons;"

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

Page 1, line 7, after the semicolon insert "629.72, by adding a subdivision;"

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

Senate Conferees: ERIC D. PETTY, EMBER D. REICHGOTT and FRITZ KNAAK.

House Conferees: SHARON COLEMAN, TOM OSTHOFF and CONNIE LEVI.

Coleman moved that the report of the Conference Committee on S. F. No. 297 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 297, A bill for an act relating to criminal justice; requiring peace officers to make arrests based on probable cause in cases of domestic assault; requiring peace officers to notify victims of domestic assault of the legal remedies available; amending Minnesota Statutes 1982, section 629.341; and Laws 1983, chapter 52, by adding a section.

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

The question was taken on the repassage of the bill and the roll was called. There were 122 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, B.	Erickson	Kostohryz	Peterson	Skoglund
Anderson, G.	Evans	Krueger	Piepho	Solberg
Anderson, R.	Findlay	Kvam	Piper	Sparby
Battaglia	Fjoslien	Larsen	Price	Stadum
Beard	Forsythe	Levi	Quinn	Staten
Begich	Frerichs	Long	Quist	Svigum
Bennett	Graba	Ludeman	Redalen	Swanson
Bergstrom	Greenfield	Mann	Reif	Thiede
Berkelman	Gruenes	Marsh	Rice	Tomlinson
Bishop	Gustafson	McDonald	Riveness	Tunheim
Blatz	Gutknecht	McEachern	Rodosovich	Uphus
Brandl	Haukoos	McKasy	Rodriguez, C.	Valan
Burger	Heap	Metzen	Rodriguez, F.	Valento
Carlson, L.	Heinitz	Minne	Rose	Vanasek
Clark, J.	Hoffman	Munger	Sarna	Vellenga
Clark, K.	Hokr	Murphy	Schafer	Waltman
Clawson	Jacobs	Nelson, D.	Scheid	Welch
Cohen	Jennings	Nelson, K.	Schoenfeld	Welle
Coleman	Jensen	Neuenschwander	Schreiber	Wenzel
Dempsey	Johnson	Norton	Seaberg	Wynia
DenOuden	Kahn	O'Connor	Segal	Zaffke
Dimler	Kalis	Onnen	Shaver	Speaker Sieben
Eken	Kelly	Osthoff	Shea	
Elioff	Knickerbocker	Otis	Sherman	
Ellingson	Knuth	Pauly	Simoneau	

Those who voted in the negative were:

Halberg

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

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 1012.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 1012

A bill for an act relating to waste management; amending the Waste Management Act of 1980; providing for the evaluation of bedrock disposal of hazardous waste; providing for participation by private developers and operators of waste facilities in the evaluation of hazardous waste disposal sites; creating phases of environmental impact statements; expanding the definition of hazardous waste; extending the deadlines for the adoption of certain hazardous waste rules; extending certain deadlines of the metropolitan council; clarifying the contents of environmental impact statements; providing reports to counties on permit conditions and permit application requirements for county sites; authorizing issuance of bonds by Washington and Ramsey counties for a solid waste facility; amending Minnesota Statutes 1982, sections 115.071, subdivision 3; 115A.03, subdivision 10; 115A.05, subdivisions 2 and 3; 115A.06, subdivision 4; 115A.08, subdivisions 4, 5, and 6; 115A.10; 115A.11, subdivisions 1 and 2; 115A.21; 115A.22, subdivisions 1, 3, 4, 6, and 7; 115A.24, subdivision 1; 115A.25, subdivisions 1, 2, 3, and by adding subdivisions; 115A.26; 115A.27, subdivision 2; 115A.28, subdivisions 1, 2, and 3; 115A.30; 115A.54, subdivision 2; 115A.67; 115A.70, subdivision 3; 116.06, subdivision 13, and by adding a subdivision; 116.07, subdivision 4; 116.41, subdivision 1a; 473.149, subdivisions 2b, 2c, 2d, 2e, and 4; 473.153, subdivisions 2, 5, 6, 6b, and by adding a subdivision; 473.803, subdivisions 1a and 1b; 473.823, subdivision 6; 473.831, subdivision 2; 473.833, subdivisions 2a, 3, 7, and by adding a subdivision; proposing new law coded in Minnesota Statutes, chapter 115A; repealing Minnesota Statutes 1982, sections 115A.23; 115A.27, subdivision 1; 116.07, subdivision 4c; and 116.41, subdivision 1.

May 19, 1983

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S. F. No. 1012, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and S. F. No. 1012, be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 115.071, subdivision 2, is amended to read:

Subd. 2. [CRIMINAL PENALTIES.] (a) [VIOLATIONS OF LAWS; ORDERS; PERMITS.] (1) *Except as provided in sections 2 and 3*, any person who willfully or negligently violates any provision of chapters 115 or 116, or any standard, regulation, variance, order, stipulation agreement, schedule of compliance or permit issued or adopted by the agency thereunder, which violation is not included in clause (2), shall upon conviction be guilty of a misdemeanor.

(2) Any person who willfully or negligently violates any effluent standard and limitation or water quality standard adopted by the agency, any National Pollutant Discharge Elimination System permit or any term or condition thereof, any duty to permit or carry out any recording, reporting, monitoring, sampling, information entry, access, copying, or other inspection or investigation requirement as provided under applicable provisions of this chapter and, with respect to the pollution of waters of the state, chapter 116, or any National Pollutant Discharge Elimination System filing requirement, shall upon conviction be punished by a fine of not less than \$2,500 in the event of a willful violation or not less than \$300 in the event of a negligent violation. In any case the penalty shall not be more than \$25,000 per day of violation or by imprisonment for not more than one year, or both. If the conviction is for conduct committed after a first conviction of such person under this subdivision, punishment shall be by fine of not more than \$50,000 per day of violation, or by imprisonment for not more than two years, or both.

(b) [INFORMATION AND MONITORING.] Any person who knowingly makes any false statement, representation, or certification in any application, record, report, plan, or other

document filed or required to be maintained under this chapter and, with respect to the pollution of the waters of the state, chapter 116, or standards, regulations, orders, stipulation agreements, schedule of compliance or permits pursuant hereto, or who falsifies, tampers with, or knowingly renders inaccurate any monitoring device or method required to be maintained under this chapter and, with respect to the pollution of waters of the state, chapter 116, or standards, regulations, variances, orders, stipulation agreements, schedules of compliance, or permits pursuant thereto, shall upon conviction, be punished by a fine of not more than \$10,000 per day of violation, or by imprisonment for not more than six months, or both.

(c) [DUTY OF LAW ENFORCEMENT OFFICIALS.] It shall be the duty of all county attorneys, sheriffs and other peace officers, and other officers having authority in the enforcement of the general criminal laws to take all action to the extent of their authority, respectively, that may be necessary or proper for the enforcement of said provisions, regulations, standards, orders, stipulation agreements, variances, schedule of compliance, or permits.

Sec. 2. Minnesota Statutes 1982, section 115.071, is amended by adding a subdivision to read:

Subd. 2a. [HAZARDOUS WASTE; CRIMINAL PENALTIES.] A person shall be punished by a fine of not more than \$25,000 per day of violation or by imprisonment of not more than one year, or both, upon conviction of any of the following offenses:

(a) willfully or negligently violating any provision relating to hazardous waste of chapter 115 or 116, or any standard, rule, variance, order, stipulation agreement, schedule of compliance, permit, or term or condition of a permit issued or adopted by the agency under such a provision;

(b) willfully or negligently violating any duty to permit or carry out any recording, reporting, monitoring, sampling, information entry, access, copying or other inspection or investigation requirement as provided under any provision relating to hazardous waste of chapter 115 or 116, or any standard, rule, variance, order, stipulation agreement, schedule of compliance or permit issued or adopted by the agency under such a provision; or

(c) knowingly making any false material statement, representation or certification in any application, label, manifest, record, report, plan, permit or other document, or knowingly destroying, altering, or concealing any document, filed or required to be maintained with respect to hazardous waste under any provision of chapter 115 or 116, or under any standard, rule, order,

stipulation agreement, schedule of compliance or permit issued or adopted by the agency under such a provision.

If the conviction is for conduct committed after a first conviction of the person under this subdivision, punishment shall be by a fine of not more than \$50,000 per day of violation or by imprisonment of not more than two years, or both.

Sec. 3. Minnesota Statutes 1982, section 115.071, is amended by adding a subdivision to read:

Subd. 2b. [HAZARDOUS WASTE; UNLAWFUL DISPOSAL; CRIMINAL PENALTIES.] Any person who knowingly, or with reason to know, disposes of hazardous waste in a manner contrary to any provision of chapter 115 or 116, or any standard or rule adopted in accordance with those chapters relating to disposal, is guilty of a felony. Punishment shall be by a fine of not more than \$25,000 per day of violation or by imprisonment for not more than five years, or both.

For the purposes of this subdivision, the terms defined in this clause have the meanings given them.

(a) "Disposal" has the meaning given it in section 115A.03, subdivision 9.

(b) "Hazardous waste" has the meaning given it in section 116.06, subdivision 13.

Sec. 4. Minnesota Statutes 1982, section 115.071, subdivision 3, is amended to read:

Subd. 3. [CIVIL PENALTIES.] Any person who violates any provision of chapters 115 or 116, except any provisions of chapter 116 relating to air and land pollution caused by agricultural operations which do not involve National Pollutant Discharge Elimination System permits, or of (1) any effluent standards and limitations or water quality standards, (2) any (NATIONAL POLLUTANT DISCHARGE ELIMINATION SYSTEM) permit or term or condition thereof, (3) any National Pollutant Discharge Elimination System filing requirements, (4) any duty to permit or carry out inspection, entry or monitoring activities, or (5) any rules, (REGULATIONS,) stipulation agreements, variances, schedules of compliance, or orders issued by the agency, shall forfeit and pay to the state a penalty, in an amount to be determined by the court, of not more than \$10,000 per day of violation *except that if the violation relates to hazardous waste the person shall forfeit and pay to the state a penalty, in an amount to be determined by the court, of not more than \$25,000 per day of violation.*

In addition, in the discretion of the court, the defendant may be required to:

(a) forfeit and pay to the state a sum which will adequately compensate the state for the reasonable value of cleanup and other expenses directly resulting from unauthorized discharge of pollutants, whether or not accidental;

(b) forfeit and pay to the state an additional sum to constitute just compensation for any loss or destruction to wildlife, fish or other aquatic life and for other actual damages to the state caused by an unauthorized discharge of pollutants.

As a defense to any of said damages, the defendant may prove that the violation was caused solely by (1) an act of God, (2) an act of war, (3) negligence on the part of the state of Minnesota, or (4) an act or failure to act which constitutes sabotage or vandalism, or any combination of the foregoing clauses.

The civil penalties and damages provided for in this subdivision may be recovered by a civil action brought by the attorney general in the name of the state.

Sec. 5. Minnesota Statutes 1982, section 115A.03, subdivision 10, is amended to read:

Subd. 10. "Disposal facility" means a waste facility permitted by the agency that is designed or operated for the purpose of disposing of waste on or in the land, *together with any appurtenant facilities needed to process waste for disposal or transfer to another waste facility.*

Sec. 6. Minnesota Statutes 1982, section 115A.03, is amended by adding a subdivision to read:

Subd. 28a. "Retrievable storage" means a method of disposal whereby wastes are placed in a facility established pursuant to sections 115A.18 to 115A.30 for an indeterminate period in a manner designed to allow the removal of the waste at a later time.

Sec. 7. Minnesota Statutes 1982, section 115A.05, subdivision 2, is amended to read:

Subd. 2. [PERMANENT MEMBERS.] Eight of the permanent members of the board shall be appointed by the governor, with the advice and consent of the senate, to represent diverse areas and interests within the state. One member shall be appointed from each congressional district in accordance with boundaries existing on January 1, 1980. The term of office and compensation of the eight members thus appointed, and the manner of removal and filling of vacancies, shall be as provided in section 15.0575, except that the initial term of all members shall (BE FOUR YEARS) *extend until 90 days after the board makes the decisions required by section 115A.28 and the rate of compen-*

sation shall be \$50 per day spent on board activities. The ninth permanent member of the board shall be the chairperson who shall be appointed by the governor with the advice and consent of the senate. The chairperson shall serve at the pleasure of the governor for a term coterminous with that of the governor, except that the initial term of the chairperson shall (BE FOUR YEARS) *extend until 90 days after the board makes the decisions required by section 115A.28.* The chairperson shall be the executive and operating officer of the board and shall determine the time and place of meetings, preside at meetings, appoint all board officers and hire and supervise all employees subject to the approval of the board, carry out the policy decisions of the board, and perform all other duties and functions assigned to him by the board or by law. No permanent member of the board shall hold other elected or appointed public office.

Sec. 8. Minnesota Statutes 1982, section 115A.05, subdivision 3, is amended to read:

Subd. 3. [TEMPORARY MEMBERS.] (FOR THE PURPOSES OF EACH PROJECT REVIEW CONDUCTED BY THE BOARD UNDER SECTIONS 115A.18 TO 115A.30 AND 115A.32 TO 115A.39 AND FOR THE PURPOSE OF PREPARING AND ADOPTING THE HAZARDOUS WASTE MANAGEMENT PLAN UNDER SECTION 115A.11 AND MAKING DECISIONS ON THE ELEMENTS OF THE CERTIFICATION OF NEED FOR DISPOSAL REQUIRED UNDER SECTIONS 115A.18 TO 115A.30, SIX) Local representatives shall be added to the board as temporary voting members, as provided in sections 17; 115A.22, subdivision 4 (,); and 115A.34. The provisions of section 15.0575, subdivisions 3 and 4 relating to compensation, removal, and vacancy shall apply to temporary members except that the rate of compensation shall be \$50 per day spent on board activities and that appointments by the governor to fill vacancies shall take effect in the same manner as the original appointment.

Sec. 9. Minnesota Statutes 1982, section 115A.06, subdivision 4, is amended to read:

Subd. 4. [ACQUISITION OF SITES FOR HAZARDOUS WASTE FACILITIES.] The board may direct the commissioner of administration to acquire by purchase, lease, condemnation, gift, or grant, any permanent or temporary right, title, and interest in and to real property, including positive and negative easements and water, air, and development rights, for sites and buffer areas surrounding sites for hazardous waste facilities approved by the board pursuant to sections 115A.18 to 115A.30 and 115A.32 to 115A.39. The board may also direct the commissioner of administration to acquire by purchase, lease, gift, or grant, development rights for sites and buffer areas surrounding sites for all or part of the period that the development (MORATORIUM) *limitations* imposed by section 115A.21,

subdivision 3, (IS) are in effect. Money for the acquisition of any real property and interest in real property pursuant to this subdivision shall come from the issuance of state waste management bonds in accordance with sections 115A.57 to 115A.59. The property shall be leased *in accordance with terms determined by the board* to the owner and operator of the hazardous waste facility located thereon at a rate sufficient to pay debt service on the bonds which provided funds used to acquire the property and to evaluate the eligibility of the property for inclusion in the inventory under section 115A.09 or candidacy under sections 115A.18 to 115A.30. Any local government unit and the commissioners of transportation, natural resources, and administration may convey or allow the use of any property for such sites and areas, subject to the rights of the holders of any bonds issued with respect thereto, with or without compensation and without an election or approval by any other government agency. Land owned by the state may be exchanged for land not owned by the state for the purpose of providing a site and buffer area for a commercial hazardous waste facility, in accordance with the provisions of section 94.341 to 94.347 and other law. The commissioner of administration may hold the property for the purposes for which it was acquired, and may lease, rent, or dispose of the property so far as not needed for such purposes, upon the terms and in the manner the commissioner deems advisable. The right to acquire lands and property rights by condemnation shall be exercised in accordance with chapter 117. The commissioner of administration may take possession of any property for which condemnation proceedings have been commenced at any time after the issuance of a court order appointing commissioners for its condemnation. Where the property is acquired through eminent domain proceedings, the land owner's compensation shall be the fair market value of the property. Where the property is acquired by means other than through eminent domain proceedings, as by direct purchase or gift, the land owner's compensation shall be determined by the agreement of the parties involved. An award of compensation in a condemnation proceeding shall not be increased or decreased by reason of any increase or decrease in the value of the property caused by its designation in the inventory of preferred areas under section 115A.09 or as a candidate site under sections 115A.18 to 115A.30 or its selection as a site or buffer area.

Sec. 10. Minnesota Statutes 1982, section 115A.08, subdivision 4, is amended to read:

Subd. 4. [REPORT ON HAZARDOUS WASTE MANAGEMENT (: DRAFT MANAGEMENT PLAN AND CERTIFICATION OF NEED).] By (AUGUST 15, 1982) November 1, 1983, the board through its chairperson shall *issue a report* (TO THE LEGISLATIVE COMMISSION) on hazardous waste management. The report shall include at least:

(a) an evaluation of alternative disposal facilities, disposal facility technologies, and disposal facility design and operating

specifications (AND AN EXPLANATION OF THE PRELIMINARY DESIGN AND OPERATING SPECIFICATIONS FOR DISPOSAL FACILITIES SELECTED FOR CONSIDERATION UNDER SECTION 115A.23);

(b) an evaluation of prospects, strategies, and methods for developing commercial hazardous waste disposal facilities of various types, sizes, and functions;

(c) an evaluation of all feasible and prudent alternatives to disposal, including waste reduction, separation, pretreatment, processing, and resource recovery, and the potential of the alternatives to reduce the need for and practice of disposal;

(d) an evaluation of feasible and prudent disposal abatement objectives, along with a description of hazardous waste management methods and technologies, private and government actions, facilities and services, development schedules, revenue-raising measures, and levels of public and private expenditure and effort necessary to the achievement of those objectives;

(e) an evaluation of implementation strategies, including at least:

(1) waste reduction, on-site processing, and off-site management by generators;

(2) changes and improvements in regulation, licensing, permitting, and enforcement;

(3) government tax and financing programs to encourage proper waste management;

(4) institutional alternatives, such as generator associations, cooperatives, franchises, public ownership, and flow control districts;

(5) promotion of private investment;

(6) interstate cooperation;

(f) an evaluation of the possibilities for negotiating long-term contracts with other states or with facilities in other states for disposal or processing of hazardous waste from Minnesota.

The report shall analyze the environmental, social, and economic effects of the alternatives and methods by which unavoidable adverse effects could be mitigated.

(THE REPORT SHALL INCLUDE A DRAFT HAZARDOUS WASTE MANAGEMENT PLAN, BASED ON THE

ANALYSIS IN THE REPORT AND PROPOSED FOR ADOPTION PURSUANT TO SECTION 115A.11, AND A DRAFT CERTIFICATE OR CERTIFICATES OF NEED PROPOSED FOR ISSUANCE UNDER SECTION 115A.24.)

Sec. 11. Minnesota Statutes 1982, section 115A.08, subdivision 5, is amended to read:

Subd. 5. [REPORT ON MITIGATION OF LOCAL EFFECTS OF HAZARDOUS WASTE FACILITIES.] (BY AUGUST 15, 1982) *With the report required by subdivision 4, the board through its chairperson shall issue a report and make recommendations (TO THE LEGISLATIVE COMMISSION) on methods of mitigating and compensating for the local risks, costs, and other adverse effects of various types of hazardous waste facilities and on methods of financing mitigation and compensation measures. The methods of mitigating and compensating to be considered shall include but not be limited to the following: payment outside of levy limitations in lieu of taxes for all property taken off the tax rolls; preference in reviews of applications for federal funds conducted by the metropolitan council and regional development commissions; payment of all costs to service the facilities including the cost of roads, monitoring, inspection, enforcement, police and fire, and litter clean up costs; payment for buffer zone amenities and improvement; local control over buffer zone design; a guarantee against any and all liability that may occur.*

Sec. 12. Minnesota Statutes 1982, section 115A.08, subdivision 5a, is amended to read:

Subd. 5a. [REPORT ON ASSURANCE OF SECURITY OF HAZARDOUS WASTE FACILITIES.] *With the report required by subdivision 5, the board through its chairperson shall issue a report and make recommendations (TO THE LEGISLATIVE COMMISSION) on methods of assuring the security of commercial hazardous waste facilities. The report and recommendations shall be based on the need to assure: effective monitoring and enforcement during operation; effective containment, control, and corrective action in any emergency situation; financial responsibility of the owner and operator throughout the operating life of the facility, using performance bonds, insurance, escrow accounts, or other means; proper closure; financial responsibility after closure; and perpetual post-closure monitoring and maintenance. The report shall include recommendations on the source of funds, including operator contributions, fee surcharges, taxes, and other sources; the amount of funds; effective protection and guarantee of funds; administration; regulatory and permit requirements; the role of local authorities; and other similar matters.*

Sec. 13. Minnesota Statutes 1982, section 115A.08, subdivision 6, is amended to read:

Subd. 6. [PREPARATION OF HAZARDOUS WASTE REPORTS; PROCEDURES; PUBLIC INVOLVEMENT.] By January 1, 1981, the board through its chairperson shall submit a proposed scope of work and work program for the hazardous waste reports required by subdivisions 4 and 5 to the legislative commission for review. During the preparation of the proposed scope of work and work plan and the reports, the board and the chairperson on behalf of the board shall encourage public debate and discussion of the issues relating to the reports. (THE BOARD AND THE CHAIRPERSON ON BEHALF) *Representatives* of the board, including at least one permanent member, shall meet with local officials and sponsor at least one public meeting in areas of the state affected by the inventory of preferred processing facility areas prepared pursuant to section 115A.09. The board and the chairperson on behalf of the board shall follow the procedures set out in section 115A.22, for consulting with citizens in areas affected by the selection of candidate sites for disposal facilities. To assist it in preparing the reports, *the plan, and the certification of need* required by subdivisions 4 (AND 5) to 5a and sections 115A.11 and 115A.24, the board through its chairperson shall make grants to each local project review committee established for a candidate site for disposal identified under sections 115A.18 to 115A.30. The grants may be used by the committee to employ staff, pay administrative expenses, or contract with affected units of government or qualified consultants. The board and the chairperson on behalf of the board shall request recommendations from the private waste management industry, the board's advisory councils, affected regional development commissions, and the metropolitan council and shall consult with them on the board's intended disposition of the recommendations. The reports of the board shall summarize the comments received and the board's response to the comments. *Copies of the reports must be submitted to the legislative commission on waste management.*

Sec. 14. Minnesota Statutes 1982, section 115A.10, is amended to read:

115A.10 [DUTIES OF THE BOARD; HAZARDOUS WASTE FACILITIES; ENCOURAGEMENT OF PRIVATE ENTERPRISE.]

The board and the chairperson on behalf of the board shall encourage the development and operation of hazardous waste facilities by private enterprise to the extent practicable and consistent with the purposes of sections 115A.01 to 115A.72 and the board's hazardous waste management plan adopted pursuant to section 115A.11. In preparing the reports under section 115A.08 and the inventory of processing facility sites under section 115A.09, in adopting the management plan, and in its actions and decisions under sections 115A.18 to 115A.30 and 115A.32 to 115A.39, the board and the chairperson on behalf of the board shall solicit the active participation of private waste manage-

ment firms and shall so conduct its activities as to encourage private permit applications for facilities needed in the state. The board shall promulgate rules for accepting (,) and evaluating (, AND SELECTING) applications for permits for the construction and operation of facilities at sites preferred (OR SELECTED) by the board pursuant to section 115A.09 (OR SECTIONS 115A.18 TO 115A.30). The rules shall include standards and procedures for making determinations on the minimum qualifications, including technical competence and financial capability, of permit applicants. (THE RULES SHALL INCLUDE STANDARDS AND PROCEDURES FOR SOLICITING AND ACCEPTING BIDS OR PERMIT APPLICATIONS AND FOR SELECTING DEVELOPERS AND OPERATORS OF HAZARDOUS WASTE DISPOSAL FACILITIES AT SITES CHOSEN BY THE BOARD PURSUANT TO SECTIONS 115A.18 TO 115A.30, WHICH SHALL INCLUDE A PREFERENCE FOR QUALIFIED PERMIT APPLICANTS WHO CONTROL A SITE CHOSEN BY THE BOARD.)

Sec. 15. Minnesota Statutes 1982, section 115A.11, subdivision 1, is amended to read:

Subdivision 1. [CONTENTS.] (BY DECEMBER 15, 1982,) The board shall adopt a hazardous waste management plan. In developing and implementing the plan, the highest priority of the board shall be placed upon alternatives to land disposal of hazardous wastes including: technologies to modify industrial processes or introduce new processes which will reduce or eliminate hazardous waste generation; recycling, re-use, and recovery methods to reduce or eliminate hazardous waste disposal; and conversion and treatment technologies to reduce the degree of environmental risk from hazardous waste. The board shall also consider technologies for retrievable storage of hazardous wastes for later recycling, re-use, recovery, conversion, or treatment.

The plan shall include at least the following elements:

(a) an estimate of the types and volumes of hazardous waste which will be generated in the state through the year 2000;

(b) specific and quantifiable objectives for reducing to the greatest feasible and prudent extent the need for and practice of disposal, through waste reduction, pretreatment, retrievable storage, processing, and resource recovery;

(c) a description of the minimum disposal capacity and capability needed to be developed within the state for use through the year 2000, based on the achievement of the objectives under clause (b);

(d) a description of implementation strategies required to develop the needed disposal capacity under clause (c) and to

achieve the objectives under clause (b), including: the necessary private and government actions; development schedules for facilities, services, and regulations; revenue-raising and financing measures; levels of public and private effort and expenditure; legal and institutional changes; and other similar matters.

The plan shall provide for the orderly development of hazardous waste management sites and facilities to protect the health and safety of rural and urban communities. In preparing the plan the board shall consider its impact upon agriculture and natural resources.

The plan shall require the establishment in the state of at least one commercial retrievable storage or disposal facility and shall recommend and encourage methods and procedures that will insure the establishment of at least one facility for the recycling, re-use, recovery, conversion, treatment, destruction, transfer, or storage of hazardous waste. The board may make the implementation of elements of the plan contingent on actions of the legislature which have been recommended in the draft plan and certification of need and considered in the reports submitted pursuant to section 115A.08.

Sec. 16. Minnesota Statutes 1982, section 115A.11, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE.] The plan shall be based upon the reports prepared pursuant to section 115A.08. The plan, the certificate of need issued under section 115A.24, and the procedures for hearings on the draft plan and draft certificate of need, shall not be subject to the rule-making or contested case provisions of chapter 14. By July 1, 1983, the chairman of the board shall report to the legislative commission on waste management about the hearing to be held pursuant to this subdivision. The chairman shall describe the board's plans and procedures for the hearing, the provisions for encouraging public participation in the hearing, and the board's plans for preparing the required report to the legislature fully and accurately summarizing the results of the hearing, the objections raised to the board's draft plan and certification, and the board's response to the testimony received. The legislative commission shall hold a hearing to receive public comment on the board's proposed hearing procedures and thereafter shall make any recommendations it deems appropriate for changes in the board's procedures. (FOLLOWING THE SUBMISSION OF THE REPORT ON HAZARDOUS MANAGEMENT REQUIRED UNDER SECTION 115A.08, SUBDIVISION 4.) By November 1, 1983, the board through its chairperson shall issue a draft hazardous waste management plan proposed for adoption pursuant to this section, and a draft certificate or certificates of need proposed for issuance under section 115A.24. The draft plan and certificates must include an explanation of the basis of the findings, conclusions, and recommendations contained therein. The board

shall hold a public hearing on the draft plan and draft certificate or certificates of need (CONTAINED IN THE REPORT) within 30 days of their issuance. Notices of the draft plan and the draft certificate or certificates and notice of the hearing shall be published in the state register and newspapers of general circulation in the state. *The notices must indicate how copies of the draft plan and draft certificate or certificates of need may be obtained. The board shall make the draft plan and draft certificate or certificates of need available for public review and comment at least 21 days before the hearing.* The hearing shall be ordered by the chairperson of the board and shall be conducted by the state office of administrative hearings in a manner consistent with the completion of the proceedings in the time allowed by this section. *The hearing officer shall not issue a report but shall preside at the hearing to ensure that the hearing is conducted in a fair, orderly, and expeditious manner and in accordance with the hearing procedures of the board.* A majority of the permanent members of the board shall attend the hearing. In connection with the hearing, the chairperson of the board shall provide copies of the studies and reports on which the draft plan and certification of need are based and shall (MAKE AN AFFIRMATIVE PRESENTATION SHOWING THE NEED FOR AND REASONABLENESS OF THE DRAFT PLAN AND CERTIFICATION OF NEED) *present an explanation of the basis of the findings, conclusions, and recommendations in the draft plan and certification of need.*

Within 15 days following the hearing the director of the agency shall issue a hazardous waste pollution control report. The report must be submitted to the legislative commission. The report must be based on existing and proposed federal and state pollution control rules and available information and expertise on the character, nature, and degree of hazard of the types and categories of hazardous waste identified in the plan. The report must:

(a) assess the pollution control problems and risks associated with each type and category of hazardous waste identified by the draft certification of need as eligible for disposal, before or after pretreatment, at a facility or facilities of the type and design selected by the board, and identify design and pretreatment alternatives or other methods for dealing with those problems and risks;

(b) identify at least one specific alternative technology for dealing with each waste which the report recommends should not be certified for disposal, and assess the pollution control problems and risks associated with the alternatives;

(c) assess the pollution control problems and risks associated with each standard and criteria contained in the plan and certification for determining the eligibility or ineligibility of waste for disposal;

(d) assess the pollution control programs and risks associated with the processing and other alternatives to disposal which are recommended in the plan for specific types or categories of hazardous waste, and identify methods for dealing with those problems and risks.

Within 30 days following the hearing, the board shall revise the draft plan and the draft certificate or certificates of need as it deems appropriate, shall make a written response to the testimony received at the hearing and to the agency's report explaining its disposition of any recommendations made with respect to the plan and certification, and shall (FINALLY ADOPT A PLAN IN ACCORDANCE WITH THIS SECTION AND ISSUE A CERTIFICATE OR CERTIFICATES OF NEED IN ACCORDANCE WITH SECTION 115A.24) submit to the legislative commission the revised draft plan and certification of need, together with a report on the testimony received, the board's response, and the results of the hearing process.

Sec. 17. [115A.201] [BEDROCK DISPOSAL.]

Subdivision 1. [EVALUATION OF TECHNOLOGY; STUDY AREAS.] The board shall evaluate the feasibility of bedrock disposal of hazardous waste. If the board determines that bedrock disposal is or may be a feasible disposal technology, the board shall identify bedrock study areas of up to four square miles in size for further evaluation.

Subd. 2. [PARTICIPATION BY AFFECTED LOCALITIES.] A plan review committee shall be established for each study area and a temporary board member shall be appointed as provided in this subdivision, to participate in the preparation of the draft plan and certification of need to be issued under section 115A.11 and adopted under sections 115A.11 and 115A.24. Within 30 days following the identification of a bedrock study area by the board, the governor shall appoint the chair and members of a plan review committee, ensuring a balanced representation of all parties with a legitimate and direct interest in the review of the plan and certification of need. The plan review committee shall be eligible for technical assistance and grants pursuant to section 115A.08, subdivision 6, to assist it in participating in the plan and certification of need. Within 30 days following the appointment of a plan review committee, the committee shall select a temporary board member to be added to the board. Temporary board members may be members of the local plan review committee, and they shall be residents of the county in which the study area is primarily located. Temporary board members shall serve for terms lasting so long as the location the member represents is a study area. Temporary board members shall not participate or vote in decisions affecting the selection and certification of sites under this section and section 115A.21.

Subd. 3. [CANDIDATE SITES.] If the board determines that candidate sites are to be selected in the bedrock study areas, the candidate sites must be proposed and selected as provided in section 115A.21, subdivisions 1 and 2a.

Sec. 18. Minnesota Statutes 1982, section 115A.21, is amended to read:

115A.21 [CANDIDATE SITES.]

Subdivision 1. [SELECTION.] (BY MARCH 15, 1982) The board shall select (SIX) at least four locations in the state, no more than one site per county, as candidate sites for commercial disposal facilities for hazardous waste. *Candidate sites selected by the board before February 1, 1983, and additional candidate sites selected pursuant to this section, must be reviewed pursuant to sections 115A.22 to 115A.30.* No location shall be selected as a candidate site unless the agency certifies its intrinsic suitability for the use intended pursuant to subdivision 2a.

Subd. 2. [SEARCH PROCEDURE.] The board shall consult with the agency and the private waste management industry in selecting candidate sites. Any sites proposed in applications for permits for disposal facilities being reviewed by the agency may be included by the board as candidate sites, provided the agency certifies the intrinsic suitability of the sites. The agency shall suspend its review of any permit application being reviewed by the board for inclusion as a candidate site until the site is eliminated from consideration as a candidate site.

(SUBD. 2. [PROCEDURE.]) As soon as practicable, the board through its chairperson shall publish a request soliciting proposals and permit applications for hazardous waste disposal facilities from potential developers and operators of such facilities. Notice of the request shall be published in the state register and newspapers of general circulation in the state and shall be transmitted to all regional development commissions, the metropolitan council, and all counties in the state. The board may select conceptual design and operating specifications for a variety of hazardous waste disposal facilities in sufficient detail and extent in the judgment of the board to assist the evaluation of sites and the selection of candidate sites. By November 1, 1980, the board through its chairperson shall notify each regional development commission, or the metropolitan council, and each local government unit within whose jurisdiction the board intends to search for candidate sites. The notification shall explain the selection of the jurisdiction as a search area; shall summarize any conceptual specifications and the evaluation factors, criteria, standards, and procedures the board intends to use in selecting candidate sites; and shall describe the relationship of the candidate site selection process to the other review procedures under sections 115A.18 to 115A.30 and the hazardous waste

reports and plans required under sections 115A.04 to 115A.15. The notification shall request recommendations and suggestions from each such commission, the metropolitan council, and local government unit on the criteria, standards, and procedures the board should use in selecting candidate sites within the time allowed. The board through its chairperson shall make a written response to any recommendations, explaining its disposition of the recommendations. *No action of the board may be held invalid by reason of the board's failure to notify any of the entities listed in this subdivision.*

Subd. 2a. [INTRINSIC SUITABILITY CERTIFICATION.] The board shall provide to the agency data relating to the intrinsic suitability of (THE SITES) *a site to be proposed as a candidate (SITES) site as soon as available (BUT NO LATER THAN NOVEMBER 1, 1981. BY NOVEMBER 15, 1981, THE BOARD SHALL PROPOSE AT LEAST SIX LOCATIONS AS CANDIDATE SITES, AND).* The director of the agency shall issue (A) notice indicating (WHICH OF THOSE SITES) *whether the director recommends that the proposed sites should be certified as intrinsically suitable.* The board through its chairperson and the director shall publish notice of hearings on the board's proposal and the director's recommendations. Notice shall be published in the state register and newspapers of general circulation in the state and shall be sent by mail to all regional development commissions, or the metropolitan council, and to local government units containing a proposed candidate site. The hearings shall be conducted by the state office of administrative hearings in a manner consistent with the completion of the proceedings and the hearing examiner's report to the agency and board in the time allowed by this section. The hearing shall afford all interested persons an opportunity to testify and present evidence on the subject of the hearing. The subject of the hearing shall be limited to information submitted by the board and additional information on the proposed sites which is relevant to the board's decision on candidate sites and the agency's decision on intrinsic suitability. The rulemaking and contested case procedures of chapter 14 shall not apply to this hearing. The hearing examiner may consolidate hearings. The report of the hearing examiner shall contain findings of fact, conclusions, and recommendations on the subject of the hearing. The agency shall make a final determination as to the intrinsic suitability of each proposed site and shall certify sites accordingly (BY MARCH 1, 1982). No action of the board or agency (SHALL) *may be held invalid by reason of the board's or agency's failure to notify any of the entities listed in this subdivision.*

Subd. 3. [(MORATORIUM) DEVELOPMENT LIMITATIONS.] In order to permit the comparative evaluation of sites *and buffer areas* and the participation of affected localities in decisions about the use of sites *and buffer areas*, (A MORATORIUM IS HEREBY IMPOSED AS PROVIDED IN THIS

SUBDIVISION ON ALL DEVELOPMENT WITHIN EACH PROPOSED OR CANDIDATE SITE IDENTIFIED PURSUANT TO THIS SECTION) *development in each candidate site and in a buffer area identified by the board surrounding and at least equal in area to the site shall be limited to development consistent with the development plans, land use classifications, and zoning and other official controls applying to the property on February 1, 1983. No development inconsistent with the plans, use classification, controls, and zoning requirements; no transfers or change of use of public land; and no conditional uses may be permitted.* The (MORATORIUM ON CANDIDATE SITES AND BUFFER AREAS) *development limitations shall extend until (THE BOARD CHOOSES A FINAL CANDIDATE SITE OR FINAL CANDIDATE SITES PURSUANT TO THIS ARTICLE. THE MORATORIUM ON THE FINAL SITES AND BUFFER AREAS SHALL EXTEND UNTIL) six months following final action of the board pursuant to (SECTIONS 115A.18 TO 115A.30. NO DEVELOPMENT SHALL BE ALLOWED TO OCCUR WITHIN A PROPOSED SITE OR BUFFER AREA DURING THE PERIOD OF THE MORATORIUM WITHOUT THE APPROVAL OF THE BOARD) section 115A.28. No plan, land use classification, official control, or zoning of any political subdivision shall permit or be amended to permit development (WHICH HAS NOT BEEN APPROVED BY THE BOARD) inconsistent with the requirements of this section, nor shall any political subdivision sanction or approve any subdivision, permit, license, or other authorization which would allow development (TO OCCUR WHICH HAS NOT BEEN APPROVED BY THE BOARD. THE BOARD SHALL NOT APPROVE ACTIONS WHICH WOULD JEOPARDIZE THE AVAILABILITY OF A CANDIDATE SITE FOR USE AS A HAZARDOUS WASTE FACILITY. THE BOARD MAY ESTABLISH GUIDELINES FOR REVIEWING REQUESTS FOR APPROVAL UNDER THIS SUBDIVISION. THE GUIDELINES SHALL NOT BE SUBJECT TO THE RULE-MAKING PROVISIONS OF CHAPTER 14: REQUESTS FOR APPROVAL SHALL BE SUBMITTED IN WRITING TO THE CHAIRPERSON OF THE BOARD AND SHALL BE DEEMED TO BE APPROVED BY THE BOARD UNLESS THE CHAIRPERSON OTHERWISE NOTIFIES THE SUBMITTER IN WRITING WITHIN 15 DAYS) inconsistent with the requirements of this section.*

Sec. 19. Minnesota Statutes 1982, section 115A.22, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] In order systematically to involve those who would be affected most directly by disposal facilities in all decisions leading to their establishment, the board's decisions on reports referred to in subdivision 7, the (PRELIMINARY SPECIFICATIONS) *plan adopted* under section (115A.23) *115A.11*, and the certification of need required under section 115A.24 shall not be made until after the estab-

lishment of local project review committees for each candidate site, with representation on the board, pursuant to this section.

Sec. 20 Minnesota Statutes 1982, section 115A.22, subdivision 3, is amended to read:

Subd. 3. [MEMBERSHIP ON LOCAL COMMITTEES.] (BY APRIL 15, 1982) *Within 60 days following the selection of a candidate site under section 115A.21, the governor shall appoint the chairperson and members of (EACH) the local project review committee, ensuring a balanced representation of all parties with a legitimate and direct interest in the outcome of the project review. The governor shall consult particularly with affected local units of government before selecting members. Members may be added to the local committee from time to time by the governor.*

Sec. 21. Minnesota Statutes 1982, section 115A.22, subdivision 4, is amended to read:

Subd. 4. [APPOINTMENT OF TEMPORARY BOARD MEMBERS.] (BY MAY 15, 1982, EACH) *Within 30 days following the appointment of a local project review committee, the local committee shall select a temporary board member to be added to the board for the purposes of the reports (,) to be issued under section 115A.08, the plan to be adopted under section 115A.11, and the need certifications (,) and review of candidate sites conducted under sections 115A.18 to 115A.30. Temporary board members shall not participate or vote in decisions affecting the selection and certification of sites under sections 17 and 115A.21. If a local committee fails to appoint a temporary board member within (45 DAYS AFTER THE APPOINTMENT OF THE COMMITTEE) the time permitted by this subdivision, the governor shall appoint a temporary board member to represent the committee on the board. Temporary board members may be members of the local project review committee, and they shall be residents of the county where the candidate site is located. Temporary board members shall serve for terms lasting (UNTIL THE BOARD HAS TAKEN FINAL ACTION PURSUANT TO SECTION 115A.28 AND) as long as the location the member represents is a candidate site or, in the case of members representing the site or sites finally chosen for the facility, until the commencement of the operation of the facility at that site.*

Sec. 22. Minnesota Statutes 1982, section 115A.22, subdivision 6, is amended to read:

Subd. 6. [TECHNICAL ASSISTANCE; GRANTS.] To assist local project review committees to participate in the (CERTIFICATION OF NEED AND THE REVIEW PROCESS) *preparation of environmental impact statements and permit applications, the board through its chairperson shall make grants*

to the committees to be used to employ staff, pay administrative expenses, or contract with *affected units of government or qualified consultants*. The board through its chairperson shall ensure the delivery to the committees of technical information and assistance by appropriate state agencies.

Sec. 23. Minnesota Statutes 1982, section 115A.22, subdivision 7, is amended to read:

Subd. 7. [HAZARDOUS WASTE MANAGEMENT REPORTS.] The chairperson and the board shall prepare and submit the hazardous waste management reports required by section 115A.08, subdivisions 4 (AND 5) *to 5a*, in consultation with the local project review committees. The chairperson and the board shall request recommendations from the local committees and shall consult with the committees on the board's intended disposition of the recommendations. The reports of the board shall summarize the recommendations of the committees and the board's response to the recommendations. Before submitting the reports, the board shall hold at least one public meeting in each county in which a candidate site is located. A majority of the permanent members shall be present at each meeting: Notice of the meeting shall be published in a newspaper or newspapers of general circulation in the area for two successive weeks ending at least 15 days before the date of the meeting. The notice shall describe the proposed facilities, the proposed location, the purpose of the board's report to the legislature, and the subsequent and related activities of the board.

Sec. 24. Minnesota Statutes 1982, section 115A.24, subdivision 1, is amended to read:

Subdivision 1. [CERTIFICATE.] Except as provided in subdivision 2, (BY DECEMBER 15, 1982,) on the basis of and consistent with its hazardous waste management plan adopted under section 115A.11, the board shall issue a certificate or certificates of need for disposal facilities for hazardous wastes in the state. The certificate or certificates shall indicate the types and volumes of waste for which disposal facilities are and will be needed through the year 2000 and the number, types, (SIZES, GENERAL DESIGN AND OPERATING SPECIFICATIONS) *capacity*, and function or use of the disposal facilities needed in the state. *Before finally adopting the certificate of need the board shall submit it to the agency for a revision of the hazardous waste pollution control report required under section 115A.11, subdivision 2.* The board shall certify need only to the extent that the board has determined that there are no feasible and prudent alternatives including waste reduction, separation, pretreatment, processing, and resource recovery which would minimize adverse impact upon *air, water, land and all other* natural resources, provided that the board shall require the establishment of at least one commercial disposal facility in the state. Economic considerations alone shall not justify certification nor the rejection of alternatives. Alternatives that are spec-

ulative and conjectural shall not be deemed to be feasible and prudent. The board shall consider all technologies being developed in other countries as well as in the United States when it considers the alternatives to hazardous waste disposal. The certificate or certificates shall not be subject to the provisions of chapter 14 but shall be the final determination required on the matters decided by the certificate or certificates and shall have the force and effect of law. The certificate or certificates shall not be amended for five years *except as provided in section 36. (THE BOARD AND THE PERMITTING AGENCIES,)* In reviewing and selecting sites, completing *and determining the adequacy of* environmental impact statements, and issuing approvals and permits for waste disposal facilities described in the certificate or certificates of need, (SHALL NOT RECONSIDER) matters determined in the certification *shall not be reconsidered except as otherwise provided in section 36.* The board and the permitting agencies shall be required to make a final decision approving the establishment of facilities consistent with the certification (. THE BOARD AND THE PERMITTING AGENCIES SHALL BE REQUIRED TO MAKE A FINAL DECISION APPROVING THE ESTABLISHMENT OF AT LEAST ONE COMMERCIAL DISPOSAL FACILITY FOR HAZARDOUS WASTE IN THE STATE) *except as otherwise provided in section 36.*

Sec. 25. [115A.241] [PARTICIPATION BY FACILITY DEVELOPERS AND OPERATORS.]

The board shall solicit the participation of private developers and operators of waste facilities in the evaluation of hazardous waste disposal sites and facility specifications. To qualify for consideration as a developer or operator, a person shall submit a letter of intent to the board within 90 days following the publication of the board's draft plan pursuant to section 115A.08, subdivision 4. To qualify for selection as a developer or operator, a person shall submit operability reports to the board at least 60 days before the board's hearings under section 115A.27. The letters of intent and reports shall be in the form and contain the information deemed appropriate by the board.

Sec. 26. Minnesota Statutes 1982, section 115A.25, subdivision 1, is amended to read:

115A.25 [(AGENCY;) ENVIRONMENTAL REVIEW PROCEDURES.]

Subdivision 1. [ENVIRONMENTAL IMPACT STATEMENT.] (AN) A *phased* environmental impact statement (MEETING THE REQUIREMENTS OF CHAPTER 116D) shall be completed by the *board and the agency* (ON DISPOSAL FACILITIES AT EACH CANDIDATE SITE. THE STATEMENT SHALL BE FINALLY ACCEPTED OR REJECTED WITHIN 120 DAYS FOLLOWING THE ISSUANCE OF A

CERTIFICATE OR CERTIFICATES OF NEED UNDER SECTION 115A.24). *The statement must be prepared and reviewed in accordance with chapter 116D and the rules issued pursuant thereto, except as otherwise required by this section and sections 115A.11, 115A.24, 115A.28, and 115A.30. The board and agency shall follow the procedures in subdivisions 2 and 3 in lieu of the scoping requirements of chapter 116D and rules issued pursuant thereto. The statement shall be completed in two phases as provided in sections 27 and 28.*

Sec. 27. Minnesota Statutes 1982, section 115A.25, is amended by adding a subdivision to read:

Subd. 1a. [PHASE I.] *Phase I of the statement shall be completed by the board on the environmental effects of the board's decision on sites and facility specifications under section 115A.28. Phase I of the statement shall not address or reconsider alternative sites or facility numbers, types, capacity, function, and use which have been eliminated from consideration by the board's decisions under sections 115A.21 and 115A.24. The determination of the adequacy of phase I of the statement is exclusively the authority of the board. The governor shall establish an interagency advisory group to comment on the scope of phase I of the statement, to review drafts, and to provide technical assistance in the preparation and review of phase I of the statement. The advisory group shall include representatives of the agency, the departments of natural resources, health, agriculture, energy, planning and development, and transportation, and the Minnesota geological survey. In order to obtain the staff assistance necessary to prepare the statement, the chairperson of the board may request reassignment of personnel pursuant to section 16.21 and may arrange to have other agencies prepare parts of the statement pursuant to section 16.135.*

Sec. 28. Minnesota Statutes 1982, section 115A.25, is amended by adding a subdivision to read:

Subd. 1b. [PHASE II.] *Phase II of the statement shall be completed by the agency as a supplement to phase I specifically for the purpose of examining the environmental effects of the permitting decisions required to be made by the permitting agencies under section 36. In preparing, reviewing, and determining the adequacy of phase II of the statement, the agency shall not repeat or duplicate the research and analysis contained in phase I of the statement, unless the agency determines that the information available is not adequate or that additional information is necessary to examine the environmental effects of the permitting decisions. Phase II of the statement shall not address or reconsider alternative sites and facility numbers, types, capacity, function, and use which have been eliminated from consideration by the board's decisions under sections 115A.21, 115A.24, and 115A.28. The determination of adequacy of phase II of the statement must be made by the agency within 180 days*

following submission of the preliminary permit application or applications under section 36. The determination of the adequacy of phase II of the statement is exclusively the authority of the agency.

Sec. 29. Minnesota Statutes 1982, section 115A.25, subdivision 2, is amended to read:

Subd. 2. [PUBLIC DISCLOSURE.] Before commencing preparation of a phase of the environmental impact statement, the board or agency shall issue a document summarizing and making full disclosure of the intended objectives and contents of the environmental impact statement and the environmental review. Announcement of the disclosure shall be published in the state register, the environmental quality board monitor, and appropriate newspapers of general distribution. The disclosure shall:

- (a) identify the candidate sites;
- (b) summarize (PRELIMINARY DESIGN AND OPERATING) facility specifications and indicate where and when the specifications are available for inspection;
- (c) describe as fully as possible the object of the review, including the significant actions, issues, alternatives, types of impacts, and compensation and mitigation measures expected to be addressed in the statement; the depth of the analysis expected; and subjects which the statement will not address in depth because they have been disposed of previously or because they are believed to be insignificant or remote and speculative;
- (d) identify, by reference and brief summary, any related planning activities and environmental reviews which have been, are being, or will be conducted, and the substantive, chronological, and procedural relationship between the proposed review and the other activities and reviews;
- (e) identify the membership and address of the local project review committees and the names of the local representatives on the board;
- (f) summarize the comments and suggestions received from the public pursuant to subdivision 3 and the board's or agency's response.

Sec. 30. Minnesota Statutes 1982, section 115A.25, subdivision 3, is amended to read:

Subd. 3. [PUBLIC PARTICIPATION PROCEDURES.] The public disclosure document shall be issued following diligent effort to involve the public in determining the objective and

contents of the environmental impact statement. At least one public meeting shall be held in each county with a candidate site. The advice of the board, facility developers, state agencies, the local project review committees, and local units of government shall be actively solicited. The board or agency may engage the state hearing examiner to conduct meetings and make recommendations concerning the review. Each local project review committee shall present to the board or agency a written report summarizing local concerns and attitudes about the proposed action and the specific issues which the local communities and residents wish to see addressed in the environmental review.

Sec. 31. Minnesota Statutes 1982, section 115A.26, is amended to read:

115A.26 [AGENCIES; REPORT ON PERMIT CONDITIONS AND APPLICATION REQUIREMENTS.]

Within (60) 30 days following the board's determination of the adequacy of (THE FINAL) phase I of the environmental impact statement, and after consulting with the board, facility developers, affected local government units, and the local project review committees, the chief executive officer of each permitting state agency shall issue (A NOTICE OF INTENT TO ISSUE PERMITS INDICATING,) to the board draft reports on permit conditions and permit application requirements at each candidate site. The reports must indicate, to the extent possible based on existing information, the probable terms, conditions, and requirements of (AGENCY APPROVAL FOR ALL PERMITS NEEDED AT EACH CANDIDATE SITE FOR THE ESTABLISHMENT OF THE FACILITIES DESCRIBED IN THE BOARD'S CERTIFICATION OF NEED) permits, including the types and categories of waste eligible for disposal with or without pretreatment, and the probable supplementary documentation that will be required for phase II of the environmental impact statement under section 115A.25 and for permit applications under section 36. The reports may be revised following the hearings under section 115A.27 as the chief executive officer deems necessary. The (AGENCY DECISIONS SHALL) reports must be consistent with the establishment of facilities in accordance with the certification of need.

Sec. 32. Minnesota Statutes 1982, section 115A.27, subdivision 2, is amended to read:

Subd. 2. [BOARD HEARINGS.] Within (90) 120 days following the (ISSUANCE OF AGENCY NOTICE OF INTENT UNDER SECTION 115A.26) board's determination of the adequacy of phase I of the environmental impact statement under section 115A.25, the board shall conduct a hearing in each county containing a candidate site, for the purpose of receiving testimony on the (SITES AND FACILITIES TO BE ESTABLISHED) decisions required under section 115A.28. The hearings shall be ordered by the chairperson of the board (AND SHALL

BE CONDUCTED CONCURRENTLY WITH ANY AGENCY HEARING REGARDING THE SITE HELD PURSUANT TO SUBDIVISION 1). The subject of the board hearing shall not extend to matters previously decided in the board's *decision on sites under section 115A.21 and the certificate of need issued under section 115A.24*. The hearing shall be conducted for the board by the state office of administrative hearings in a manner (DETERMINED BY THE HEARING EXAMINER TO BE) consistent with the completion of the proceedings in the time allowed. The proceedings (SHALL) *and the hearing procedures are not (BE DEEMED A) subject to the rule-making or contested case (UNDER) provisions of chapter 14. The hearing officer shall not issue a report but shall preside at the hearings to ensure that the hearings are conducted in a fair, orderly, and expeditious manner and in accordance with the hearing procedures of the board.* A majority of the permanent members of the board shall be present at the hearing.

Sec. 33. Minnesota Statutes 1982, section 115A.28, subdivision 1, is amended to read:

115A.28 [FINAL (ACTION) DECISION.]

Subdivision 1. [DECISION OF BOARD.] Within 60 days following (FINAL AGENCY DECISIONS ON PERMITS PURSUANT TO SECTIONS 115A.26 AND 115A.27, SUBDIVISION 1) *the conclusion of the hearings under section 115A.27, subdivision 2, and after consulting with private facility developers, the (AGENCY) permitting agencies, affected local government units, and the local project review committees, the board shall finally select the site or sites for the facilities (AND SHALL SUBMIT OR CAUSE TO BE SUBMITTED FINAL PERMIT APPLICATIONS) and the developer and operator of the facility and shall prescribe further specifications on the number, type, capacity, function, and use of the facilities as the board deems appropriate, consistent with the board's certification of need issued under section 115A.24.* If the chairperson of the board determines that an agency (NOTICE OF INTENT) *report on permit conditions and application requirements has been substantially revised following hearings held pursuant to section 115A.27, subdivision (1) 2, the chairperson (SHALL) may delay the decision for 30 days and may order a public hearing to receive further testimony on the sites and facilities to be established. The proceeding shall be conducted as provided in section 115A.27, subdivision 2, except that hearings shall not be separately held in the affected counties and the issues relating to all agency (NOTICES) reports shall be considered at one hearing. (THE BOARD'S DECISION AND FINAL PERMIT APPLICATIONS SHALL EMBODY ALL TERMS, CONDITIONS, AND REQUIREMENTS OF THE PERMITTING AGENCIES, PROVIDED THAT THE BOARD MAY: (A) FINALLY RESOLVE ANY CONFLICTS BETWEEN STATE AGENCIES REGARDING PERMIT TERMS, CONDITIONS, AND RE-*

QUIREMENTS, AND (B) REQUIRE MORE STRINGENT TERMS, CONDITIONS, AND REQUIREMENTS RESPECTING THE FACILITY AS MAY BE CONSISTENT WITH THE CERTIFICATION OF NEED AND THE AGENCY RULES AND PERMIT CONDITIONS. THE BOARD'S RESOLUTION OF CONFLICTS UNDER CLAUSE (A) SHALL BE IN FAVOR OF THE MORE STRINGENT TERMS, CONDITIONS, AND REQUIREMENTS.) The board's decision (AND THE PERMIT APPLICATIONS) shall provide for the establishment of facilities consistent with the board's certification of need.

Sec. 34. Minnesota Statutes 1982, section 115A.28, subdivision 2, is amended to read:

Subd. 2. [BOARD'S DECISION PARAMOUNT.] The board's decision under subdivision 1 shall be final and shall supersede and preempt requirements of state agencies and political subdivisions and the requirements of sections 473H.02 to 473H.17; except that a facility established pursuant to the decision shall be subject to (THOSE) terms, conditions, and requirements *in permits of state or federal permitting agencies (EMBODIED IN THE BOARD'S DECISION), the terms of lease determined by the board under section 115A.06, subdivision 4, and any requirements imposed pursuant to subdivision 3. (THE PERMITTING AGENCIES SHALL ISSUE PERMITS WITHIN 60 DAYS FOLLOWING AND IN ACCORDANCE WITH THE BOARD'S FINAL DECISION, AND ALL PERMITS SHALL CONFORM TO THE TERMS, CONDITIONS, AND REQUIREMENTS OF THE BOARD'S DECISION.) Except as otherwise provided in this section, no charter provision, ordinance, regulation, permit, or other requirement of any state agency or political subdivision shall prevent or restrict the establishment, operation, expansion, continuance, or closure of a facility in accordance with the final decision and leases of the board and permits issued (PURSUANT THERETO) by state or federal permitting agencies.*

Sec. 35. Minnesota Statutes 1982, section 115A.28, subdivision 3, is amended to read:

Subd. 3. [LOCAL REQUIREMENTS.] A political subdivision may impose reasonable requirements respecting the construction, inspection, operation, monitoring, and maintenance of a facility. Any such requirements shall be subject to review by the (AGENCY) *board to determine their reasonableness and consistency with the establishment and use of a facility in accordance with the final decision and lease of the board and by the agency to determine their reasonableness and consistency with permits (ISSUED PURSUANT THERETO) of state and federal permitting agencies.* The board or agency may approve, disapprove, suspend, modify, or reverse any such requirements. The decision of the board or agency shall be final.

Sec. 36. [115A.291] [PERMITS.]

Research and analysis necessary to the permit applications and permit decisions required under this chapter, and the supporting environmental study, must commence immediately following the board's decision under section 115A.28. Within 180 days following its final decision under section 115A.28, the board shall submit or cause to be submitted a preliminary application for permits for a facility or facilities consistent with its decision under section 115A.28. Following review by the permitting agencies and within 60 days following the agency's determination of the adequacy of phase II of the environmental impact statement, the board shall revise the application, or cause it to be revised, in accordance with the recommendations of the permitting agencies. In preparing its revised permit application, the board may amend its certification of need issued under section 115A.24 or its facility specifications under section 115A.28, if the board finds and determines, based upon the recommendations of the permitting agencies, that: (a) the amendments are necessary to secure permits for the construction and operation of the proposed facility at the proposed site, and (b) the recommendations and amendments are the result of new information or rules produced after the board's decisions under sections 115A.24 and 115A.28. Within 210 days following the submission of the revised permit application, the permitting agencies shall issue the necessary permits unless the pollution control agency determines that the facility or facilities proposed for permitting present environmental problems which cannot be addressed through the imposition of permit conditions.

Sec. 37. Minnesota Statutes 1982, section 115A.30, is amended to read:

115A.30 [JUDICIAL REVIEW.]

Any civil action maintained by or against the agency or board under sections 115A.18 to 115A.30 shall be brought in the county where the board is located and shall take precedence over all other matters of a civil nature and be expedited to the maximum extent possible. Any person aggrieved by a (FINAL) decision of the board (AUTHORIZING FACILITIES) or an agency under sections 115A.18 to 115A.30 may appeal therefrom within 30 days following all final decisions on the issuance of permits. Any appeal shall be conducted as a review of the administrative record as provided in (CHAPTER 14) sections 14.63 to 14.70. No civil action shall be maintained pursuant to section 116B.03 with respect to conduct taken by a person pursuant to any environmental quality standard, limitation, regulation, rule, order, license, stipulation agreement or permit issued by the board under sections 115A.18 to 115A.30. Notwithstanding any provision of chapter 116B to the contrary, in any action brought under that chapter with respect to any decision or conduct undertaken by any person or the board or agency pursuant to sections

115A.18 to 115A.30 after the period for appeal under this section has lapsed, the plaintiff shall have the burden of proving that the evidence required under section 116B.10 was not reasonably available within the time provided for appeal. The trial court shall, upon motion of any prevailing non-governmental party, award costs, disbursements, reasonable attorney's fees, and reasonable expert witness fees, if the court finds the action hereunder was commenced or defended in bad faith or was frivolous.

Sec. 38. Minnesota Statutes 1982, section 115A.54, subdivision 2, is amended to read:

Subd. 2. [ADMINISTRATION; ASSURANCE OF FUNDS.] The board shall provide technical and financial assistance for the acquisition and betterment of the facilities and transfer stations from revenues derived from the issuance of bonds authorized by section 115A.58. *Facilities for the incineration of solid waste without resource recovery are not eligible for assistance.* Of money appropriated for the purposes of the demonstration program, at least 70 percent shall be distributed as loans, and the remainder shall be distributed as grants. An individual project may receive assistance totaling up to 100 percent of the capital cost of the project and grants up to 50 percent of the capital cost of the project. No grant or loan shall be disbursed to any recipient until the board has determined the total estimated capital cost of the project and ascertained that financing of the cost is assured by funds provided by the state, by an agency of the federal government within the amount of funds then appropriated to that agency and allocated by it to projects within the state, by any person, or by the appropriation of proceeds of bonds or other funds of the recipient to a fund for the construction of the project.

Sec. 39. Minnesota Statutes 1982, section 115A.67, is amended to read:

115A.67 [ORGANIZATION OF DISTRICT.]

The governing body of each county wholly or partly within the district shall appoint two persons to serve on the first board of directors of the district, *except that in the case of a district having territory within only two counties each county may appoint three persons. At least one person appointed by each county shall be an elected official of a local government unit having territory within the district.* The first chairperson of the board of directors shall be appointed *from outside the first board of directors* by the chairperson of the waste management board. (AND SHALL BE A LOCAL ELECTED OFFICIAL WITHIN THE DISTRICT). The first chairperson shall serve for a term of two years. Thereafter the chairperson shall be elected from outside the board of directors by majority vote of the board of directors. *Members of the board of directors shall be residents of the district.* The first meeting of the board of directors shall be held

at the call of the chairperson, after notice, for the purpose of proposing the bylaws, electing officers and for any other business that comes before the meeting. The bylaws of the district, and amendments thereto, shall be adopted by a majority vote of the board of directors unless the certificate of incorporation requires a greater vote. The bylaws shall state:

(a) the manner and time of calling regular meetings of the representatives and the board of directors, not less than once annually;

(b) the title, manner of selection, and term of office of officers of the district;

(c) the term of office of members of the board of directors, the manner of their removal, and the manner of filling vacancies on the board of directors;

(d) the powers and duties of the board of directors consistent with the order and articles of incorporation establishing the district;

(e) the definition of a quorum for meetings of the board of directors, which shall be not less than a majority of the members;

(f) the compensation and reimbursement for expenses for members of the board of directors, which shall not exceed that provided for in section 15.0575, subdivision 3; and

(g) such other provisions for regulating the affairs of the district as the board of directors shall determine to be necessary.

Sec. 40. Minnesota Statutes 1982, section 115A.70, subdivision 3, is amended to read:

Subd. 3. [EXEMPTION.] (THE DISTRICT SHALL NOT DESIGNATE AND REQUIRE USE OF FACILITIES FOR MATERIALS WHICH ARE BEING SEPARATED FROM SOLID WASTE AND RECOVERED FOR REUSE OR RECYCLING BY THE GENERATOR, BY A PRIVATE PERSON UNDER CONTRACT WITH THE GENERATOR OR BY A LICENSED SOLID WASTE COLLECTOR. THE DISTRICT SHALL NOT DESIGNATE AND REQUIRE USE OF FACILITIES FOR MATERIALS WHICH ARE BEING DELIVERED TO ANOTHER RESOURCE RECOVERY FACILITY) *The designation may not apply to or include:*

(a) *materials which are separated from solid waste and recovered for reuse in their original form or for use in manufacturing processes; or*

(b) materials other than those described in clause (a) which are being used at another resource recovery facility unless the district finds and determines that the required use is consistent with criteria and standards concerning displacement of existing facilities and with the evaluation of resource recovery designation which are required in the solid waste management plan of the district.

Sec. 41. Minnesota Statutes 1982, section 115A.70, is amended by adding a subdivision to read:

Subd. 7. [RELATIONSHIP TO COUNTY DESIGNATION PROCEDURES.] A district need not repeat the designation procedures set out in subdivision 4 to the extent that these procedures have been completed by each county having territory in the district or by a joint powers board composed of each county having territory in the district. A district need not submit the designation for review pursuant to subdivision 2 if the designation has already been approved under section 115A.071 following submission by each county having territory in the district or by a joint powers board composed of each county having territory in the district.

Sec. 42. Minnesota Statutes 1982, section 116.06, is amended by adding a subdivision to read:

Subd. 9i. "Sludge" means any solid, semi-solid, or liquid waste generated from a municipal, commercial, or industrial waste water treatment plant, water supply treatment plant, or air contaminant treatment facility, or any other waste having similar characteristics and effects.

Sec. 43. Minnesota Statutes 1982, section 116.06, subdivision 13, is amended to read:

Subd. 13. "Hazardous waste" means any refuse, sludge, or (DISCARDED) other waste material or combinations of refuse, sludge or (DISCARDED) other waste materials in solid, semi-solid, liquid, or contained gaseous form which (CANNOT BE HANDLED BY ROUTINE WASTE MANAGEMENT TECHNIQUES) because (THEY) of its quantity, concentration, or chemical, physical, or infectious characteristics may (a) cause or significantly contribute to an increase in mortality or an increase in serious irreversible, or incapacitating reversible illness; or (b) pose a substantial present or potential hazard to human health or (OTHER LIVING ORGANISMS BECAUSE OF THEIR CHEMICAL, BIOLOGICAL, OR PHYSICAL PROPERTIES) the environment when improperly treated, stored, transported, or disposed of, or otherwise managed. Categories of hazardous waste materials include, but are not limited to: explosives, flammables, oxidizers, poisons, irritants, and corrosives. Hazardous waste does not include (SEWAGE

SLUDGE AND) source, special nuclear, or by-product material as defined by the Atomic Energy Act of 1954, as amended.

Sec. 44. Minnesota Statutes 1982, section 116.07, subdivision 4, is amended to read:

Subd. 4. [RULES AND STANDARDS.] Pursuant and subject to the provisions of chapter 14, and the provisions hereof, the pollution control agency may adopt, amend and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1969, Chapter 1046, for the prevention, abatement, or control of air pollution. Any such rule or standard may be of general application throughout the state, or may be limited as to times, places, circumstances, or conditions in order to make due allowance for variations therein. Without limitation, rules or standards may relate to sources or emissions of air contamination or air pollution, to the quality or composition of such emissions, or to the quality of or composition of the ambient air or outdoor atmosphere or to any other matter relevant to the prevention, abatement, or control of air pollution.

Pursuant and subject to the provisions of chapter 14, and the provisions hereof, the pollution control agency may adopt, amend, and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1969, Chapter 1046, for the collection, transportation, storage, processing, and disposal of solid waste and the prevention, abatement, or control of water, air, and land pollution which may be related thereto, and the deposit in or on land of any other material that may tend to cause pollution. The agency shall adopt such rules and standards for sewage sludge, addressing the intrinsic suitability of land, the volume and rate of application of sewage sludge of various degrees of intrinsic hazard, design of facilities, and operation of facilities and sites. The agency shall promulgate temporary rules for sewage sludge pursuant to sections 14.29 to 14.36. Notwithstanding the provisions of sections 14.29 to 14.36, the temporary rules shall be effective until permanent rules are promulgated or March 1, 1982, whichever is earlier. Any such rule or standard may be of general application throughout the state or may be limited as to times, places, circumstances, or conditions in order to make due allowance for variations therein. Without limitation, rules or standards may relate to collection, transportation, processing, disposal, equipment, location, procedures, methods, systems or techniques or to any other matter relevant to the prevention, abatement or control of water, air, and land pollution which may be advised through the control of collection, transportation, processing, and disposal of solid waste and sewage sludge, and the deposit in or on land of any other material that may tend to cause pollution. By January 1, 1983, the rules for the management of sewage sludge shall include an analysis of the sewage sludge determined by the commissioner of agriculture to be necessary to meet the soil amendment labeling requirements of section 17.716.

Pursuant and subject to the provisions of chapter 14, and the provisions hereof, the pollution control agency may adopt, amend and rescind rules and standards having the force of law relating to any purpose within the provisions of Laws 1971, Chapter 727, for the prevention, abatement, or control of noise pollution. Any such rule or standard may be of general application throughout the state, or may be limited as to times, places, circumstances or conditions in order to make due allowances for variations therein. Without limitation, rules or standards may relate to sources or emissions of noise or noise pollution, to the quality or composition of noises in the natural environment, or to any other matter relevant to the prevention, abatement, or control of noise pollution.

As to any matters subject to this chapter, local units of government may set emission regulations with respect to stationary sources which are more stringent than those set by the pollution control agency.

Pursuant to chapter 14, the pollution control agency may adopt, amend, and rescind rules and standards having the force of law relating to any purpose within the provisions of this chapter for *generators of hazardous waste*, the management, identification, labeling, classification, storage, collection, treatment, transportation, processing, and disposal of hazardous waste and the location of hazardous waste facilities. A rule or standard may be of general application throughout the state or may be limited as to time, places, circumstances, or conditions. (THE PUBLIC UTILITIES COMMISSION, IN COOPERATION WITH THE POLLUTION CONTROL AGENCY, SHALL SET STANDARDS FOR THE TRANSPORTATION OF HAZARDOUS WASTE IN ACCORDANCE WITH CHAPTER 221.) In implementing its hazardous waste rules, the pollution control agency shall give high priority to providing planning and technical assistance to hazardous waste generators. The agency shall assist generators in investigating the availability and feasibility of both interim and long term hazardous waste management methods. The methods shall include waste reduction, waste separation, waste processing, resource recovery, and temporary storage.

The pollution control agency shall give highest priority in the consideration of permits to authorize disposal of diseased shade trees by open burning at designated sites to evidence concerning economic costs of transportation and disposal of diseased shade trees by alternative methods.

Sec. 45. Minnesota Statutes 1982, section 116.07, is amended by adding a subdivision to read:

Subd. 4d. [HAZARDOUS WASTE PROCESSING FACILITIES; AGREEMENTS; FINANCIAL RESPONSIBILITY.]
When the agency issues a permit for a facility for the processing

of hazardous waste, the agency may approve as a condition of the permit an agreement by which the permittee indemnifies the generators of hazardous waste accepted by the facility for part or all of any liability which may accrue to the generators as a result of a release or threatened release of a hazardous waste from the facility. The agency may approve an agreement under this subdivision only if the agency determines that the permittee has demonstrated financial responsibility to carry out the agreement during the term of the permit. If a generator of hazardous waste accepted by a permitted processing facility is held liable for costs or damages arising out of a release of a hazardous waste from the facility, and the permittee is subject to an agreement approved under this subdivision, the generator is liable to the extent that the costs or damages were not paid under this agreement.

Sec. 46. Minnesota Statutes 1982, section 473.149, subdivision 2b, is amended to read:

Subd. 2b. [INVENTORY OF SOLID WASTE DISPOSAL SITES.] By (FEBRUARY 1, 1982) *September 1, 1983*, the council shall adopt by resolution an inventory of eligible solid waste disposal sites and buffer areas within the metropolitan area. The council's inventory shall be composed of the sites and buffer areas proposed by the counties and reviewed and approved by the council pursuant to section 473.803, subdivision 1a. If a county does not have an approved inventory of the required number of sites by *June 1, 1983*, the council shall (ADOPT THE REQUIRED INVENTORY FOR THE COUNTY, FOLLOWING) begin investigations (BY THE COUNCIL) and public hearings (AS THE COUNCIL DEEMS APPROPRIATE) in order to adopt the required inventory for the county by *September 1, 1983*. The council's inventory shall satisfy all requirements and standards described in section 473.803, subdivision 1a, for sites and buffer areas proposed by counties. For sites and buffer areas included in the council's inventory, the (MORATORIUM) development limitation imposed under section (473.803) 59, subdivision (1A) 1, shall extend until (OCTOBER 1, 1983) 90 days following the selection of sites pursuant to section 473.833, subdivision 3.

Sec. 47. Minnesota Statutes 1982, section 473.149, subdivision 2c, is amended to read:

Subd. 2c. [REPORT ON LOCAL EFFECTS OF SOLID WASTE DISPOSAL FACILITIES; REPORT TO LEGISLATURE.] By (AUGUST 15, 1982) *November 1, 1983*, the council shall report to the legislative commission on methods of mitigating and compensating for the local risks, costs, and other adverse effects of solid waste disposal facilities and on methods of financing mitigation and compensation measures. The methods of mitigating and compensating to be considered shall include but not be limited to the following: *compensation to*

landowners for damages resulting from the selection of a site for the inventory of sites or for development as a facility, payment outside of levy limitations in lieu of taxes for all property taken off the tax rolls; preference for the city or town containing a facility in federal A-95 reviews conducted by the council; payment of all costs to service the facilities including the costs of roads, monitoring, inspection, enforcement, police and fire, and litter clean up costs; payment for buffer zone amenities and improvements; city or town control over buffer zone design; elimination of the tipping charge for solid waste collected in the city or town; a guarantee against any and all liability that may occur; payment for reclamation of closed sites to local design specifications.

Sec. 48. Minnesota Statutes 1982, section 473.149, subdivision 2d, is amended to read:

Subd. 2d. [LAND DISPOSAL ABATEMENT PLAN.] By January 1, (1983) 1984, after considering county land disposal abatement proposals submitted pursuant to section 473.803, subdivision 1b, the council shall amend its policy plan to include specific and quantifiable objectives for abating the land disposal of mixed municipal solid waste. The plan shall include a reduced estimate, based on the council's abatement objectives, of the added solid waste disposal capacity needed in appropriate sectors of the metropolitan area, stated in annual increments through the year 1990 and thereafter in five year increments through the year 2000. The objectives in the plan shall be based upon standards for county resource recovery and waste reduction and separation programs and activities. The plan shall include standards and procedures to be used by the council in determining that metropolitan counties have not implemented the council's land disposal abatement plan and have not met the standards for county abatement programs and activities. The council shall report to the legislative commission on its abatement plan and on legislation that may be required to implement the plan.

Sec. 49. Minnesota Statutes 1982, section 473.149, subdivision 2e, is amended to read:

Subd. 2e. [SOLID WASTE DISPOSAL FACILITIES DEVELOPMENT SCHEDULE.] By January 1, (1983) 1984, after requesting and considering recommendations from the counties, cities, and towns, the council as part of its policy plan shall determine the number and capacity of sites to be acquired within each metropolitan county for solid waste disposal facilities in accordance with section 473.833. The council shall adopt a schedule for development of disposal facilities by each (SUCH) county through the year 2000. The schedule shall be based upon the council's reduced estimate of the disposal capacity needed because of the council's land disposal abatement plan. *The council may make the implementation of elements of the schedule*

contingent on actions of the counties in adopting and implementing county abatement plans pursuant to section 473.803, subdivision 1b; and the council shall review the development schedule at least every two years and shall revise the development schedule as it deems appropriate based on the progress made in the adoption and implementation of the council and county abatement plans. The schedule may include procedures to be used by counties in selecting sites for acquisition pursuant to section 473.833. The schedule shall include standards and procedures for council certification of need pursuant to section 473.823. The schedule shall include a facility closure schedule and plans for post-closure management and disposition, for the use of property after acquisition and before facility development, and for the disposition of property and development rights, as defined in section 473.833, no longer needed for disposal facilities. The schedule shall also include a closure schedule and plans for post-closure management for facilities in existence (PRIOR TO JANUARY 1, 1983) before the adoption of the development schedule.

Sec. 50. Minnesota Statutes 1982, section 473.149, subdivision 4, is amended to read:

Subd. 4. [ADVISORY COMMITTEE.] The council shall establish an advisory committee to aid in the preparation of the policy plan, the performance of the council's responsibilities under subdivisions 2 to 2e, the review of county master plans and reports and applications for permits for waste facilities, under sections 473.151 and 473.801 to 473.823 and sections 473.827, 473.831 and 473.833, and other duties determined by the council. The committee shall consist of one-third citizen representatives, one-third representatives from metropolitan counties and municipalities, and one-third representatives from private waste management firms. From (OCTOBER 1, 1981 to JANUARY 1, 1983) *at least the date that the council adopts the inventory under subdivision 2b to the date that the council adopts a development schedule under subdivision 2e*, for the purpose only of participating in the preparation of the legislative report required by subdivision 2c (AND), the land disposal abatement plan required by subdivision 2d, *and the development schedule required by subdivision 2e*, additional members shall be included on the advisory committee sufficient to assure that at least one-third of the members of the committee are residents of cities or towns containing eligible solid waste disposal sites included in the council's disposal site inventory, and that counties containing three sites have at least two additional members and counties containing one or two sites have at least one additional member. A representative from the pollution control agency, one from the waste management board established under section 115A.04, and one from the Minnesota health department shall serve as ex officio members of the committee.

Sec. 51. Minnesota Statutes 1982, section 473.153, subdivision 2, is amended to read:

Subd. 2. [CANDIDATE SITE SELECTION. (BY DECEMBER 15, 1981,) The council shall select (SIX) candidate sites for the disposal of the commission's sewage sludge and solid waste, together with appropriate surrounding buffer areas. *The council shall select at least four candidate sites by September 1, 1983.* The council shall evaluate sites for candidacy on the basis of at least the following factors: local land use and land use controls, the protection of agriculture and natural resources, existing and future development patterns, transportation facilities, distance from the points of generation, and the intrinsic suitability of sites compared with other potential sites. Notwithstanding any plan, charter provision, law, ordinance, regulation, or other requirement of the council, counties, or local units of government, no land shall be excluded from consideration for candidacy except land determined by the agency to be intrinsically unsuitable. No site shall be selected for candidacy unless the agency certifies its intrinsic suitability for the use intended, based on preliminary environmental analysis and on-site surveys and investigations conducted by the council. The council shall provide to the agency data relating to the intrinsic suitability of the sites to be proposed as candidate sites as soon as available (BUT NO LATER THAN AUGUST 15, 1981). (BY SEPTEMBER 1, 1981,) The council shall propose at least six locations as candidate sites and the director of the agency shall issue a notice indicating which of those sites the director recommends be certified as intrinsically suitable. The director shall publish notice of a consolidated hearing on the recommendation. Notice shall be published in the state register and newspapers of general circulation in the metropolitan area and shall be sent by mail to local government units containing a proposed candidate site. The hearing shall be conducted by the state office of administrative hearings in a manner consistent with the completion of the proceedings and the hearing examiner's report to the agency in the time allowed by this section. The hearing shall afford all interested persons an opportunity to testify and present evidence on the subject of the hearing. The subject of the hearing shall be limited to information submitted by the council and additional information on the proposed sites which is relevant to the agency's decision on intrinsic suitability. The rulemaking and contested case procedures of chapter 14 shall not apply to this hearing. The report of the hearing examiner shall contain findings of fact, conclusions, and recommendations on the subject of the hearing. The agency shall make a final determination as to the intrinsic suitability of each proposed site and shall certify them accordingly (BY DECEMBER 1, 1981) *within 90 days of the council's proposal of a site.* The agency shall not be required to promulgate rules pursuant to chapter 14 on criteria and standards to govern its certification of intrinsic suitability under this section. No action of the agency shall be held invalid by reason of the agency's failure to notify any of the entities listed in this subdivision. In selecting candidate sites, the council shall prefer land which is capable of being returned to its existing use or the use anticipated in a plan of a metropolitan agency, county,

or local unit of government use after closure of a disposal facility.

Sec. 52. Minnesota Statutes 1982, section 473.153, subdivision 5, is amended to read:

Subd. 5. [ENVIRONMENTAL (AND PERMIT) REVIEW.] An environmental impact statement (MEETING THE REQUIREMENTS OF CHAPTER 116D SHALL) *must* be completed on (EACH CANDIDATE SITE, PROVIDED THAT) *the environmental effects of the council's decisions required by subdivision 6. The statement (SHALL) must be (FINALLY ACCEPTED OR REJECTED WITHIN 280 DAYS OF THE SELECTION OF CANDIDATE SITES. WITHIN 90 DAYS FOLLOWING THE ACCEPTANCE OF THE STATEMENT, THE AGENCY SHALL INDICATE THE CONDITIONS AND TERMS OF APPROVAL OF ALL PERMITS NEEDED AT EACH CANDIDATE SITE) prepared and reviewed in accordance with chapter 116D and the rules issued pursuant thereto, except as otherwise required by this section. The statement must not address or reconsider alternatives eliminated from consideration pursuant to subdivisions 1 and 2 and must not address the matters to be decided by the council pursuant to subdivision 6b.*

Sec. 53. Minnesota Statutes 1982, section 473.153, is amended by adding a subdivision to read:

Subd. 5a. [AGENCIES; REPORT ON PERMIT CONDITIONS AND APPLICATION REQUIREMENTS.] *Within 30 days following the council's determination of adequacy pursuant to subdivision 5, the chief executive officer of each permitting state agency shall issue to the council reports on permit conditions and permit application requirements at each candidate site. The reports must indicate, to the extent possible based on existing information, the probable terms, conditions, and requirements of permits and the probable supplementary documentation that will be required for permit applications. The reports must be consistent with the establishment of facilities in accordance with the requirements of this section, must not address or reconsider alternatives eliminated from consideration under subdivisions 1 and 2, and must not address the matters to be decided by the council pursuant to subdivision 6b.*

Sec. 54. Minnesota Statutes 1982, section 473.153, subdivision 6, is amended to read:

Subd. 6. [COUNCIL SITE SELECTION.] *Within 90 days following the (AGENCY'S DECISION ON PERMIT CONDITIONS AND TERMS) determination of adequacy, the council shall select at least one of the candidate sites for acquisition and development by the commission. Before its selection the council shall consult with the advisory committee and affected counties, cities, and towns.*

Sec. 55. Minnesota Statutes 1982, section 473.153, subdivision 6b, is amended to read:

Subd. 6b. [CERTIFICATION OF NEED.] No new facility for disposing of (SLUDGE,) ash (,) and other waste generated by the commission shall be permitted in the metropolitan area without a certification of need issued by the council indicating the council's determination:

(a) that the disposal of waste with concentrations of hazardous materials is necessary; and

(b) that the additional ash disposal capacity planned for the facility is needed.

The council shall certify need only to the extent that there are no feasible and prudent methods of reducing the concentrations of hazardous materials in the waste and no feasible and prudent alternatives to the ash disposal facility, *including large-scale composting and co-composting of sludge*, which would minimize adverse impact upon natural resources. Methods and alternatives that are speculative or conjectural shall not be deemed to be feasible and prudent. Economic considerations alone shall not justify the certification of need or the rejection of methods or alternatives, *including large-scale composting and co-composting of sludge as an alternative to incineration*. In its certification the council shall not consider alternatives which have been eliminated from consideration by the selection of sites pursuant to subdivisions 2 and 6.

Sec. 56. Minnesota Statutes 1982, section 473.153, is amended by adding a subdivision to read:

Subd. 6c. [CERTIFICATION OF NEED; RESTRICTION.] *No certification of need may be issued by the council pursuant to subdivision 6b until the report required by this subdivision is submitted to the legislative commission on waste management. The council shall submit the report by January 1, 1984. The report shall evaluate the potential of large-scale sewage sludge composting and co-composting to reduce the need for sewage sludge incineration, sewage sludge ash disposal, and mixed municipal solid waste land disposal; recommend institutional arrangements necessary for the implementation of large-scale sewage sludge composting and co-composting; and compare the costs and benefits of composting and co-composting with the costs, including costs already incurred, and the benefits of incineration.*

Sec. 57. Minnesota Statutes 1982, section 473.803, subdivision 1a, is amended to read:

Subd. 1a. [PROPOSED INVENTORY OF DISPOSAL SITES.] By October 15, 1981, each county shall adopt, by resolution of its governing body, an inventory of four proposed sites in the county suitable for mixed municipal solid waste disposal facilities (AND ONE PROPOSED SITE IN THE COUNTY SUITABLE FOR THE DISPOSAL OF DEMOLITION DEBRIS) and shall submit the inventory to the council for approval or disapproval. The council shall evaluate and approve or disapprove each proposed site in accordance with the standards set out in this subdivision. Except as otherwise provided in this subdivision, each site shall satisfy the standards and criteria in federal and state regulations and the council's policy plan for solid waste management. In proposing and approving sites for the inventory, the counties and the council shall prefer land which is capable of being returned to its existing use or the use anticipated in a plan of a metropolitan agency, county, or local unit of government use after closure of a disposal facility. Each site shall contain no less than 80 acres and no more than 250 acres. Each proposed site shall be surrounded by a buffer area at least equal to the area of the site. No site shall be adopted by a county or the council as part of an inventory unless the agency certifies its intrinsic suitability for the use intended, based on preliminary environmental analysis and on site surveys and investigations conducted by the county. Notwithstanding any plan, charter provision, law, ordinance, regulation, or other requirement of any state agency or political subdivision, no land shall be excluded from consideration for inclusion in the inventory except land determined by the agency to be intrinsically unsuitable. Each county shall provide to the agency data relating to the intrinsic suitability of the sites to be proposed for the inventory as soon as available (BUT NO LATER THAN JUNE 15, 1981). By July 1, 1981 each county shall propose at least the number of sites required for the inventory, and the director of the agency shall issue a notice indicating which of those sites the director recommends be certified as intrinsically suitable. Notice of hearings on the director's recommendation shall be published in the state register and newspapers of general circulation in the metropolitan area and shall be sent by mail to the metropolitan council and local government units containing a proposed inventory site. A hearing shall be held in each metropolitan county and shall be conducted by the state office of administrative hearings in a manner consistent with the completion of the proceedings and the hearing examiner's report to the agency in the time allowed by this section. The hearing shall afford all interested persons an opportunity to testify and present evidence on the subject of the hearing. The subject of the hearing shall be limited to information submitted by the county and additional information on the proposed sites which is relevant to the agency's decision on intrinsic suitability. The rulemaking and contested case procedures of chapter 14 shall not apply to this hearing. The report of the hearing examiner shall contain findings of fact, conclusions, and recommendations on the subject of the hearing. The agency shall make a final determination as to the intrinsic suit-

ability of each proposed site and shall certify them accordingly (BY OCTOBER 1, 1981) *within 90 days of the county's proposal of a site.* The agency shall not be required to promulgate rules pursuant to chapter 15 on criteria and standards to govern its certification of intrinsic suitability under this section. No action of the agency shall be held invalid by reason of the agency's failure to notify any of the entities listed in this subdivision. The council shall evaluate each site with respect to local land use and land use controls, the protection of agriculture and natural resources, existing and future development patterns, transportation facilities and other services and facilities appropriate to land disposal facilities, the quality of other potential sites, and patterns of generation of solid waste. The council shall notify a county of any site proposed by the county which the council disapproves and shall allow the county 60 days to propose an alternative site. If the county fails to propose an alternative acceptable to the council in the time allowed, the council shall propose a site acceptable to it for inclusion in the inventory of sites in that county. If in the council's judgment a county does not contain the requisite number of satisfactory sites, the council may reduce the number of sites required of that county.

(IN ORDER TO PERMIT THE COMPARATIVE EVALUATION OF SITES AND THE PARTICIPATION OF AFFECTED LOCALITIES IN DECISIONS ABOUT THE USE OF SITES. A MORATORIUM IS HEREBY IMPOSED AS PROVIDED IN THIS SUBDIVISION ON DEVELOPMENT WITHIN THE AREA OF EACH SITE AND BUFFER AREA PROPOSED BY A COUNTY. PENDING THE COUNCIL'S ADOPTION OF AN INVENTORY PURSUANT TO SECTION 473.149, SUBDIVISION 2B. FOR SITES AND BUFFER AREAS INCLUDED IN THE COUNCIL'S INVENTORY, THE MORATORIUM SHALL EXTEND UNTIL OCTOBER 1, 1983. EXCEPT THAT THE COUNCIL MAY AT ANY TIME, WITH THE APPROVAL OF THE COUNTY IN WHICH THE SITE IS LOCATED, ABROGATE THE APPLICATION OF THE MORATORIUM TO A SPECIFIC SITE OR SITES OR BUFFER AREAS. NO DEVELOPMENT SHALL BE ALLOWED TO OCCUR WITHIN THE AREA OF A SITE OR BUFFER AREA DURING THE PERIOD OF THE MORATORIUM WITHOUT THE APPROVAL OF THE COUNCIL. NO COUNTY, CITY, OR TOWN LAND USE CONTROL SHALL PERMIT DEVELOPMENT WHICH HAS NOT BEEN APPROVED BY THE COUNCIL, NOR SHALL ANY COUNTY, CITY, OR TOWN SANCTION OR APPROVE ANY SUBDIVISION, PERMIT, LICENSE, OR OTHER AUTHORIZATION WHICH WOULD ALLOW DEVELOPMENT TO OCCUR WHICH HAS NOT BEEN APPROVED BY THE COUNCIL. THE COUNCIL SHALL NOT APPROVE ACTIONS WHICH WOULD JEOPARDIZE THE AVAILABILITY OF A SITE FOR USE AS A SOLID WASTE FACILITY. THE COUNCIL MAY ESTABLISH GUIDELINES FOR REVIEWING REQUESTS FOR APPROVAL UNDER THIS SUBDIVISION. REQUESTS FOR

APPROVAL SHALL BE SUBMITTED IN WRITING TO THE CHAIRMAN OF THE COUNCIL AND SHALL BE DEEMED TO BE APPROVED BY THE COUNCIL UNLESS THE CHAIRMAN OTHERWISE NOTIFIES THE SUBMITTER IN WRITING WITHIN 15 DAYS.)

Sec. 58. Minnesota Statutes 1982, section 473.808, subdivision 1b, is amended to read:

Subd. 1b. [LAND DISPOSAL ABATEMENT.] By April 1, 1982, after considering the council's disposal abatement report submitted to the counties pursuant to section 473.149, subdivision 2a, each county shall submit to the council a proposal to reduce to the greatest feasible and prudent extent the need for and practice of land disposal of mixed municipal solid waste. The proposal shall address at least waste reduction, separation, and resource recovery. The proposal shall include objectives, immediately and over specified time periods, for reducing the land disposal of mixed municipal solid waste generated within the county. The proposal shall describe specific functions to be performed and activities to be undertaken by the county and cities and towns within the county to achieve the objectives and shall describe the estimated cost, proposed manner of financing, and timing of the functions and activities. The proposal shall include alternatives which could be used to achieve the objectives if the proposed functions and activities are not established. (BY JUNE 1, 1983,) Each county shall revise its master plan to include a land disposal abatement element to implement the council's land disposal abatement plan adopted under section 473.149, subdivision 2d, and shall submit the revised plan to the council for review under subdivision 2 *within nine months after the adoption of the council's abatement plan*. The proposal and master plan revision required by this subdivision shall be prepared in consultation with cities and towns within the county, particularly the cities and towns in which a solid waste disposal facility is or may be located pursuant to the county master plan.

Sec. 59. [473.806] [INVENTORY OF DISPOSAL SITES; DEVELOPMENT LIMITATIONS.]

Subdivision 1. [COUNCIL APPROVAL REQUIRED.] In order to permit the comparative evaluation of sites and the participation of affected localities in decisions about the use of sites, a metropolitan development limitation is hereby imposed as provided in this subdivision on development within the area of each site and buffer area proposed by a county pursuant to section 473.803, subdivision 1a, pending the council's adoption of an inventory pursuant to section 473.149, subdivision 2b. For sites and buffer areas included in the council's inventory, the limitation shall extend until 90 days following the selection of sites pursuant to section 473.833, subdivision 3, except that the council may at any time, with the approval of the county in which the site is located, abrogate the application of the limitation to a spe-

cific site or sites or buffer areas. No development shall be allowed to occur within the area of a site or buffer area during the period of the metropolitan development limitation without the approval of the council. No county, city, or town land use control shall permit development which has not been approved by the council, nor shall any county, city, or town sanction or approve any subdivision, permit, license, or other authorization which would allow development to occur which has not been approved by the council. The council shall not approve actions which would jeopardize the availability of a site for use as a solid waste facility. The council may establish guidelines for reviewing requests for approval under this subdivision. Requests for approval shall be submitted in writing to the chairman of the council and shall be deemed to be approved by the council unless the chairman otherwise notifies the submitter in writing within 15 days.

Subd. 2. [ACQUISITION OF TEMPORARY DEVELOPMENT RIGHTS.] If pursuant to subdivision 1 the council refuses to approve development which is permitted by local development plans, land use classification, and zoning and other official controls applying to the property on February 1, 1983, the land owner may elect to have the county purchase temporary development rights to the property for the period extending from the date when the council approved the site which affects the property for inclusion in the metropolitan inventory of sites until July 1, 1985. The election must be made within 30 days of the council's decision to refuse to approve development. The council shall provide funds, from the proceeds of the bonds issued pursuant to section 473.831, for the county to purchase the temporary development rights. The land owner's compensation shall be determined by the agreement of the owner, the county, and the council. If the parties cannot agree within 60 days of the owner's election, the county shall acquire the temporary development rights through eminent domain proceedings, and the land owner's compensation shall be the fair market value of the temporary development rights.

Sec. 60. Minnesota Statutes 1982, section 473.811, subdivision 1a, is amended to read:

Subd. 1a. [RIGHT OF ACCESS.] Whenever the county or county site selection authority deems it necessary to the evaluation of a waste facility for enforcement purposes or to the evaluation of a site or buffer area for inclusion in the inventory of disposal sites pursuant to section 473.149, subdivision 2b, and section 473.803, subdivision 1a, or for selection or final acquisition under section 473.833, or for the accomplishment of any other purpose under sections 473.149, 473.153, and 473.801 to 473.834, the county, county site selection authority or any member, employee, or agent thereof, when authorized by it, may enter upon any property, public or private, for the purpose of obtaining information or conducting surveys or investigations, provided that the entrance and activity is undertaken after rea-

sonable notice and during normal business hours and provided that compensation is made for any damage to the property caused by the entrance and activity.

Sec. 61. Minnesota Statutes 1982, section 473.823, subdivision 6, is amended to read:

Subd. 6. [COUNCIL; CERTIFICATION OF NEED.] No new mixed municipal solid waste disposal facility shall be permitted in the metropolitan area without a certificate of need issued by the council indicating the council's determination that the additional disposal capacity planned for the facility is needed in the metropolitan area. The council shall amend its policy plan, adopted pursuant to section 473.149, to include standards and procedures for certifying need. The standards and procedures shall be based on the council's disposal abatement plan adopted pursuant to section 473.149, subdivision 2d, and the abatement master plans of counties adopted pursuant to section 473.803, subdivision 1b. The council shall certify need only to the extent that there are no feasible and prudent alternatives to the disposal facility, including waste reduction, source separation and resource recovery which would minimize adverse impact upon natural resources. Alternatives that are speculative or conjectural shall not be deemed to be feasible and prudent. Economic considerations alone shall not justify the certification of need or the rejection of alternatives. *In its certification the council shall not consider alternatives which have been eliminated from consideration by the adoption of the inventory pursuant to section 473.149, subdivision 2b, or the selection of sites under section 473.833, subdivision 3.*

Sec. 62. Minnesota Statutes 1982, section 473.831, is amended to read:

473.831 [DEBT OBLIGATIONS; SOLID WASTE DISPOSAL.]

Subdivision 1. [GENERAL OBLIGATION BONDS.] The council may by resolution authorize the issuance of general obligation bonds of the council to provide funds for the environmental analysis and acquisition of *permanent or temporary right, title, or interest in real property, including easements and development rights*, for sites and surrounding buffer areas for (DEVELOPMENT AS) solid waste disposal facilities pursuant to this section and section 473.833 and to provide funds for refunding obligations issued under this section. The bonds shall be sold, issued, and secured in the manner provided in chapter 475 for general obligation bonds, and the council shall have the same power and duties as a municipality and its governing body in issuing bonds under chapter 475, except as otherwise provided in this chapter. No election shall be required, and the net debt limitations in chapter 475 shall not apply. The council shall have the power to levy ad valorem taxes for debt service of the

council's solid waste bonds upon all taxable property within the metropolitan area, without limitation of rate or amount and without affecting the amount or rate of taxes which may be levied by the council for other purposes or by any local government unit in the area. Each of the county auditors shall annually assess and extend upon the tax rolls in his county the portion of the taxes levied by the council in each year which is certified to him by the council. The principal amount of bonds issued pursuant to this section shall not exceed \$15,000,000.

Subd. 2. [USE OF PROCEEDS.] The proceeds of bonds issued under subdivision 1 shall be used (PURSUANT TO SECTION 473.833,) by the council, for the purposes provided in subdivision 1 and to make grants to metropolitan counties to pay the cost of the *environmental review of sites, the acquisition of development rights for all or part of the period that the development limitation imposed by section 473.806 is in effect, and the acquisition of all property or interests in property for solid waste disposal sites and surrounding buffer areas required to be acquired by the county, pursuant to section 473.833, by the council's policy plan and development schedule adopted pursuant to section 473.149, subdivision 2e.* If the council is required by law or regulation to prepare environmental analyses on one or more solid waste disposal sites and surrounding buffer areas, the council may use the proceeds of the bonds issued under subdivision 1 to contract for consultant services in the preparation of such analyses only upon a finding that equivalent expertise is not available among its own staff.

Sec. 63. Minnesota Statutes 1982, section 473.833, subdivision 2a, is amended to read:

Subd. 2a. [ENVIRONMENTAL (ANALYSIS) IMPACT STATEMENT.] (BY JANUARY 1, 1983,) Each metropolitan county shall complete an (ANALYSIS COMPARING) *environmental impact statement on the environmental effects of (SOLID WASTE DISPOSAL FACILITIES AT THE SITES IN THE COUNTY WHICH ARE INCLUDED IN THE METROPOLITAN INVENTORY OF SOLID WASTE DISPOSAL SITES ADOPTED BY THE METROPOLITAN COUNCIL PURSUANT TO SECTION 473.149, SUBDIVISION 2B) the decision required by subdivision 3.* The (ANALYSIS) statement shall be (IN DETAIL SUFFICIENT, IN THE JUDGMENT OF THE COUNTY BOARD, TO INFORM ADEQUATELY THE COUNTY SITE SELECTION AUTHORITY ESTABLISHED UNDER SUBDIVISION 3 OF THE ENVIRONMENTAL EFFECTS OF FACILITIES AT SITES WITHIN THE COUNTY AND TO ASSURE THAT FACILITIES AT THE SITES CAN REASONABLY BE EXPECTED TO QUALIFY FOR PERMITS IN ACCORDANCE WITH THE RULES OF THE AGENCY) *prepared and reviewed in accordance with chapter 116D and the rules issued pursuant thereto, except as otherwise required by section 473.149 and this section. The determination of adequacy*

must be made within one year following the council's adoption of the facilities development schedule pursuant to section 473.149, subdivision 2e. The statement must be consistent with the establishment of facilities in accordance with the requirements of the council's development schedule, must not address or reconsider alternatives eliminated from consideration under sections 473.149, 473.803, subdivisions 1, 1a, and 1b, and this section, and must not address matters to be determined by the council under section 473.823, subdivision 6. The statement must address matters respecting permitting under section 473.823 only to the extent deemed necessary for the siting decision required by subdivision 3 of this section. The pollution control agency and the council shall assist and advise counties in the scoping decision and the preparation notice.

Sec. 64. Minnesota Statutes 1982, section 473.833, is amended by adding a subdivision to read:

Subd. 2b. [AGENCIES; COUNCIL; REPORT ON PERMIT CONDITIONS AND APPLICATION REQUIREMENTS.] Within 30 days following the county's determination of adequacy under subdivision 2a, the chief executive officer of the metropolitan council and each permitting state agency shall issue to the county reports on permit conditions and permit application requirements at each site in the county. The reports must indicate, to the extent possible based on existing information, the probable terms, conditions, and requirements of permits and the probable supplementary documentation and environmental review that will be required for permit applications pursuant to chapter 116 and section 473.823. A report may recommend that a site should be dropped from consideration because of information in the environmental impact statement showing that the site is environmentally unsuitable for land disposal and unlikely to qualify for permits. The reports must be consistent with the establishment of facilities in accordance with the requirements of the council's development schedule adopted under section 473.149, subdivision 2e, must not address or reconsider alternatives eliminated from consideration under sections 473.149, 473.803, subdivisions 1, 1a, and 1b, and this section, and must not address matters to be determined by the council under section 473.823, subdivision 6.

Sec. 65. Minnesota Statutes 1982, section 473.833, subdivision 3, is amended to read:

Subd. 3. [COUNTY SITE SELECTION AUTHORITIES.] Each metropolitan county shall establish a site selection authority. (BY JUNE 1, 1983) Within 90 days following the county's determination of adequacy under subdivision 2a, each site selection authority shall select specific sites within the county from the council's disposal site inventory, in accordance with the procedures established by the council under section 473.149, subdivision 2e, and in a number and capacity equal to that required

by the council to be acquired by the county. Each site selection authority shall be composed of the county board, plus one member appointed by the governing body of each city or town within the county containing a site in the council's disposal site inventory or the majority of the land contained within such a site. If the number of members on the site selection authority who reside in a city or town containing all or part of a site or buffer area is equal to or greater than the number of members who do not, the chairman of the county board shall appoint to the authority an additional member or members, residing within the county but not within a city or town containing all or part of a site or buffer area, sufficient to assure a majority of one on the authority of members residing in cities and towns not containing all or any part of a site or buffer area. The chairman of the county board shall be the chairman of the site selection authority. If a site selection authority has not selected the requisite number and capacity of sites in accordance with the council's standards, criteria, and procedures (BY JUNE 1, 1983) *within the time allowed by this subdivision*, the council shall make the selection.

Sec. 66. Minnesota Statutes 1982, section 473.333, subdivision 7, is amended to read:

Subd. 7. [FAILURE OF COUNTIES TO ACQUIRE; REPORT TO LEGISLATURE.] If any county fails to identify property for acquisition or (IF ANY COUNTY REFUSES) to proceed with *environmental analysis and acquisition*, as required by this section and the council's disposal facility development schedule adopted pursuant to section 473.149, subdivision 2e, the council shall prepare and recommend (TO THE LEGISLATURE, NO LATER THAN JANUARY 1, 1984,) legislation to transfer solid waste management authority and responsibility in the metropolitan area from the counties to the waste control commission or a new metropolitan commission established for that purpose.

Sec. 67. [SLUDGE INCINERATION.]

The metropolitan waste control commission established by section 473.503 may not acquire or expand additional incineration facilities, or plan or undertake studies for such acquisition and expansion, until the report required by section 56 is submitted.

Sec. 68. [COUNTY FINANCING OF FACILITIES.]

The counties of Washington and Ramsey, separately or jointly, may, by resolution, authorize the issuance of bonds or other obligations, including initial obligations in an amount not to exceed an aggregate amount of \$4,000,000 issued to finance solely preliminary costs such as site acquisition and preparations

and legal, engineering, financial, and planning services, to provide funds to acquire or better solid waste and related facilities, including transmission facilities and property or property rights for a solid waste or related facility, or to refund any outstanding obligations issued for that purpose.

Any later formation of a solid waste management district under Minnesota Statutes, chapter 115A, or contemplated sale or lease of any of the facilities or their work product to a private person, after the county or solid waste management district has incurred the costs of the facilities or work product, shall not restrict or limit the use of the proceeds of the bonds or other obligations.

The county may pledge to the payment of the obligations and the interest on them,

- (a) its full faith, credit, and taxing powers;
- (b) the proceeds of any designated tax levies;
- (c) the gross or net revenues or charges to be derived from any facility operated by or for the county;
- (d) the proceeds of any anticipating refunding obligations, state or federal loan or grant, or any sale of the facilities or their work product;
- (e) any other funds of the county; or
- (f) Any combination of the foregoing.

Taxes levied for the payment of the obligations and interest shall not reduce the amounts of other taxes which the county is authorized by law to levy.

The proceeds of the bonds may be used in part to establish a reserve as further security for the payment of the principal and interest when due and to pay the cost of interest accruing on the obligations before six months after the date the facilities are first placed in service.

Revenue bonds issued pursuant to this section may be sold at public or private sale upon the conditions the county board shall determine, but any bonds to which the full faith and credit and taxing powers of the county are pledged shall be sold in accordance with Minnesota Statutes, chapter 475. No election shall be required to authorize the issuance of the obligations, and the debt limitations of chapter 475 or other law shall not apply to the obligations. The obligations may mature at a time or times, and in amounts, as the county board determines.

The county may covenant to refund, to the extent necessary, any temporary obligations with a term of no more than four years, in which event the tax which would otherwise be required by section 475.61, subdivision 1, need not be required. The interest rate on temporary obligations may be fixed at the time of sale or be adjusted from time to time based on an index related to the cost of borrowing, and the price at which the temporary obligations may be sold may be at any amount determined most favorable by the county board, but the resulting composite interest rate may not exceed the rate permitted under section 475.55.

Except as provided in this section, the obligations shall be issued and sold in accordance with chapter 475.

Sec. 69. [DISTRICT FORMATION.]

Notwithstanding any contrary provisions of Minnesota Statutes, section 115A.63, subdivision 3, or other law, Ramsey and Washington counties, before establishing a waste management district solely within their boundaries, need not demonstrate that they are unable to fulfill the purposes of a district through joint action under Minnesota Statutes, section 471.59.

Sec. 70. [POWERS ADDITIONAL AND SUPPLEMENTAL.]

The powers conferred by sections 68 and 69 are in addition and supplemental to the powers conferred by any other law or charter. Insofar as any other law or charter is inconsistent with sections 68 and 69, the provisions of sections 68 and 69 control as to facilities authorized under those sections.

Sec. 71. Laws 1980, chapter 449, section 3, is amended to read:

Sec. 3. The city, by resolution of the city council, may borrow for the payment of capital costs of the system, may establish and collect from all public and private persons, including persons operating waste collection and delivery services, charges for the use (AND) or availability of the facilities of the system (, AND). The city may establish charges, and may levy special assessments upon properties deemed to be specially benefited by particular facilities, in the (SAME) manner and to the (SAME) extent and with the (SAME) force and effect as provided in the case of sewage treatment and disposal systems in Minnesota Statutes, Sections 115.46 and 444.075, and Chapter 429, as far as practicable. Charges for availability of facilities may be established on any equitable basis including the cost of furnishing the facilities. An election shall not be required upon the issuance of general obligation bonds or the incurring of any lease or purchase obligation for this purpose except as provided in section 4, and the bonds or other obligations shall not be included in com-

puting the net debt of the city within the meaning of Minnesota Statutes, Chapter 475, but all special assessments levied for improvements to the system and all net revenues derived from charges for the use and availability of the system, in excess of current operating costs, shall be pledged for the payment of the bonds or obligations and interest, and the city council shall endeavor to establish and collect charges sufficient to provide net revenues, with collections of special assessments, at least equal to the total debt service.

Sec. 72. [REPEALER.]

Minnesota Statutes 1982, sections 115A.23; 115A.27, subdivision 1; 116.07, subdivision 4c; and 116.41, subdivisions 1 and 1a, are repealed.

Sec. 73. [APPLICATION.]

Sections 46 to 67 are effective in the counties of Anoka, Carver, Dakota, Hennepin, Ramsey, Scott, and Washington. Section 71 is effective in the city of Austin in Mower County.

Sec. 74. [EFFECTIVE DATE.]

Sections 1 to 67, 72, and 73 are effective the day following final enactment. Sections 68 to 70 are effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing bodies of both Ramsey and Washington counties. Section 71 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the governing body of the city of Austin."

Delete the title and insert:

"A bill for an act relating to waste management; amending the Waste Management Act of 1980; providing for the evaluation of bedrock disposal of hazardous waste; changing various definitions; adding definitions; altering various provisions, procedures, and requirements relating to the duties and authorities of the waste management board, pollution control agency, metropolitan agencies, counties, and waste management districts; changing various dates and deadlines; altering environmental review procedures for waste facilities; providing criminal and civil penalties for violations; requiring various reports from the pollution control agency; authorizing issuance of bonds by Washington and Ramsey counties for a solid waste facility; providing additional solid waste management authority to the city of Austin; amending Minnesota Statutes 1982, sections 115.071, subdivisions 2 and 3, and by adding subdivisions; 115A.03, subdivision 10, and by adding a subdivision; 115A.05, subdivisions 2 and 3; 115A.06, subdivision 4; 115A.08, subdivisions 4, 5, 5a, and 6; 115A.10; 115A.11, subdivisions 1 and 2;

115A.21; 115A.22, subdivisions 1, 3, 4, 6, and 7; 115A.24, subdivision 1; 115A.25, subdivisions 1, 2, 3, and by adding subdivisions; 115A.26; 115A.27, subdivision 2; 115A.28, subdivisions 1, 2, and 3; 115A.30; 115A.54, subdivision 2; 115A.67; 115A.70, subdivision 3, and by adding a subdivision; 116.06, subdivision 13, and by adding a subdivision; 116.07, subdivision 4, and by adding a subdivision; 473.149, subdivisions 2b, 2c, 2d, 2e, and 4; 473.153, subdivisions 2, 5, 6, 6b, and by adding subdivisions; 473.803, subdivisions 1a and 1b; 473.811, subdivision 1a; 473.823, subdivision 6; 473.831; 473.833, subdivisions 2a, 3, 7, and by adding a subdivision; amending Laws 1980, chapter 449, section 3; proposing new law coded in chapters 115A and 473; repealing Minnesota Statutes 1982, sections 115A.23; 115A.27, subdivision 1; 116.07, subdivision 4c; and 116.41, subdivisions 1 and 1a."

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

Senate Conferees: GENE MERRIAM, JAMES C. PEHLER and EARL W. RENNEKE.

House Conferees: DEE LONG, DARBY NELSON and BOB ANDERSON.

Long moved that the report of the Conference Committee on S. F. No. 1012 be adopted and that the bill be repassed as amended by the Conference Committee.

McDonald moved that the House refuse to adopt the Conference Committee report on S. F. No. 1012, that the Speaker appoint new conferees and that the bill be returned to Conference Committee.

A roll call was requested and properly seconded.

The Speaker called Wynia to the Chair.

CALL OF THE HOUSE

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

Anderson, B.	Clark, K.	Gruenes	Kalis	Munger
Anderson, C.	Clawson	Gustafson	Kostohryz	Murphy
Battaglia	Dempsey	Gutknecht	Krueger	Nelson, D.
Beard	DenOuden	Haukoos	Kvam	Nelson, K.
Begich	Dimler	Heap	Larsen	Neuenschwander
Bennett	Elioff	Heinitz	Levi	O'Connor
Berkelman	Evans	Hoffman	Long	Ogren
Bishop	Findlay	Hokr	Mann	Olsen
Blatz	Fjoslien	Jennings	Marsh	Onnen
Brandl	Frichs	Jensen	McDonald	Osthoft
Burger	Graba	Johnson	McKasy	Otis
Clark, J.	Greenfield	Kahn	Minne	Peterson

Piepho	Rodosovich	Seaberg	Sviggum	Welle
Piper	Rodriguez, F.	Shaver	Tomlinson	Wenzel
Quinn	St. Onge	Simoneau	Tunheim	Wigley
Quist	Sarna	Skoglund	Uphus	Wynia
Redalen	Scheid	Solberg	Valan	Zaffke
Reif	Schoenfeld	Sparby	Valento	
Riveness	Schreiber	Staten	Welker	

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

The question recurred on the McDonald motion and the roll was called.

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

There were 47 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Bennett	Forsythe	Ludeman	Piepho	Uphus
Blatz	Frerichs	Marsh	Redalen	Valan
Burger	Gutknecht	McDonald	Reif	Valento
Dempsey	Haukoos	McEachern	Rose	Waltman
DenOuden	Heinitz	McKasy	Schafer	Welker
Dimler	Himle	Metzen	Schoenfeld	Wigley
Erickson	Hokr	Olsen	Shaver	Zaffke
Evans	Jennings	Omami	Stadium	
Findlay	Knickerbocker	Onnen	Sviggum	
Fjoslien	Levi	Pauly	Thiede	

Those who voted in the negative were:

Anderson, B.	Eken	Krueger	Peterson	Solberg
Anderson, G.	Elioff	Larsen	Piper	Sparby
Anderson, R.	Ellingson	Long	Quist	Staten
Battaglia	Graba	Mama	Rice	Swanson
Beard	Greenfield	Minne	Riveness	Tomlinson
Begich	Gruenes	Munger	Rodosovich	Tunheim
Bergstrom	Gustafson	Murphy	Rodriguez, F.	Vanasek
Berkelman	Hoffman	Nelson, D.	Sarna	Vellenga
Brandl	Jacobs	Nelson, K.	Scheid	Welch
Carlson, L.	Jensen	Neuenschwander	Segal	Welle
Clark, J.	Kahn	Norton	Shea	Wenzel
Clark, K.	Kalis	O'Connor	Sherman	Wynia
Clawson	Kelly	Osthoff	Simoneau	Speaker Sieben
Cohen	Kostohryz	Otis	Skoglund	

The motion did not prevail.

The question recurred on the Long motion that the report of the Conference Committee on S. F. No. 1012 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 1012, A bill for an act relating to waste management; amending the Waste Management Act of 1980; providing

for the evaluation of bedrock disposal of hazardous waste; providing for participation by private developers and operators of waste facilities in the evaluation of hazardous waste disposal sites; creating phases of environmental impact statements; expanding the definition of hazardous waste; extending the deadlines for the adoption of certain hazardous waste rules; extending certain deadlines of the metropolitan council; clarifying the contents of environmental impact statements; providing reports to counties on permit conditions and permit application requirements for county sites; authorizing issuance of bonds by Washington and Ramsey counties for a solid waste facility; amending Minnesota Statutes 1982, sections 115.071, subdivision 3; 115A.03, subdivision 10; 115A.05, subdivisions 2 and 3; 115A.06, subdivision 4; 115A.08, subdivisions 4, 5, and 6; 115A.10; 115A.11, subdivisions 1 and 2; 115A.21; 115A.22, subdivisions 1, 3, 4, 6, and 7; 115A.24, subdivision 1; 115A.25, subdivisions 1, 2, 3, and by adding subdivisions; 115A.26; 115A.27, subdivision 2; 115A.28, subdivisions 1, 2, and 3; 115A.30; 115A.54, subdivision 2; 115A.67; 115A.70, subdivision 3; 116.06, subdivision 13, and by adding a subdivision; 116.07, subdivision 4; 116.41, subdivision 1a; 473.149, subdivisions 2b, 2c, 2d, 2e, and 4; 473.153, subdivisions 2, 5, 6, 6b, and by adding a subdivision; 473.803, subdivisions 1a and 1b; 473.823, subdivision 6; 473.831, subdivision 2; 473.833, subdivisions 2a, 3, 7, and by adding a subdivision; proposing new law coded in Minnesota Statutes, chapter 115A; repealing Minnesota Statutes 1982, sections 115A.23; 115A.27, subdivision 1; 116.07, subdivision 4c; and 116.41, subdivision 1.

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

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

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

There were 106 yeas and 22 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Clark, K.	Halberg	Levi	Olsen
Anderson, C.	Clawson	Heap	Long	Omann
Anderson, R.	Cohen	Heinitz	Mann	Osthoff
Battaglia	Dimler	Himle	McDonald	Otis
Beard	Eken	Hoffman	McEachern	Pauly
Begich	Elioff	Jacobs	McKasy	Peterson
Bennett	Ellingson	Jensen	Metzen	Piepho
Bergstrom	Evans	Johnson	Minne	Piper
Berkelman	Findlay	Kahn	Munger	Price
Bishop	Fjoslien	Kalis	Murphy	Redalen
Blatz	Forsythe	Kelly	Nelson, D.	Reif
Brandl	Graba	Knickerbocker	Nelson, K.	Rice
Burger	Greenfield	Kostohryz	Neuenschwander	Riveness
Carlson, L.	Gruehes	Krueger	Norton	Rodosovich
Clark, J.	Gustafson	Larsen	Ogren	Rodriguez, C.

Rodriguez, F.	Seaberg	Sparby	Valento	Wenzel
Rose	Shaver	Staten	Vanasek	Wynia
St. Onge	Shea	Svigum	Vellenga	Speaker Sieben
Sarna	Sherman	Swanson	Voss	
Scheid	Simoneau	Thiede	Waltman	
Schoenfeld	Skoglund	Tomlinson	Welch	
Schreiber	Solberg	Tunheim	Welle	

Those who voted in the negative were:

Dempsey	Haukoos	Marsh	Segal	Wigley
DenOuden	Hokr	Onnen	Stadum	Zaffke
Erickson	Jennings	Quinn	Uphus	
Frerichs	Kvam	Quist	Valan	
Gutknecht	Ludeman	Schafer	Welker	

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

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 695.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 695

A bill for an act relating to public welfare; requiring new procedures for determining nursing home payment rates; requiring a moratorium on certification or welfare licensure of new beds with certain exceptions; providing for an interagency board for quality assurance; appropriating money; amending Minnesota Statutes 1982, sections 144A.10, subdivisions 4, 6, and by adding a subdivision; 256B.091, subdivisions 1, 2, 4, and 8; 256B.41; 256B.47; and 256B.48; proposing new law coded in Minnesota Statutes 1982, chapters 144A and 256B; repealing Minnesota Statutes 1982, sections 256B.42; 256B.43; 256B.44; 256B.45; and 256B.46; and 12 MCAR 2.049.

May 20, 1983

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S. F. No. 695, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 695 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [144A.071] [MORATORIUM ON CERTIFICATION OF NURSING HOME BEDS.]

Subdivision 1. [FINDINGS.] The legislature finds that medical assistance expenditures are increasing at a much faster rate than the state's ability to pay them; that reimbursement for nursing home care and ancillary services comprises over half of medical assistance costs, and, therefore, controlling expenditures for nursing home care is essential to prudent management of the state's budget; that construction of new nursing homes, the addition of more nursing home beds to the state's long-term care resources, and increased conversion of beds to skilled nursing facility bed status inhibits the ability to control expenditures; that Minnesota already leads the nation in nursing home expenditures per capita, has the fifth highest number of beds per capita elderly, and that private paying individuals and medical assistance recipients have equivalent access to nursing home care; and that in the absence of a moratorium the increased numbers of nursing homes and nursing home beds will consume resources that would otherwise be available to develop a comprehensive long-term care system that includes a continuum of care. Unless action is taken, this expansion of bed capacity and changes of beds to a higher classification of care are likely to accelerate with the repeal of the certificate of need program effective March 15, 1984. The legislature also finds that Minnesota's dependence on institutional care for elderly persons is due in part to the dearth of alternative services in the home and community.

The legislature declares that a moratorium on medical assistance certification of new nursing home beds and on changes in certification to a higher level of care is necessary to control nursing home expenditure growth and enable the state to meet the needs of its elderly by providing high quality services in the most appropriate manner along a continuum of care.

Subd. 2. [MORATORIUM.] Notwithstanding the provisions of the Certificate of Need Act, sections 145.832 to 145.845, or any other law to the contrary, the commissioner of health, in coordination with the commissioner of public welfare, shall deny each request by a nursing home or boarding care home, except an intermediate care facility for the mentally retarded, for addi-

tion of new certified beds or for a change or changes in the certification status of existing beds except as provided in subdivision 3. The total number of certified beds in the state in the skilled level and in the intermediate levels of care shall remain at or decrease from the number of beds certified at each level of care on the effective date of this section, except as allowed under subdivision 3. "Certified bed" means a nursing home bed or a boarding care bed certified by the commissioner of health for the purposes of the medical assistance program, under United States Code, title 42, sections 1396 et seq.

The commissioner of public welfare, in coordination with the commissioner of health, shall deny any request to issue a license under sections 245.781 to 245.812 and 252.28 to a nursing home or boarding care home, if that license would result in an increase in the medical assistance reimbursement amount.

Subd. 3. [EXCEPTIONS.] The commissioner of health, in coordination with the commissioner of welfare, may approve the addition of a new certified bed or change in the certification status of an existing bed under the following conditions:

(a) To replace a bed decertified after the effective date of this section or to address an extreme hardship situation, in a particular county that, together with all contiguous Minnesota counties, has fewer nursing home beds per 1,000 elderly than the number that is ten percent higher than the national average of nursing home beds per 1,000 elderly individuals. For the purposes of this section, the national average of nursing home beds shall be the most recent figure that can be supplied by the federal health care financing administration and the number of elderly in the county or the nation shall be determined by the most recent federal census or the most recent estimate of the state demographer as of July 1, of each year of persons age 65 and older, whichever is the most recent at the time of the request for replacement. In allowing replacement of a decertified bed, the commissioners shall ensure that the number of added or recertified beds does not exceed the total number of decertified beds in the state in that level of care. An extreme hardship situation can only be found after the county documents the existence of unmet medical needs that cannot be addressed by any other alternatives;

(b) To certify a new bed in a facility that commenced construction before the effective date of this section. For the purposes of this section, "commenced construction" means that all of the following conditions were met: the final working drawings and specifications were approved by the commissioner of health; the construction contracts were let; a timely construction schedule was developed, stipulating dates for beginning, achieving various stages, and completing construction; and all zoning and building permits were secured;

(c) To certify beds in a new nursing home that is needed in order to meet the special dietary needs of its residents, if: the nursing home proves to the commissioner's satisfaction that the needs of its residents cannot otherwise be met; elements of the special diet are not available through most food distributors; and proper preparation of the special diet requires incurring various operating expenses, including extra food preparation or serving items, not incurred to a similar extent by most nursing homes; or

(d) When the change in certification status results in a decrease in the reimbursement amount.

Subd. 4. [MONITORING.] The commissioner of health, in coordination with the commissioner of public welfare, shall implement mechanisms to monitor and analyze the effect of the moratorium in the different geographic areas of the state. The commissioner of health shall submit to the legislature, no later than January 15, 1984, and annually thereafter, an assessment of the impact of the moratorium by geographic area, with particular attention to service deficits or problems and a corrective action plan.

Subd. 5. [REPORT.] The commissioner of energy, planning, and development, in consultation with the commissioners of health and public welfare, shall report to the senate health and human services committee and the house health and welfare committee by January 15, 1986 and biennially thereafter regarding:

projections on the number of elderly Minnesota residents including medical assistance recipients;

the number of residents most at risk for nursing home placement;

the needs for long term care and alternative home and non-institutional services;

availability of and access to alternative services by geographic region; and

the necessity or desirability of continuing, modifying, or repealing the moratorium in relation to the availability and development of the continuum of long term care services.

Sec. 2. Minnesota Statutes 1982, section 144A.10, subdivision 4, is amended to read:

Subd. 4. [CORRECTION ORDERS.] Whenever a duly authorized representative of the commissioner of health finds upon inspection of a nursing home, that the facility or a controlling person or an employee of the facility is not in compliance

with sections 144.651, 144A.01 to 144A.17, or 626.557 or the rules promulgated thereunder, a correction order shall be issued to the facility. The correction order shall state the deficiency, cite the specific rule or statute violated, state the suggested method of correction, and specify the time allowed for correction. (THE COMMISSIONER OF HEALTH BY RULE SHALL ESTABLISH A SCHEDULE OF ALLOWABLE TIME PERIODS FOR CORRECTION OF NURSING HOME DEFICIENCIES.) If the commissioner finds that the nursing home had uncorrected violations and that two or more of the uncorrected violations create a risk to resident care, safety, or rights, the commissioner shall notify the commissioner of public welfare who shall review reimbursement to the nursing home to determine the extent to which the state has paid for substandard care.

Sec. 3. Minnesota Statutes 1982, section 144A.10, subdivision 6, is amended to read:

Subd. 6. [FINES.] A nursing home which is issued a notice of noncompliance with a correction order shall be assessed a civil fine in accordance with a schedule of fines (PROMULGATED BY RULE OF) *established by the commissioner of health before December 1, 1983. In establishing the schedule of fines, the commissioner shall consider the potential for harm presented to any resident as a result of noncompliance with each statute or rule. The fine shall be assessed for each day the facility remains in noncompliance and until a notice of correction is received by the commissioner of health in accordance with subdivision 7. No fine for a specific violation may exceed (\$250) \$500 per day of noncompliance.*

Sec. 4. Minnesota Statutes 1982, section 144A.10, is amended by adding a subdivision to read:

Subd. 6a. [SCHEDULE OF FINES.] *The commissioner of health shall propose for adoption the schedule of fines by publishing it in the state register and allowing a period of 60 days from the publication date for interested persons to submit written comments on the schedule. Within 60 days after the close of the comment period, and after considering any comments received, the commissioner shall adopt the schedule in final form.*

The schedule of fines is exempt from the definition of "rule" in section 14.02, subdivision 4, and has the force and effect of law upon compliance with section 14.38, subdivision 7. The effective date of the schedule of fines is five days after publication, as provided in section 14.38, subdivision 8. The provisions of any rule establishing a schedule of fines for noncompliance with correction orders issued to nursing homes remain effective with respect to nursing homes until repealed, modified, or super-

seded by the schedule established in accordance with this subdivision.

Sec. 5. [144A.31] [INTERAGENCY BOARD FOR QUALITY ASSURANCE.]

Subdivision 1. [INTERAGENCY BOARD.] The commissioners of health and public welfare shall establish, by July 1, 1983, an interagency board of employees of their respective departments who are knowledgeable and employed in the areas of long term care, geriatric care, long term care facility inspection, or quality of care assurance. The number of interagency board members shall not exceed seven; three members each to represent the commissioners of health and public welfare and one member to represent the commissioner of public safety in the enforcement of fire and safety standards in nursing homes. The commissioner of public welfare or a designee shall chair and convene the board. The board may utilize the expertise and time of other individuals employed by either department as needed. The board may recommend that the commissioners contract for services as needed. The board shall meet as often as necessary to accomplish its duties, but at least monthly. The board shall establish procedures, including public hearings, for allowing regular opportunities for input from residents, nursing homes, and other interested persons.

Subd. 2. [INSPECTIONS.] No later than January 1, 1984, the board shall develop and recommend implementation and enforcement of an effective system to ensure quality of care in each nursing home in the state. Quality of care includes evaluating, using the resident's care plan, whether the resident's ability to function is optimized and should not be measured solely by the number or amount of services provided.

The board shall assist the commissioner of health in ensuring that inspections and reinspections of nursing homes are conducted with a frequency and in a manner calculated to most effectively and appropriately fulfill its quality assurance responsibilities and achieve the greatest benefit to nursing home residents. The commissioner of health shall require a higher frequency and extent of inspections with respect to those nursing homes that present the most serious concerns with respect to resident health, treatment, comfort, safety, and well-being. These concerns include but are not limited to: complaints about care, safety, or rights; situations where previous inspections or reinspections have resulted in correction orders related to care, safety, or rights; instances of frequent change in administration in excess of normal turnover rates; and situations where persons involved in ownership or administration of the nursing home have been convicted of engaging in criminal activity. A nursing home that presents none of these concerns or any other concern or condition established by the board that poses a risk to resident care, safety, or rights shall be inspected once every two years

for compliance with key requirements as determined by the board.

The board shall develop and recommend to the commissioners mechanisms beyond the inspection process to protect resident care, safety, and rights, including but not limited to coordination with the office of health facility complaints and the nursing home ombudsman program.

Subd. 3. [METHODS FOR DETERMINING RESIDENT CARE NEEDS.] The board shall develop and recommend to the commissioners definitions for levels of care and methods for determining resident care needs for implementation on July 1, 1985 in order to adjust payments for resident care based on the mix of resident needs in a nursing home. The methods for determining resident care needs shall include assessments of ability to perform activities of daily living and assessments of medical and therapeutic needs.

Subd. 4. [ENFORCEMENT.] The board shall develop and recommend for implementation effective methods of enforcing quality of care standards. When it deems necessary, and when all other methods of enforcement are not appropriate, the board shall recommend to the commissioner of health closure of all or part of a nursing home and revocation of the license. The board shall develop, and the commissioner of public welfare shall implement, a resident relocation plan that instructs the county in which the nursing home is located of procedures to ensure that the needs of residents in nursing homes about to be closed are met. The county shall ensure placement in swing beds in hospitals, placement in unoccupied beds in other nursing homes, utilization of home health care on a temporary basis, foster care placement, or other appropriate alternative care. In preparing for relocation, the board shall ensure that residents and their families or guardians are involved in planning the relocation.

Subd. 5. [REPORTS.] The board shall prepare a report and the commissioners of health and public welfare shall deliver this report to the legislature no later than January 15, 1984, on the board's proposals and progress on implementation of the methods required under subdivisions 2, 3, and 4. The commissioners shall recommend changes in or additions to legislation necessary or desirable to fulfill their responsibilities. The board shall prepare an annual report and the commissioners shall deliver this report annually to the legislature, beginning in January, 1985, on the implementation and enforcement of the provisions of this section.

Subd. 6. [DATA.] The interagency board may have access to data from the commissioners of health, public welfare, and public safety for carrying out its duties under this section. The commissioner of health and the commissioner of public welfare

may each have access to data on persons, including data on vendors of services, from the other to carry out the purposes of this section. If the interagency board, the commissioner of health, or the commissioner of public welfare receives data on persons, including data on vendors of services, that is collected, maintained, used or disseminated in an investigation, authorized by statute and relating to enforcement of rules or law, the board or the commissioner shall not disclose that information except:

(a) *Pursuant to section 13.05;*

(b) *Pursuant to statute or valid court order; or*

(c) *To a party named in a civil or criminal proceeding, administrative or judicial, for preparation of defense.*

Data described in this subdivision is classified as public data upon its submission to a hearing examiner or court in an administrative or judicial proceeding.

Sec. 6. Minnesota Statutes 1982, section 256B.091, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] It is the purpose of this section to prevent inappropriate nursing home or boarding care home placement by establishing a program of preadmission screening teams for all medical assistance recipients and any individual who would become eligible for medical assistance within (90) 180 days of admission to a licensed nursing home or boarding care home participating in the program. Further, it is the purpose of this section and the program to gain further information about how to contain costs associated with inappropriate nursing home or boarding care home admissions. The commissioners of public welfare and health shall seek to maximize use of available federal and state funds and established the broadest program possible within the appropriation available. (THE COMMISSIONER OF PUBLIC WELFARE SHALL PROMULGATE TEMPORARY RULES IN ORDER TO IMPLEMENT THIS SECTION BY SEPTEMBER 1, 1980.)

Sec. 7. Minnesota Statutes 1982, section 256B.091, subdivision 2, is amended to read:

Subd. 2. [SCREENING TEAMS; ESTABLISHMENT.] Each county agency designated by the commissioner of public welfare to participate in the program shall contract with the local board of health organized under section 145.911 to 145.922 or other public or non-profit agency to establish a screening team to assess, prior to admission to a nursing home or a boarding care home licensed under section 144A.02 or sections 144.50 to 144.56, that is certified for medical assistance as a skilled nursing facility, intermediate care facility level I, or interme-

diatic care facility level II, the health and social needs of medical assistance recipients and individuals who would become eligible for medical assistance within (90) 180 days of nursing home or boarding care home admission. Each local screening team shall be composed of a public health nurse from the local public health nursing service and a social worker from the local community welfare agency. Each screening team shall have a physician available for consultation and shall utilize individuals' attending physicians' physical assessment forms, if any, in assessing needs. The individual's physician shall be included on the screening team if the physician chooses to participate. If the individual is being discharged from an acute care facility, a discharge planner from that facility may be present, at the facility's request, during the screening team's assessment of the individual and may participate in discussions but not in making the screening team's recommendations under subdivision 3, clause (e). If the assessment procedure or screening team recommendation results in a delay of the individual's discharge from the acute care facility, the facility shall not be denied medical assistance reimbursement or incur any other financial or regulatory penalty of the medical assistance program that would otherwise be caused by the individual's extended length of stay; 50 percent of the cost of this reimbursement or financial or regulatory penalty shall be paid by the state and 50 percent shall be paid by the county. Other personnel as deemed appropriate by the county agency may be included on the team. The county agency may contract with an acute care facility to have the facility's discharge planners perform the functions of a screening team with regard to individuals discharged from the facility and in those cases the discharge planners may participate in making recommendations under subdivision 3, clause (e). No member of a screening team shall have a direct or indirect financial or self-serving interest in a nursing home or non-institutional referral such that it would not be possible for the member to consider each case objectively.

Sec. 8. Minnesota Statutes 1982, section 256B.091, subdivision 4, is amended to read:

Subd. 4. [SCREENING OF PERSONS.] Prior to nursing home or boarding care home admission, screening teams shall assess the needs of all persons receiving medical assistance and of all persons who would be eligible for medical assistance within (90) 180 days of admission to a nursing home or boarding care home, except patients transferred from other nursing homes or patients who, having entered acute care facilities from nursing homes, are returning to nursing home care. Any other interested person may be assessed by a screening team upon payment of a fee based upon a sliding fee scale.

Sec. 9. Minnesota Statutes 1982, section 256B.091, subdivision 8, is amended to read:

Subd. 8. [ALTERNATIVE CARE GRANTS.] The commissioner shall provide grants to counties participating in the program to pay costs of providing alternative care to individuals screened under subdivision 4. Payment is available under this subdivision only for individuals (1) for whom the screening team would recommend nursing home admission if alternative care were not available; (2) who are receiving medical assistance or who would be eligible for medical assistance within (90) 180 days of admission to a nursing home; and (3) who need services that are not available at that time in the county through other public assistance.

Grants may be used for payment of costs of providing services such as, but not limited to, foster care for elderly persons, day care whether or not offered through a nursing home, nutritional counseling, or medical social services, which services are provided by a licensed health care provider, a home health service eligible for reimbursement under Titles XVIII and XIX of the federal Social Security Act, or by persons employed by or contracted with by the county board or the local welfare agency. The county agency shall ensure that a plan of care is established for each individual in accordance with subdivision 3, clause (e) (2). The plan shall include any services prescribed by the individual's attending physician as necessary and follow up services as necessary. The county agency shall provide documentation to the commissioner verifying that the individual's alternative care is not available at that time through any other public assistance or service program and shall provide documentation in each individual's plan of care that the most cost effective alternatives available have been offered to the individual. Grants to counties under this subdivision are subject to audit by the commissioner for fiscal and utilization control.

The commissioner shall establish a sliding fee schedule for requiring payment for the cost of providing services under this subdivision to persons who are eligible for the services but who are not yet eligible for medical assistance. The sliding fee schedule is not subject to chapter 14 but the commissioner shall publish the schedule and any later changes in the state register and allow a period of 20 working days from the publication date for interested persons to comment before adopting the sliding fee schedule in final forms.

The commissioner shall apply for a waiver for federal financial participation to expand the availability of services under this subdivision. The commissioner shall provide grants to counties from the non-federal share, unless the commissioner obtains a federal waiver for medical assistance payments, of medical assistance appropriations. (THE STATE EXPENDITURES FOR THIS SECTION SHALL NOT EXCEED \$1,800,000 FOR THE BIENNIUM ENDING JUNE 30, 1983.) A county agency may use grant money to supplement but not supplant services available through other public assistance or service programs

and shall not use grant money to establish new programs for which public money is available through sources other than grants provided under this subdivision. A county agency shall not use grant money to provide care under this subdivision to an individual if the anticipated cost of providing this care would exceed the average payment, as determined by the commissioner, for the level of nursing home care that the recipient would receive if placed in a nursing home. The non-federal share may be used to pay up to 90 percent of the start-up and service delivery costs of providing care under this subdivision. Each county agency that receives a grant shall pay 10 percent of the costs.

The commissioner shall promulgate temporary rules in accordance with sections 14.29 to 14.36, to establish required documentation and reporting of care delivered.

Sec. 10. Minnesota Statutes 1982, section 256B.41, is amended to read:

256B.41 [INTENT.]

Subdivision 1. [AUTHORITY.] The (STATE AGENCY) commissioner shall (BY RULE) establish (A FORMULA), *by rule, procedures for (ESTABLISHING PAYMENT) determining rates for care of residents of nursing homes which qualify as vendors of medical assistance, and for implementing the provisions of sections 256B.41, 256B.47, 256B.48, and sections 11, 12, 15, and 16. The procedures shall be based on methods and standards that the commissioner finds are adequate to provide for the costs that must be incurred for the care of residents in efficiently and economically operated nursing homes and shall specify the costs that are allowable for establishing payment rates through medical assistance.*

Subd. 2. [FEDERAL REQUIREMENTS.] (IT IS THE INTENT OF THE LEGISLATURE TO ESTABLISH CERTAIN LIMITATIONS ON THE STATE AGENCY IN SETTING STANDARDS FOR NURSING HOME RATE SETTING FOR THE CARE OF RECIPIENTS OF MEDICAL ASSISTANCE PURSUANT TO THIS CHAPTER. IT IS NOT THE INTENT OF THE LEGISLATURE TO REPEAL OR CHANGE ANY EXISTING OR FUTURE RULE PROMULGATED BY THE STATE AGENCY RELATING TO THE SETTING OF RATES FOR NURSING HOMES UNLESS THE RULE IS CLEARLY IN CONFLICT WITH SECTIONS 256B.41 TO 256B.48.) If any provision of sections 256B.41 (TO), 256B.47, and 256B.48 and sections 11, 12, 15, and 16, is determined by the United States government to be in conflict with existing or future requirements of the United States government with respect to federal participation in medical assistance, the federal requirements shall prevail.

Sec. 11. [256B.421] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of sections 256B.41, 256B.47, 256B.48, and sections 11, 12, 15, and 16, the following terms and phrases shall have the meaning given to them.

Subd. 2. [ACTUAL ALLOWABLE HISTORICAL OPERATING COST PER DIEM.] "Actual allowable historical operating cost per diem" means the per diem payment for actual costs, including operating costs, allowed by the commissioner for the most recent reporting year.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of public welfare.

Subd. 4. [FINAL RATE.] "Final rate" means the rate established after any adjustment by the commissioner, including but not limited to adjustments resulting from cost report reviews and field audits.

Subd. 5. [GENERAL AND ADMINISTRATIVE COSTS.] "General and administrative costs" means all allowable costs for administering the facility, including but not limited to: salaries of administrators, assistant administrators, medical directors, accounting personnel, data processing personnel, and all clerical personnel; board of directors fees; business office functions and supplies; travel; telephone and telegraph; advertising; licenses and permits; membership dues and subscriptions; postage; insurance, except as included as a fringe benefit under subdivision 14; professional services such as legal, accounting and data processing services; central or home office costs; management fees; management consultants; employee training, for any top management personnel and for other than direct resident care related personnel; and business meetings and seminars. These costs shall be included in general and administrative costs in total, without direct or indirect allocation to other cost categories.

In a nursing home of 60 or fewer beds, part of an administrator's salary may be allocated to other cost categories to the extent justified in records kept by the nursing home. Central or home office costs representing services of required consultants in areas including, but not limited to, dietary, pharmacy, social services, or activities may be allocated to the appropriate department, but only if those costs are directly identified by the nursing home.

Subd. 6. [HISTORICAL OPERATING COSTS.] "Historical operating costs" means the allowable operating costs incurred by the facility during the reporting year immediately preceding the rate year for which the payment rate becomes effective, after the commissioner has reviewed those costs and determined them to be allowable costs under the medical assistance program, and after the commissioner has applied appropriate limitations such as the limit on administrative costs.

Subd. 7. [NURSING HOME.] "Nursing home" means a facility licensed under chapter 144A or a boarding care facility licensed under sections 144.50 to 144.56.

Subd. 8. [OPERATING COSTS.] "Operating costs" means the day to day costs of operating the facility in compliance with licensure and certification standards. Operating cost categories are: nursing, including nurses and nursing assistants training; dietary; laundry and linen; housekeeping; plant operation and maintenance; other care-related services; general and administration; payroll taxes; real estate taxes and actual special assessments paid; and fringe benefits, including clerical training.

Subd. 9. [PAYMENT RATE.] "Payment rate" means the rate determined under section 12.

Subd. 10. [PRIVATE PAYING RESIDENT.] "Private paying resident" means a nursing home resident who is not a medical assistance recipient and whose payment rate is not established by another third party, including the veterans administration or medicare.

Subd. 11. [RATE YEAR.] "Rate year" means the fiscal year for which a payment rate determined under section 12 is effective, from July 1 to the next June 30.

Subd. 12. [REPORTING YEAR.] "Reporting year" means the period from October 1 to September 30, immediately preceding the rate year, for which the nursing home submits reports required under section 256B.48, subdivision 2.

Subd. 13. [ACTUAL RESIDENT DAY.] "Actual resident day" means a billable, countable day as defined by the commissioner.

Subd. 14. [FRINGE BENEFITS.] "Fringe benefits" means workers' compensation insurance, group health or dental insurance, group life insurance, retirement benefits or plans, and uniform allowances.

Subd. 15. [PAYROLL TAXES.] "Payroll taxes" means the employer's share of FICA taxes, governmentally required retirement contributions, and state and federal unemployment compensation taxes.

Sec. 12. [256B.431] [RATE DETERMINATION.]

Subdivision 1. [IN GENERAL.] The commissioner shall determine prospective payment rates for resident care costs. In determining the rates, the commissioner shall group nursing homes according to different levels of care and geographic location until July 1, 1985, and after that date, mix of resident needs,

and geographic location, as defined by the commissioner. The commissioner shall consider the use of the standard metropolitan statistical areas when developing groups by geographic location. Until groups are established according to mix of resident needs, the commissioner shall group all convalescent and nursing care units attached to hospitals into one group for purposes of determining reimbursement for operating costs. On or before June 15, 1983, the commissioner shall mail notices to each nursing home of the rates to be effective from July 1 of that year to June 30 of the following year. In subsequent years, the commissioner shall provide notice to each nursing home on or before May 1 of the rates effective for the following rate year. If a statute enacted after May 1 affects the rates, the commissioner shall provide a revised notice to each nursing home as soon as possible.

The commissioner shall establish, by rule, limitations on compensation recognized in the historical base for top management personnel. The commissioner shall also establish, by rule, limitations on allowable nursing hours for each level of care for the rate years beginning July 1, 1983 and July 1, 1984.

Subd. 2. [OPERATING COSTS.] (a) The commissioner shall establish, by rule, procedures for determining per diem reimbursement for operating costs based on actual resident days. The commissioner shall disallow any portion of the general and administration cost category, exclusive of fringe benefits and payroll taxes, that exceeds

10 percent for nursing homes with more than 100 certified beds in total,

12 percent for nursing homes with fewer than 101 but more than 40 certified beds in total,

14 percent for nursing homes with 40 or fewer certified beds in total, and

15 percent for convalescent and nursing care units attached to hospitals for the rate year beginning July 1, 1983, of the expenditures in all operating cost categories except fringe benefits, payroll taxes, and general and administration.

(b) For the rate year beginning July 1, 1983, and ending June 30, 1984, the prospective operating cost payment rate for each nursing home shall be determined by the commissioner based on the allowed historical operating costs as reported in the most recent cost report received by December 31, 1982 and audited by March 1, 1983, and may be subsequently adjusted to reflect the costs allowed. To determine the allowed historical oper-

ating cost, the commissioner shall update the historical per diem shown in those cost reports to June 30, 1983, using a nine percent annual rate of increase after applying the general and administrative cost limitation described in paragraph (a). The commissioner shall calculate the 60th percentile of actual allowable historical operating cost per diems for each group of nursing homes established under subdivision 1.

(1) Within each group, each nursing home whose actual allowable historical operating cost per diem as determined under this paragraph (b) is above the 60th percentile shall receive the 60th percentile increased by six percent plus 80 percent of the difference between its actual allowable operating cost per diem and the 60th percentile.

(2) Within each group, each nursing home whose actual allowable historical operating cost per diem is at or below the 60th percentile shall receive that actual allowable historical operating cost per diem increased by six percent.

For the rate year beginning July 1, 1984, and ending June 30, 1985, the prospective operating cost payment rate for each nursing home shall be determined by the commissioner based on actual allowable historical operating costs incurred during the reporting year preceding the rate year. The commissioner shall analyze and evaluate each nursing home's report of allowable operating costs incurred by the nursing home during the reporting year immediately preceding the rate year. The actual allowable historical operating costs, after the commissioner's analysis and evaluation, shall be added together and divided by the number of actual resident days to compute the actual allowable historical operating cost per diem. The commissioner shall calculate the 60th percentile of actual allowable historical operating cost per diems for each group of nursing homes established under subdivision 1.

(3) Within each group, each nursing home whose actual allowable historical operating cost per diem is above the 60th percentile of payment rates shall receive the 60th percentile increased at an annual rate of six percent plus 75 percent of the difference between its actual allowable historical operating cost per diem and the 60th percentile.

(4) Within each group, each nursing home whose actual allowable historical operating cost per diem is at or below the 60th percentile shall receive that actual allowable historical operating cost per diem increased at an annual rate of six percent.

(c) For subsequent years, the commissioner shall:

(1) Contract with an econometric firm with recognized expertise in and access to national economic change indices that can be applied to the appropriate cost categories when determining the operating cost payment rate;

(2) Establish the 60th percentile of actual allowable historical operating cost per diems for each group of nursing homes established under subdivision 1 based on cost reports of allowable operating costs in the previous reporting year. The commissioner shall analyze and evaluate each nursing home's report of allowable operating costs incurred by the nursing home during the reporting year immediately preceding the rate year for which the payment rate becomes effective. The allowable historical operating costs, after the commissioner's analysis and evaluation, shall be added together and divided by the actual number of resident days in order to compute the actual allowable historical operating cost per diem;

(3) Establish a composite index for each group by determining the weighted average of all economic change indicators applied to the operating cost categories in that group.

(4) Within each group, each nursing home shall receive the 60th percentile increased by the composite index calculated in paragraph (c)(3). The historical base for determining the prospective payment rate shall not exceed the operating cost payment rates during that reporting year.

The commissioner shall include the reported actual real estate tax liability of each proprietary nursing home as an operating cost of that nursing home. The commissioner shall include a reported actual special assessment for each nursing home as an operating cost of that nursing home. Total real estate tax liability and actual special assessments paid for each nursing home (i) shall be divided by actual resident days in order to compute the operating cost payment rate for this operating cost category, but (ii) shall not be used to compute the 60th percentile.

(d) The commissioner shall allow the nursing home to keep, as an efficiency incentive, the difference between the nursing home's operating cost payment rate established for that rate year and the actual historical operating costs incurred for that rate year, if the latter amount is smaller. If a nursing home's actual historic operating costs are greater than the prospective payment rate for that rate year, there shall be no retroactive cost settle-up. If an annual cost report or field audit indicates that the expenditures for direct resident care have been reduced in amounts large enough to indicate a possible detrimental effect on the quality of care, the commissioner shall notify the commissioner of health and the interagency board for quality assurance. If a field audit reveals that unallowable expenditures have been included in the nursing home's historical operating costs,

the commissioner shall disallow the expenditures and recover the entire overpayment. The commissioner shall establish, by rule, procedures for assessing an interest charge at the rate determined for unpaid taxes or penalties under section 270.75 on any outstanding balance resulting from an overpayment or underpayment.

(e) The commissioner may negotiate, with a nursing home that is eligible to receive medical assistance payments, a payment rate of up to 125 percent of the allowed payment rate to be paid for a period of up to three months for individuals who have been hospitalized for more than 100 days, who have extensive care needs based on nursing hours actually provided or mental or physical disability, or need for respite care for a specified and limited time period, and based on an assessment of the nursing home's resident mix as determined by the commissioner of health. The payment rate negotiated and paid pursuant to this paragraph is specifically exempt from the definition of "rule" and the rule-making procedures required by chapter 14 and section 16.

(f) Until groups are established according to mix of resident care needs, nursing homes licensed on June 1, 1983 by the commissioner to provide residential services for the physically handicapped and nursing homes that have an average length of stay of less than 180 days shall not be included in the calculation of the 60th percentile of any group. For rate year beginning July 1, 1983 and July 1, 1984, each of these nursing homes shall receive their actual allowed historical operating cost per diem increased by six percent. The commissioner shall also apply to these nursing homes the percentage limitation on the general and administrative cost category as provided in subdivision 2, paragraph (a).

Subd. 3. [PROPERTY-RELATED COSTS.] For rate years beginning July 1, 1983 and July 1, 1984, property-related costs shall be reimbursed to each nursing home at the level recognized in the most recent cost report received by December 31, 1982 and audited by March 1, 1983, and may be subsequently adjusted to reflect the costs recognized in the final rate for that cost report, adjusted for rate limitations in effect before the effective date of this section. Property-related costs include: depreciation, interest, earnings or investment allowance, lease, or rental payments. No adjustments shall be made as a result of sales or reorganizations of provider entities.

Adjustments for the cost of repairs, replacements, renewals, betterments, or improvements to existing buildings, and building service equipment shall be allowed if:

(i) The cost incurred is reasonable, necessary, and ordinary;

(ii) The net cost is greater than \$5,000. "Net cost" means the actual cost, minus proceeds from insurance, salvage, or disposal;

(iii) The nursing home's property-related costs per diem is equal to or less than the average property-related costs per diem within its group; and

(iv) The adjustment is shown in depreciation schedules submitted to and approved by the commissioner.

Annual per diem shall be computed by dividing total property-related costs by 96 percent of the nursing home's licensed capacity days for nursing homes with more than 60 beds and 94 percent of the nursing home's licensed capacity days for nursing homes with 60 or fewer beds. For a nursing home whose residents' average length of stay is 180 days or less, the commissioner may waive the 96 or 94 percent factor and divide the nursing home's property-related costs by the actual resident days to compute the nursing home's annual property-related per diem. The commissioner shall promulgate temporary and permanent rules to recapture excess depreciation upon sale of a nursing home.

For rate years beginning on or after July 1, 1985, the commissioner, by permanent rule, shall reimburse nursing home providers that are vendors in the medical assistance program for the rental use of their property. The "rent" is the amount of periodic payment which a renter might expect to pay for the right to the agreed use of the real estate and the depreciable equipment as it exists. "Real estate" means land improvements, buildings, and attached fixtures used directly for resident care. "Depreciable equipment" means the standard moveable resident care equipment and support service equipment generally used in long-term care facilities.

In developing the method for determining payment rates for the rental use of nursing homes, the commissioner shall consider factors designed to:

(i) simplify the administrative procedures for determining payment rates for property-related costs;

(ii) minimize discretionary or appealable decisions;

(iii) eliminate any incentives to sell nursing homes;

(iv) recognize legitimate costs of preserving and replacing property;

(v) recognize the existing costs of outstanding indebtedness allowable under the statutes and rules in effect on May 1, 1983;

(vi) address the current value of, if used directly for patient care, land improvements, buildings, attached fixtures, and equipment;

(vii) establish an investment per bed limitation;

(viii) reward efficient management of capital assets;

(ix) provide equitable treatment of facilities;

(x) consider a variable rate; and

(xi) phase in implementation of the rental reimbursement method.

No later than January 1, 1984, the commissioner shall report to the legislature on any further action necessary or desirable in order to implement the purposes and provisions of this subdivision.

Subd. 4. [SPECIAL RATES.] A newly-constructed nursing home or one with a capacity increase of 50 percent or more may, upon written application to the commissioner, receive an interim payment rate for reimbursement for property-related costs calculated pursuant to the statutes and rules in effect on May 1, 1983 and for operating costs negotiated by the commissioner based upon the 60th percentile established for the appropriate group under subdivision 2, paragraph (b) to be effective from the first day a medical assistance recipient resides in the home or for the added beds. For newly-constructed nursing homes which are not included in the calculation of the 60th percentile for any group, subdivision 2(f), the commissioner shall establish by rule procedures for determining interim operating cost payment rates and interim property-related cost payment rates. The interim payment rate shall not be in effect for more than 17 months. The commissioner shall establish, by temporary and permanent rules, procedures for determining the interim rate and for making a retroactive cost settle-up after the first year of operation; the cost settled operating cost per diem shall not exceed 110 percent of the 60th percentile established for the appropriate group. The commissioner shall establish by rule procedures for determining payment rates for nursing homes which provide care under a lesser care level than the level for which the nursing home is certified.

Subd. 5. [ADJUSTMENTS.] When resolution of appeals or on-site field audits of the records of nursing homes within a group result in adjustments to the 60th percentile of the payment rates within the group in any reporting year, the 60th percentile established for the following rate year for that group shall be increased or decreased by the adjustment amount.

Sec. 13. Minnesota Statutes 1982, section 256B.47, is amended to read:

256B.47 [(RATE LIMITS) **NONALLOWABLE COSTS; NOTICE OF INCREASES TO PRIVATE PAYING RESIDENTS.**]

Subdivision 1. [NONALLOWABLE COSTS.] (THE STATE AGENCY SHALL BY RULE ESTABLISH SEPARATE OVERALL LIMITATIONS ON THE COSTS FOR ITEMS WHICH DIRECTLY RELATE TO THE PROVISION OF PATIENT CARE TO RESIDENTS OF NURSING HOMES AND THOSE WHICH DO NOT DIRECTLY RELATE TO THE PROVISION OF CARE. THE STATE AGENCY MAY ALSO BY RULE, ESTABLISH LIMITATIONS FOR SPECIFIC COST CATEGORIES WHICH DO NOT DIRECTLY RELATE TO THE PROVISION OF PATIENT CARE. THE STATE AGENCY SHALL REIMBURSE NURSING HOMES FOR THE COSTS OF NURSING CARE IN EXCESS OF ANY STATE AGENCY LIMITS ON HOURS OF NURSING CARE IF THE COMMISSIONER OF HEALTH ISSUES A CORRECTION ORDER PURSUANT TO SECTION 144A.10, SUBDIVISION 4. DIRECTING THE NURSING HOME TO PROVIDE THE ADDITIONAL NURSING CARE. ALL COSTS DETERMINED OTHERWISE ALLOWABLE SHALL BE SUBJECT TO THESE LIMITATIONS.)

(SUBD. 2.) The following costs shall not be recognized as allowable (TO THE EXTENT THAT THESE COSTS CANNOT BE DEMONSTRATED BY THE NURSING HOME TO THE STATE AGENCY TO BE DIRECTLY RELATED TO THE PROVISION OF PATIENT CARE): (1) political contributions; (2) salaries or expenses of a lobbyist, as defined in section 10A.01, subdivision 11, for lobbying activities; (3) advertising designed to encourage potential residents to select a particular nursing home; (4) assessments levied by the (HEALTH DEPARTMENT) *commissioner of health* for uncorrected violations; (5) legal and related (FEES) *expenses* for unsuccessful challenges to decisions by (STATE) *governmental agencies*; (6) *memberships in sports, health or similar social clubs or organizations; and (7) costs incurred for activities directly related to influencing employees with respect to unionization.* (AND (6) DUES PAID TO A NURSING HOME OR HOSPITAL ASSOCIATION. THE STATE AGENCY SHALL PROMULGATE RULES ESTABLISHING STANDARDS WHICH SHALL DISTINGUISH BETWEEN ANY PATIENT-CARE RELATED COMPONENTS AND NONPATIENT-CARE RELATED COMPONENTS OF THESE COSTS, WHERE APPLICABLE. FOR PURPOSES OF THESE RULES, THE STATE AGENCY SHALL EXERCISE EMERGENCY POWERS AND ESTABLISH EMERGENCY RULES PURSUANT TO SECTION 15.0412, SUBDIVISION 5, BEFORE SEPTEMBER 1, 1977). The (STATE AGENCY) *commissioner* shall by rule exclude the costs

of any other items (WHICH IT DETERMINES ARE) not directly related to the provision of (PATIENT) *resident* care.

(SUBD. 3. ON OR BEFORE JANUARY 1, 1977 THE STATE AGENCY SHALL BY RULE ESTABLISH A PROCEDURE AFFORDING NOTICE OF THE APPROVED RATE FOR MEDICAL ASSISTANCE RECIPIENTS TO NURSING HOMES WITHIN 120 DAYS AFTER THE CLOSE OF THE FISCAL YEAR OF THE NURSING HOME.)

Subd. (4.) 2. [NOTICE TO RESIDENTS.] No increase in nursing home rates for private paying residents shall be effective unless the nursing home notifies the resident or person responsible for payment of the increase in writing 30 days before the increase takes effect.

A nursing home may adjust its rates without giving the notice required by this subdivision when the purpose of the rate adjustment is to (: (A)) reflect a necessary change in the level of care provided to a resident (; OR (B) RETROACTIVELY OR PROSPECTIVELY EQUALIZE PRIVATE PAY RATES WITH RATES CHARGED TO MEDICAL ASSISTANCE RECIPIENTS AS REQUIRED BY SECTION 256B.48, SUBDIVISION 1, CLAUSE (A) AND APPLICABLE FEDERAL LAW.)

(SUBD. 5. THE COMMISSIONER SHALL PROMULGATE RULES NO LATER THAN AUGUST 1, 1980, TO AMEND THE CURRENT RULES GOVERNING NURSING HOME REIMBURSEMENT, IN ACCORDANCE WITH SECTIONS 14.01 TO 14.70, TO ALLOW PROVIDERS TO ALLOCATE THEIR RESOURCES IN ORDER TO PROVIDE AS MANY NURSING HOURS AS NECESSARY WITHIN THE TOTAL COST LIMITATIONS OF THE PER DIEM ALREADY GRANTED). *If the state fails to set rates as required by section 12, the time required for giving notice is decreased by the number of days by which the state was late in setting the rates.*

Sec. 14. Minnesota Statutes 1982, section 256B.48, is amended to read:

256B.48 [CONDITIONS FOR PARTICIPATION.]

Subdivision 1. [PROHIBITED PRACTICES.] (NO) A nursing home (SHALL BE) *is not* eligible to receive medical assistance payments unless it (AGREES IN WRITING THAT IT WILL REFRAIN) *refrains* from:

(a) (CHARGING NONMEDICAL ASSISTANCE RESIDENTS RATES FOR SIMILAR SERVICES WHICH EXCEED BY MORE THAN TEN PERCENT THOSE RATES WHICH ARE APPROVED BY THE STATE AGENCY FOR MEDICAL ASSISTANCE RECIPIENTS. FOR NURSING

HOMES CHARGING NONMEDICAL ASSISTANCE RESIDENTS RATES LESS THAN TEN PERCENT MORE THAN THOSE RATES WHICH ARE APPROVED BY THE STATE AGENCY FOR MEDICAL ASSISTANCE RECIPIENTS, THE MAXIMUM DIFFERENTIAL IN RATES BETWEEN NON-MEDICAL ASSISTANCE RESIDENTS AND MEDICAL ASSISTANCE RECIPIENTS SHALL NOT EXCEED THAT DIFFERENTIAL WHICH WAS IN EFFECT ON APRIL 13, 1976. IF A NURSING HOME HAS EXCEEDED THIS DIFFERENTIAL SINCE APRIL 13, 1976, IT SHALL RETURN THE AMOUNT COLLECTED IN EXCESS OF THE ALLOWABLE DIFFERENTIAL STATED BY THIS SUBDIVISION TO THE NONMEDICAL ASSISTANCE RESIDENT, OR THAT PERSON'S REPRESENTATIVE, BY JULY 1, 1977. EFFECTIVE JULY 1, 1978, NO NURSING HOME SHALL BE ELIGIBLE FOR MEDICAL ASSISTANCE IF IT CHARGES NONMEDICAL ASSISTANCE RECIPIENTS) *Charging private paying residents rates for similar services which exceed those which are approved by the state agency for medical assistance recipients (; PROVIDED, HOWEVER, THAT) as determined by the prospective desk audit rate, except under the following circumstances: the nursing home may (1) charge (NONMEDICAL ASSISTANCE) private paying residents a higher rate for a private room, and (2) charge for special services which are not included in the daily rate if medical assistance (PATIENTS) residents are charged separately at the same rate for the same services in addition to the daily rate paid by the (STATE AGENCY) commissioner. A nursing home that charges a private paying resident a rate in violation of this clause is subject to an action by the state of Minnesota or any of its subdivisions or agencies for civil damages. A private paying resident or the resident's legal representative has a cause of action for civil damages against a nursing home that charges the resident rates in violation of this clause. The damages awarded shall include three times the payments that result from the violation, together with costs and disbursements, including reasonable attorneys' fees or their equivalent. A private paying resident or the resident's legal representative, the state, subdivision or agency, or a nursing home may request a hearing to determine the allowed rate or rates at issue in the cause of action. Within 15 calendar days after receiving a request for such a hearing, the commissioner shall request assignment of a hearing examiner under sections 14.48 to 14.56 to conduct the hearing as soon as possible or according to agreement by the parties. The hearing examiner shall issue a report within 15 calendar days following the close of the hearing. The prohibition set forth in this clause shall not apply to facilities licensed as boarding care facilities which are not certified as skilled or intermediate care facilities level I or II for reimbursement through medical assistance;*

(b) Requiring an applicant for admission to the home, or the guardian or conservator of the applicant, as a condition of admission, to pay (AN ADMISSION FEE) *any fee or deposit in*

excess of \$100, loan any money to the nursing home, or promise to leave all or part of the applicant's estate to the home; (AND)

(c) Requiring any resident of the nursing home to utilize a vendor of health care services who is a licensed physician or pharmacist chosen by the nursing home;

(d) *Requiring any applicant to the nursing home, or the applicant's guardian or conservator, as a condition of admission, to assure that the applicant is neither eligible for nor will seek public assistance for payment of nursing home care costs;*

(e) *Requiring any vendor of medical care as defined by section 256B.02, subdivision 7, who is reimbursed by medical assistance under a separate fee schedule, to pay any portion of his fee to the nursing home except as payment for renting or leasing space or equipment of the nursing home or purchasing support services, if those agreements are disclosed to the commissioner; and*

(f) *Refusing, for more than 24 hours, to accept a resident returning to his same bed or a bed certified for the same level of care, in accordance with a physician's order authorizing transfer, after receiving inpatient hospital services.*

The prohibitions set forth in clause (b) shall not apply to a retirement home with more than 325 beds including at least 150 licensed nursing home beds and which:

(1) is owned and operated by an organization tax-exempt under section 290.05, subdivision 1, clause (i); and

(2) (AT THE TIME OF ADMISSION PLACES) *accounts for all of the applicant's assets which are required to be assigned to the home (IN A TRUST ACCOUNT FROM WHICH) so that only expenses for the cost of care of the applicant may be (DEDUCTED) charged against the account; and*

(3) agrees in writing at the time of admission to the home to permit the applicant, or his guardian, or conservator, to examine the records relating to the (INDIVIDUAL'S TRUST) *applicant's account upon request, and to receive an audited statement of the expenditures (FROM) charged against his individual account upon request; and*

(4) agrees in writing at the time of admission to the home to permit the applicant to withdraw from the home at any time and to receive, upon withdrawal, (ALL OF THE UNEXPENDED FUNDS REMAINING IN) *the balance of his individual (TRUST) account (; AND)*

((5) WAS IN COMPLIANCE WITH PROVISIONS (1) TO (4) AS OF JUNE 30, 1976).

Subd. 2. [REPORTING REQUIREMENTS.] (EFFECTIVE JULY 1, 1976, NO NURSING HOME SHALL BE ELIGIBLE TO RECEIVE MEDICAL ASSISTANCE PAYMENTS UNLESS IT AGREES IN WRITING TO:)

((A) PROVIDE THE STATE AGENCY WITH ITS MOST RECENT (1) BALANCE SHEET AND STATEMENT OF REVENUES AND EXPENSES AS AUDITED BY A CERTIFIED PUBLIC ACCOUNTANT LICENSED BY THIS STATE OR BY A PUBLIC ACCOUNTANT AS DEFINED IN SECTION 412.222; (2) STATEMENT OF OWNERSHIP FOR THE NURSING HOME; AND (3) A SEPARATE AUDITED BALANCE SHEET AND STATEMENT OF REVENUES AND EXPENSES FOR EACH NURSING HOME IF MORE THAN ONE NURSING HOME OR OTHER BUSINESS OPERATION IS OWNED BY THE SAME OWNER; A GOVERNMENTALLY OWNED NURSING HOME MAY COMPLY WITH THE AUDITING REQUIREMENTS OF THIS CLAUSE BY SUBMITTING AN AUDIT REPORT PREPARED BY THE STATE AUDITOR'S OFFICE;)

((B) PROVIDE THE STATE AGENCY WITH COPIES OF LEASES, PURCHASE AGREEMENTS AND OTHER RELATED DOCUMENTS RELATED TO THE LEASE OR PURCHASE OF THE NURSING HOME; AND)

((C) PROVIDE TO THE STATE AGENCY UPON REQUEST COPIES OF LEASES, PURCHASE AGREEMENTS, OR SIMILAR DOCUMENTS FOR THE PURCHASE OR ACQUISITION OF EQUIPMENT, GOODS AND SERVICES WHICH ARE CLAIMED AS ALLOWABLE COSTS.)

No later than December 31 of each year, a skilled nursing facility or intermediate care facility, including boarding care facilities, which receives medical assistance payments or other reimbursements from the state agency shall:

(a) Provide the state agency with a copy of its audited financial statements. The audited financial statements must include a balance sheet, income statement, statement of the rate or rates charged to private paying residents, statement of retained earnings, statements of changes in financial position (cash and working capital methods), notes to the financial statements, applicable supplemental information, and the certified public accountant's or licensed public accountant's opinion. The examination by the certified public accountant or licensed public accountant shall be conducted in accordance with generally accepted auditing standards as promulgated and adopted by the American Institute of Certified Public Accountants;

(b) *Provide the state agency with a statement of ownership for the facility;*

(c) *Provide the state agency with separate, audited financial statements as specified in clause (a) for every other facility owned in whole or part by an individual or entity which has an ownership interest in the facility;*

(d) *Upon request, provide the state agency with separate, audited financial statements as specified in clause (a) for every organization with which the facility conducts business and which is owned in whole or in part by an individual or entity which has an ownership interest in the facility;*

(e) *Provide the state agency with copies of leases, purchase agreements, and other documents related to the lease or purchase of the nursing facility;*

(f) *Upon request, provide the state agency with copies of leases, purchase agreements, and other documents related to the acquisition of equipment, goods, and services which are claimed as allowable costs; and*

(g) *Permit access by the state agency to the certified public accountant's and licensed public accountant's audit workpapers which support the audited financial statements required in clauses (a), (c), and (d).*

Documents or information provided to the state agency pursuant to this subdivision shall be public. If the requirements of clauses (a) to (g) are not met, the reimbursement rate may be reduced to 80 percent of the rate in effect on the first day of the fourth calendar month after the close of the reporting year, and the reduction shall continue until the requirements are met.

Subd. 3. [INCOMPLETE OR INACCURATE REPORTS.] The (STATE AGENCY) commissioner may reject any annual cost report filed by a nursing home pursuant to this chapter if (IT) the commissioner determines that the report or the information required in subdivision 2, clause (a) has been filed in a form that is incomplete or inaccurate. In the event that a report is rejected pursuant to this subdivision, the (STATE AGENCY MAY MAKE PAYMENTS) commissioner shall reduce the reimbursement rate to a nursing home (AT THE) to 80 percent of its most recently established rate (DETERMINED FOR ITS PRIOR FISCAL YEAR, OR AT AN INTERIM RATE ESTABLISHED BY THE STATE AGENCY,) until the information is completely and accurately filed.

Subd. 4. [EXTENSIONS.] The commissioner may grant a 15-day extension of the reporting deadline to a nursing home.

for good cause. To receive such an extension, a nursing home shall submit a written request by December 1. The commissioner will notify the nursing home of the decision by December 15.

Subd. 5. [FALSE REPORTS.] If a nursing home knowingly supplies inaccurate or false information in a required report that results in an overpayment, the commissioner shall: (a) immediately adjust the nursing home's payment rate to recover the entire overpayment within the rate year; or (b) terminate the commissioner's agreement with the nursing home; or (c) prosecute under applicable state or federal law; or (d) use any combination of the foregoing actions.

Sec. 15. [256B.50] [APPEALS.]

A nursing home may appeal a decision arising from the application of standards or methods pursuant to sections 10 and 256B.47 if the appeal, if successful, would result in a change to the nursing home's payment rate. To appeal, the nursing home shall notify the commissioner of its intent to appeal within 30 days and submit a written appeal request within 60 days of receiving notice of the payment rate determination or decision. The appeal request shall specify each disputed item, the reason for the dispute, an estimate of the dollar amount involved for each disputed item, the computation that the nursing home believes is correct, the authority in statute or rule upon which the nursing home relies for each disputed item, the name and address of the person or firm with whom contacts may be made regarding the appeal, and other information required by the commissioner. The appeal shall be heard by a hearing examiner according to sections 14.48 to 14.56, or upon agreement by both parties according to a modified appeals procedure established by the commissioner and the hearing examiner. In any proceeding under this section, the appealing party must demonstrate by a preponderance of the evidence that the commissioner's determination is incorrect. Regardless of any rate appeal, the rate established shall be the rate paid and shall remain in effect until final resolution of the appeal or subsequent desk or field audit adjustment, notwithstanding any provision of law or rule to the contrary. To challenge the validity of rules established by the commissioner pursuant to sections 256B.41, 256B.47, 256B.48, and sections 11, 12, 15, and 16, a nursing home shall comply with section 14.44.

Sec. 16. [256B.502] [TEMPORARY RULES.]

The commissioners of health and public welfare shall promulgate temporary and permanent rules necessary to implement sections 1 to 15 except as otherwise indicated in accordance with sections 14.01 to 14.38. Temporary rules promulgated by August 15, 1983 to implement the rate determination provisions of section 12 are retroactive to and effective as of July 1, 1983. Notwithstanding the provisions of section 14.35, temporary rules promulgated to implement sections 1 to 15 shall be effective for

up to 360 days after July 1, 1983, and may be continued in effect for two additional periods of 180 days each if the commissioner gives notice of continuation of each additional period by publishing notice in the state register and mailing the same notice to all persons registered with the commissioner to receive notice of rulemaking proceedings in connection with sections 1 to 15. The temporary rules promulgated in accordance with this section shall not be effective 720 days after their effective date without following the procedures in sections 14.13 to 14.20. The commissioner shall report to the legislature by January 1, 1985, on likely groups and shall establish groups of nursing homes based on the mix of resident care needs, and on geographic area, by July 1, 1985.

Sec. 17. [LEGISLATIVE COMMISSION ON LONG TERM HEALTH CARE.]

Subdivision 1. A legislative study commission is created (a) to monitor the inspection and regulation activities, including rule developments, of the departments of health and public welfare with the goal of improving quality of care; (b) to study and report on alternative long-term care services, including respite care services, day care services, and hospice services; and (c) to study and report on alternatives to medical assistance funding for providing long term health care services to the citizens of Minnesota. The study commission shall consider the use of such alternatives as private insurance, private annuities, health maintenance organizations, preferred provider organizations, medicare, and such other alternatives as the commission may deem worthy of study.

Subd. 2. The commission shall consist of six members of the house of representatives appointed by the speaker and six members of the senate appointed by the subcommittee on committees.

Subd. 3. The commission shall report its findings and recommendations to the governor and the legislature not later than January 1, 1985.

Subd. 4. The commission shall hold meetings and hearings at the times and places it designates to accomplish the purposes set forth in this section. It shall select a chairperson and other officers from its membership as it deems necessary.

Subd. 5. The commission shall make use of existing legislative facilities and staff of the house and senate research department and senate counsel, but it may also request the legislative coordinating commission to supply it with additional necessary staff, office space, and administrative services. All additional personnel shall be hired and supervised by the directors of the house and senate research departments and senate counsel. The commission shall have full authority to contract for expert services and opinions relevant to the purposes of this section. The

commission, by a two-thirds vote of its members, may request the issuance of subpoenas, including subpoenas duces tecum, requiring the appearance of persons, production of relevant records, and giving of relevant testimony.

Sec. 18. [ANCILLARY SERVICES.]

The commissioner shall promulgate rules pursuant to the administrative procedures act to set the amount and method of payment for ancillary materials and services provided to recipients residing in long-term care facilities. Payment for materials and services may be made to either the nursing home in the operating cost per diem, to the vendor of ancillary services pursuant to 12 MCAR 2.047 or to a nursing home pursuant to 12 MCAR 2.047. Payment for the same or similar service to a recipient shall not be made to both the nursing home and the vendor. The commissioner shall ensure that charges for ancillary materials and services are as would be incurred by a prudent buyer.

Sec. 19. [REPEALER.]

Minnesota Statutes 1982, sections 256B.42; 256B.43; 256B.44; 256B.45; and 256B.46 are repealed effective July 1, 1983. 12 MCAR, Section 2.049 is superseded effective on the effective date of the first temporary rule promulgated to implement section 12, retroactive to July 1, 1983.

Sec. 20. [APPROPRIATION.]

The approved complement of the department of health increased by one-half position for the interagency board. \$1,043,520 for fiscal year 1984 and \$603,680 for fiscal year 1985 are appropriated from the general fund to the commissioner of public welfare for the state's costs of implementing sections 1 to 19 for the biennium ending June 30, 1985. \$4,376,560 for fiscal year 1984 and \$6,176,462 for fiscal year 1985 is appropriated from the general fund for the state's costs for preadmission screening and alternative care grants. Remaining amounts necessary to fund these areas shall be obtained from federal and county sources and shall be appropriated for implementing sections 1 to 18. The approved complement of the department of public welfare is increased by five and one-half full-time positions; the one-half full-time position is for the interagency board.

Sec. 21. [EFFECTIVE DATE.]

Sections 1 to 20 are effective the day following enactment, for the moratorium and for establishing procedures for determining payment rates to become effective for the biennium beginning July 1, 1983, and thereafter. The amendments to section 256B.48, subdivision 1, apply to causes of action arising from charges made on or after the effective date of section 14."

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

Senate Conferees: LINDA BERGLIN, MARILYN M. LANTRY and DUANE D. BENSON.

House Conferees: JOHN T. CLAWSON, JAMES C. SWANSON and TONY ONNEN.

The Speaker resumed the Chair.

Clawson moved that the report of the Conference Committee on S. F. No. 695 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 695, A bill for an act relating to public welfare; requiring new procedures for determining nursing home payment rates; requiring a moratorium on certification or welfare licensure of new beds with certain exceptions; providing for an interagency board for quality assurance; appropriating money; amending Minnesota Statutes 1982, sections 144A.10, subdivisions 4, 6, and by adding a subdivision; 256B.091, subdivisions 1, 2, 4, and 8; 256B.41; 256B.47; and 256B.48; proposing new law coded in Minnesota Statutes 1982, chapters 144A and 256B; repealing Minnesota Statutes 1982, sections 256B.42; 256B.43; 256B.44; 256B.45; and 256B.46; and 12 MCAR 2.049.

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 prevailed.

There were 117 yeas and 11 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Dempsey	Hankoo	Long	Onnen
Anderson, G.	DenOuden	Heap	Ludeman	Osthoff
Battaglia	Dimler	Heinitz	Mann	Otis
Beard	Eken	Himle	Marsh	Pauly
Begich	Elioff	Hoffman	McDonald	Peterson
Bennett	Ellingson	Jacobs	McKasy	Piepho
Berkelman	Erickson	Jensen	Minne	Piper
Blatz	Evans	Johnson	Munger	Price
Brandl	Findlay	Kahn	Murphy	Quist
Burger	Forsythe	Kelly	Nelson, D.	Redalen
Carlson, D.	Frerichs	Knickerbocker	Nelson, K.	Reif
Carlson, L.	Graba	Knuth	Neuenschwander	Rice
Clark, J.	Greenfield	Kostohryz	Norton	Riveness
Clark, K.	Gruenes	Krueger	O'Connor	Rodosovich
Clawson	Gustafson	Kvam	Ogren	Rodriguez, C.
Cohen	Gutknecht	Larsen	Olsen	Rodriguez, F.
Coleman	Halberg	Levi	Omann	St. Onge

Sarna	Shea	Staten	Valan	Wenzel
Schafer	Sherman	Sviggum	Valento	Wigley
Scheid	Simoneau	Swanson	Vanasek	Wynia
Schreiber	Skoglund	Thiede	Vellenga	Speaker Sieben
Seaberg	Solberg	Temlinson	Voss	
Segal	Sparby	Tanheim	Welch	
Shaver	Stadum	Uphus	Welle	

Those who voted in the negative were:

Anderson, R.	Fjoslien	McEachern	Schoenfeld	Welker
Bergstrom	Jennings	Metzen	Waltman	Zaffke
Bishop				

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

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 338.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 338

A bill for an act relating to motor vehicles; maintaining the maximum interest rate on certain loans under the Motor Vehicle Retail Installment Sales Act at the current rate; amending Minnesota Statutes 1982, section 168.72, subdivision 2.

May 20, 1983

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S. F. No. 338, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendment.

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

Senate Conferees: GREGORY L. DAHL, ERIC D. PETTY and DORAN L. ISACKSON.

House Conferees: TOM OSTHOFF, JAMES METZEN and TERRY DEMPSEY.

Osthoff moved that the report of the Conference Committee on S. F. No. 338 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 338, A bill for an act relating to motor vehicles; maintaining the maximum interest rate on certain loans under the Motor Vehicle Retail Installment Sales Act at the current rate; amending Minnesota Statutes 1982, section 168.72, subdivision 2.

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 prevailed.

There were 119 yeas and 6 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Elioff	Knickerbocker	Onnen	Sherman
Anderson, G.	Ellingson	Knuth	Osthoff	Simoneau
Anderson, R.	Erickson	Krueger	Otis	Skoglund
Battaglia	Evans	Kvam	Pauly	Solberg
Beard	Findlay	Larsen	Peterson	Sparby
Begich	Forsythe	Levi	Piepho	Stadum
Bennett	Frerichs	Long	Piper	Staten
Bergstrom	Graba	Mann	Price	Sviggum
Berkelman	Greenfield	Marsh	Quinn	Swanson
Bishop	Gruenes	McDonald	Quist	Tomlinson
Blatz	Gustafson	McEachern	Redalen	Tunheim
Brandl	Gutknecht	McKasy	Reif	Uphus
Burger	Halberg	Metzen	Rice	Valan
Carlson, D.	Haukoos	Minne	Riveness	Valento
Carlson, L.	Heap	Munger	Rodosovich	Vanasek
Clark, J.	Heinitz	Murphy	Rodriguez, C.	Vellenga
Clark, K.	Himle	Nelson, D.	St. Onge	Waltman
Clawson	Hoffman	Nelson, K.	Sarna	Welch
Cohen	Hokr	Neuenschwander	Schafer	Welle
Coleman	Jacobs	Norton	Scheid	Wenzel
Dempsey	Johnson	O'Connor	Schreiber	Wigley
DenOuden	Kahn	Ogren	Seaberg	Wynia
Dimler	Kalis	Olsen	Segal	Speaker Sieben
Eken	Kelly	Omann	Shea	

Those who voted in the negative were:

Fjoslien
Jennings

Ludeman

Thiede

Welker

Zaffke

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

CALL OF THE HOUSE LIFTED

Eken moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

The following conference committee reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 257

A bill for an act relating to motor vehicles; providing for special license plates for certain motor vehicles owned by certain members of the Minnesota national guard; imposing fees; appropriating money; amending Minnesota Statutes 1982, section 168.12, by adding a subdivision.

May 21, 1983

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 257, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 257 be further amended as follows:

Page 2, line 25, delete "\$50,000" and insert "\$25,000"

Page 2, line 26, after the period insert "*No increase in complement is authorized by this act.*"

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

House Conferees: BOB ANDERSON, HARRY A. SIEBEN, JR., and SALLY OLSEN.

Senate Conferees: BETTY A. ADKINS, JOHN BERNHAGEN and TAD JUDE.

Anderson, R., moved that the report of the Conference Committee on H. F. No. 257 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 257, A bill for an act relating to motor vehicles; providing for special license plates for certain motor vehicles owned by certain members of the Minnesota national guard; imposing fees; appropriating money; amending Minnesota Statutes 1982, section 168.12, by adding a subdivision.

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

The question was taken on the repassage of the bill and the roll was called. There were 123 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Ellingson	Knuth	Osthoff	Selberg
Anderson, G.	Erickson	Krueger	Otis	Sparby
Anderson, R.	Evans	Kvam	Pauly	Stadum
Battaglia	Findlay	Larsen	Peterson	Staten
Beard	Fjoslien	Levi	Piepho	Sviggun
Begich	Forsythe	Long	Piper	Swanson
Bennett	Frerichs	Ludeman	Price	Thiede
Bergstrom	Graba	Mann	Quist	Tomlinson
Berkelman	Greenfield	Marsh	Redalen	Tunheim
Bishop	Gruenes	McDonald	Reif	Uphus
Blatz	Gustafson	McEachern	Rice	Valan
Brandt	Gutknecht	McKasy	Riveness	Valento
Burger	Hsiberg	Metzen	Rodosovich	Vanasek
Carlson, D.	Haukoos	Minne	Rodriguez, C.	Vellenga
Carlson, L.	Heap	Munger	St. Onge	Waltman
Clark, J.	Heinitz	Murphy	Sarna	Welch
Clark, K.	Himle	Nelson, D.	Schafer	Welker
Clawson	Hoffman	Nelson, K.	Scheid	Welle
Cohen	Hokr	Neuenschwander	Schreiber	Wenzel
Coleman	Jacobs	Norton	Seaberg	Wigley
Dempsey	Jennings	O'Connor	Segal	Wynia
DenOuden	Johnson	Ogren	Shaver	Zaffke
Dimler	Kahn	Olsen	Sherman	Speaker Sieben
Eken	Kelly	Omann	Simoneau	
Elioff	Knickerbocker	Onnen	Skoglund	

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 435

A bill for an act relating to crimes; establishing degrees of burglary; prescribing penalties; providing mandatory terms of incarceration; proposing new law coded in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1982, section 609.58.

May 20, 1983

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 435, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 435 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [609.581] [DEFINITIONS.]

Subdivision 1. [TERMS DEFINED.] For purpose of sections 2 to 4 the terms defined in this section have the meanings given them.

Subd. 2. [BUILDING.] "Building" means a structure suitable for affording shelter for human beings including any appurtenant or connected structure.

Subd. 3. [DWELLING.] "Dwelling" means a building used as a permanent or temporary residence.

Subd. 4. [ENTERS A BUILDING WITHOUT CONSENT.] "Enters a building without consent" means:

(a) to enter a building without the consent of the person in lawful possession;

(b) to enter a building by using artifice, trick, or misrepresentation to obtain consent to enter from the person in lawful possession; or

(c) to remain within a building without the consent of the person in lawful possession.

Whoever enters a building while open to the general public does so with consent except when consent was expressly withdrawn before entry.

Sec. 2. [609.582.] [BURGLARY.]

Subdivision 1. [BURGLARY IN THE FIRST DEGREE.] Whoever enters a building without consent and with intent to commit a crime commits burglary in the first degree and may be sentenced to imprisonment for not more than 20 years or to payment of a fine of not more than \$20,000, or both, if:

(a) *the building is a dwelling and another person not an accomplice is present in it;*

(b) *the burglar possesses a dangerous weapon or explosive when entering or at any time while in the building; or*

(c) *the burglar assaults a person within the building.*

Subd. 2. [BURGLARY IN THE SECOND DEGREE.] *Whoever enters a building without consent and with intent to commit a crime commits burglary in the second degree and may be sentenced to imprisonment for not more than ten years or to payment of a fine of not more than \$10,000, or both, if:*

(a) *the building is a dwelling;*

(b) *the portion of the building entered contains a banking business or other business of receiving securities or other valuable papers for deposit or safekeeping and the entry is with force or threat of force;*

(c) *the portion of the building entered contains a pharmacy or other lawful business or practice in which controlled substances are routinely held or stored, and the entry is forcible; or*

(d) *when entering or while in the building, the burglar possesses a tool to gain access to money or property.*

Subd. 3. [BURGLARY IN THE THIRD DEGREE.] *Whoever enters a building without consent and with intent to steal or commit any felony or gross misdemeanor commits burglary in the third degree and may be sentenced to imprisonment for not more than five years or to payment of a fine of not more than \$5,000, or both.*

Subd. 4. [BURGLARY IN THE FOURTH DEGREE.] *Whoever enters a building without consent and with intent to commit a misdemeanor other than to steal commits burglary in the fourth degree and may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$1,000, or both.*

Sec. 3. [609.583] [SENTENCING; FIRST BURGLARY OF A DWELLING.]

In determining an appropriate sentence for a first offense of burglary of a dwelling, the court shall presume that a stay of execution with a 120-day period of incarceration as a condition of probation shall be imposed unless the defendant's criminal history score determined according to the sentencing guidelines indicates a presumptive executed sentence, in which case the presumptive executed sentence shall be imposed unless the court de-

parts from the sentencing guidelines pursuant to section 244.10. A stay of imposition of sentence may be granted only if accompanied by a statement on the record of the reasons for it. The presumptive period of incarceration may be waived in whole or in part by the court if the defendant provides restitution or performs community work service.

Sec. 4. [REPEALER.]

Minnesota Statutes 1982, section 609.58, is repealed.

Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective August 1, 1983, and apply to all crimes committed on or after that date."

Amend the title as follows:

Page 1, line 3, delete "mandatory terms" and insert "a presumptive term"

Page 1, line 4, after "incarceration" insert "in certain instances"

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

House Conferees: JANET CLARK, ART SEABERG, RANDY KELLY, DAVID BISHOP and RANDY STATEN.

Senate Conferees: R. W. PETERSON, EMBER REICHGOTT, ALLAN SPEAR, ERIC PETTY and D. E. JOHNSON.

Clark, J., moved that the report of the Conference Committee on H. F. No. 435 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 435, A bill for an act relating to crimes; establishing degrees of burglary; prescribing penalties; providing mandatory terms of incarceration; proposing new law coded in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1982, section 609.58.

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

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

Those who voted in the affirmative were:

Anderson, B.	Evans	Kostohryz	Otis	Simoneau
Anderson, G.	Findlay	Krueger	Pauly	Skoglund
Anderson, R.	Fjoslien	Kvam	Peterson	Solberg
Battaglia	Forsythe	Larsen	Piepho	Sparby
Beard	Frerichs	Levi	Piper	Stadum
Begich	Graba	Long	Price	Staten
Bennett	Greenfield	Ludeman	Quist	Sviggun
Bergstrom	Gruenes	Mann	Redalen	Swanson
Berkelman	Gustafson	Marsh	Reif	Thiede
Bishop	Cutknecht	McDonald	Rice	Tomlinson
Blatz	Halberg	McEachern	Riveness	Tunheim
Brandl	Haukoos	McKasy	Rodosovich	Uphus
Burger	Heap	Metzen	Rodriguez, C.	Valan
Carlson, L.	Heinitz	Minne	Rodriguez, F.	Valento
Clark, J.	Himle	Munger	Rose	Vanasek
Clark, K.	Hoffman	Murphy	St. Onge	Vellenga
Clawson	Hokr	Nelson, D.	Sarna	Waltman
Cohen	Jacobs	Nelson, K.	Schafer	Welch
Coleman	Jennings	Neuenschwander	Scheid	Welker
Dempsey	Jensen	Norton	Schoenfeld	Welle
DenOuden	Johnson	O'Connor	Schreiber	Wenzel
Dimler	Kahn	Ogren	Seaberg	Wigley
Eken	Kalis	Olsen	Segal	Wynia
Elioff	Kelly	Omann	Shaver	Zaffke
Ellingson	Knickerbocker	Onnen	Shea	Speaker Sieben
Erickson	Knuth	Osthoff	Sherman	

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

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.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 428:

Knuth, McEachern and McDonald.

SPECIAL ORDERS

H. F. No. 429, A bill for an act relating to automobile insurance; prohibiting any right of subrogation on underinsurance claims; amending Minnesota Statutes 1982, section 65B.53, 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 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Evans	Knickerbocker	Osthoff	Shaver
Anderson, G.	Findlay	Knuth	Otis	Shea
Anderson, R.	Fjoslien	Kostohryz	Pauly	Sherman
Battaglia	Forsythe	Krueger	Peterson	Simoneau
Beard	Frerichs	Larsen	Piepho	Skoglund
Begich	Graba	Long	Piper	Solberg
Bennett	Greenfield	Ludeman	Price	Sparby
Bergstrom	Gruenes	Mann	Quinn	Stadum
Berkelman	Gustafson	Marsh	Quist	Svigum
Blatz	Gutknecht	McDonald	Redalen	Swanson
Brandl	Halberg	McEachern	Reif	Thiede
Burger	Haukoos	McKasy	Rice	Tunheim
Carlson, D.	Heap	Metzen	Riveness	Uphus
Carlson, L.	Heinitz	Minne	Rodosovich	Valan
Clark, J.	Himle	Munger	Rodriguez, C.	Valento
Clark, K.	Hoffman	Murphy	Rodriguez, F.	Vellenga
Clawson	Hokr	Nelson, D.	St. Onge	Waltman
Cohen	Jacobs	Neuenschwander	Sarna	Welch
Coleman	Jennings	Norton	Schafer	Weiker
DenOuden	Jensen	O'Connor	Scheid	Welle
Dimler	Johnson	Ogren	Schoenfeld	Wenzel
Elioff	Kahn	Olsen	Schreiber	Wynia
Ellingson	Kalis	Omann	Seaberg	Zaffke
Erickson	Kelly	Onnen	Segal	Speker Sieben

The bill was passed and its title agreed to.

H. F. No. 1046, A bill for an act relating to the city of Baxter; authorizing the city to employ a full-time police officer; providing exception to peace officer licensing requirement.

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 114 yeas and 8 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Cohen	Halberg	Larsen	Osthoff
Anderson, G.	Dempsey	Haukoos	Levi	Otis
Anderson, R.	DenOuden	Heap	Long	Pauly
Battaglia	Dimler	Heinitz	Ludeman	Piepho
Beard	Eken	Himle	Marsh	Piper
Begich	Elioff	Hoffman	McDonald	Price
Bennett	Ellingson	Hokr	McEachern	Quinn
Bergstrom	Erickson	Jennings	McKasy	Quist
Berkelman	Findlay	Jensen	Metzen	Redalen
Blatz	Fjoslien	Johnson	Minne	Reif
Brandl	Forsythe	Kalis	Murphy	Rice
Burger	Frerichs	Kelly	Nelson, D.	Riveness
Carlson, D.	Graba	Knickerbocker	Neuenschwander	Rodosovich
Carlson, L.	Greenfield	Knuth	Ogren	Rodriguez, F.
Clark, J.	Gruenes	Kostohryz	Olsen	St. Onge
Clark, K.	Gustafson	Krueger	Omann	Sarna
Clawson	Gutknecht	Kvam	Onnen	Schafer

Schoenfeld	Skoglund	Swanson	Valento	Wenzel
Schreiber	Solberg	Thiede	Vanasek	Wigley
Seaberg	Sparby	Tomlinson	Waltman	Wynia
Segal	Stadum	Tunheim	Welch	Zaffke
Shaver	Staten	Uphus	Welker	Speaker Sieben
Sherman	Sviggum	Valan	Welle	

Those who voted in the negative were:

Jacobs	O'Connor	Rodriguez, C.	Vellenga	Voss
Norton	Peterson	Scheid		

The bill was passed and its title agreed to.

H. F. No. 851, A bill for an act relating to agriculture; making certain changes in the family farm security loan program; amending Minnesota Statutes 1982, sections 15.38, by adding a subdivision; 16.02, subdivision 14; 41.52, by adding a subdivision; 41.53, subdivision 2; 41.54, subdivision 2; 41.55; 41.56, subdivisions 4, 5, and by adding subdivisions; 41.57, subdivision 2; 41.58, subdivision 1; 41.59, subdivisions 1, 2, and 3; 41.61, subdivision 1; and 48.19, 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 120 yeas and 1 nay as follows:

Those who voted in the affirmative were:

Anderson, B.	Erickson	Knuth	Otis	Skoglund
Anderson, R.	Findlay	Kostohryz	Pauly	Solberg
Battaglia	Forsythe	Krueger	Peterson	Sparby
Beard	Frerichs	Kvam	Picpho	Stadum
Begich	Graba	Larsen	Piper	Staten
Bennett	Greenfield	Levi	Price	Sviggum
Bergstrom	Gruenes	Long	Quinn	Swanson
Berkelman	Gustafson	Ludeman	Quist	Thiede
Blatz	Gutknecht	Marsh	Redalen	Tomlinson
Brandl	Halberg	McDonald	Reif	Tunheim
Burger	Haukoos	McEachern	Riveness	Uphus
Carlson, D.	Heap	McKasy	Rodosovich	Valan
Carlson, L.	Heinitz	Metzen	Rodriguez, C.	Valento
Clark, J.	Himle	Minne	Rodriguez, F.	Vanasek
Clark, K.	Hoffman	Murphy	Sarna	Vellenga
Clawson	Hokr	Nelson, D.	Schafer	Voss
Cohen	Jacobs	Nelson, K.	Scheid	Waltman
Coleman	Jennings	Neuenschwander	Schoenfeld	Welch
Dempsey	Jensen	Norton	Schreiber	Welle
DenOuden	Johnson	O'Connor	Seaberg	Wenzel
Dimler	Kahn	Ogren	Segal	Wigley
Eken	Kalis	Olsen	Shaver	Wynia
Elioff	Kelly	Omamn	Sherman	Zaffke
Ellingson	Knickerbocker	Onnen	Simoneau	Speaker Sieben

Those who voted in the negative were:

Welker

The bill was passed and its title agreed to.

The following conference committee report was received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 300

A bill for an act relating to energy; creating the Minnesota energy authority; establishing a program of loans and financial assistance for households and municipalities; authorizing the issuance of bonds; appropriating money; transferring powers; amending Minnesota Statutes 1982, sections 116C.03, subdivision 2; 116J.03, subdivision 1; 116J.09; 116J.10; 216B.16, by adding a subdivision; 462A.02, subdivision 10; 462A.05, by adding subdivisions; 462A.21, by adding a subdivision; and 474.01, by adding a subdivision; proposing new law coded in Minnesota Statutes, chapters 116H; 216B; and 462A.

May 21, 1983

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 300, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 300 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 15.039, is amended to read:

15.039 [EFFECT OF TRANSFER OF POWERS AMONG AGENCIES.]

Subdivision 1. [APPLICATION OF SECTION.] The provisions of this section apply whenever the responsibilities of an agency are transferred by law to another agency unless the act directing the transfer provides otherwise. The term "responsibilities" includes powers, duties, rights, obligations, and other authority imposed by law on an agency. The term "new agency" means the agency to which responsibilities have been transferred from another agency.

Subd. 2. [IN GENERAL.] The new agency is a continuation of the former agency as to those matters within the jurisdic-

tion of the former agency (WHICH) *that* are transferred to the new agency. Following a transfer the new agency shall carry out the assigned responsibilities as though the responsibilities of the former agency had not been transferred. (NO) A transfer (CONSTITUTES) *is not* a new authority for the purpose of succession to all responsibilities of the former agency as constituted at the time of the transfer.

Subd. 3. [RULES.] All rules adopted pursuant to responsibilities (WHICH) *that* are transferred to another agency remain effective and shall be enforced *until amended or repealed in accordance with law* by the new agency. Any rulemaking authority (WHICH) *that* existed to implement the responsibilities (WHICH) *that* are transferred is transferred to the new agency.

Subd. 4. [COURT ACTIONS.] Any proceeding, court action, prosecution, or other business or matter (WHICH IS) pending on the effective date of a transfer of responsibilities may be conducted and *completed* by the new agency in the same manner *under the same terms and conditions, and with the same effect*, as though it *involved or were commenced and* conducted or *completed* by the former agency prior to the transfer.

Subd. 5. [CONTRACTS; RECORDS.] The agency whose responsibilities are transferred shall give all contracts, books, maps, plans, papers, records, and property of every description relating to the transferred responsibilities and within its jurisdiction or control to the new agency. The new agency shall accept the material presented. *The transfer shall be made in accordance with the directions of the new agency.*

Subd. 6. [UNEXPENDED FUNDS.] (ALL) *The unexpended (FUNDS ORIGINALLY APPROPRIATED) balance of any appropriation* to an agency for the purposes of any responsibilities (WHICH) *that* are transferred to another agency are reappropriated under the same conditions as the original appropriation to the new agency effective on the date of the transfer of responsibilities. If the responsibilities are transferred to more than one agency, the commissioner of finance shall allocate any unexpended appropriation to the agencies affected. *The new agencies shall pay all valid claims presented against those appropriations.*

Subd. 7. [PERSONNEL.] (THE) *All classified and unclassified positions associated with the responsibilities being transferred are (ABOLISHED IN) transferred with their incumbents to the new agency (WHOSE RESPONSIBILITIES ARE TRANSFERRED).* The approved (STAFF) complement for (THAT) *the agency whose responsibilities are being trans-*

ferred is decreased accordingly. (THE EMPLOYEES WHO FILL THE ABOLISHED POSITIONS ARE EMPLOYEES OF THE AGENCY RECEIVING THE NEW RESPONSIBILITIES.) The approved (STAFF) complement for (THAT) *the new agency* is increased accordingly. Personnel changes are effective on the date of transfer of responsibilities. *Nothing in this subdivision shall be construed as abrogating or modifying any rights now enjoyed by affected employees under the managerial or commissioner's plan under section 43A.18 or the terms of an agreement between an exclusive representative of public employees and the state or one of its appointing authorities.*

Sec. 2. Minnesota Statutes 1982, section 15.06, subdivision 1, is amended to read:

Subdivision 1. [APPLICABILITY.] This section applies to the following departments or agencies: the departments of administration, agriculture, commerce, corrections, (ECONOMIC DEVELOPMENT,) economic security, education, *employee relations, energy and economic development*, finance, health, human rights, labor and industry, natural resources, (PERSONNEL,) public safety, public welfare, revenue, transportation, and veterans affairs; (THE BANKING, INSURANCE AND SECURITIES DIVISIONS AND THE CONSUMER SERVICES SECTION OF THE DEPARTMENT OF COMMERCE;) the (ENERGY,) housing finance, *state planning*, and pollution control agencies; the office of commissioner of iron range resources and rehabilitation; the bureau of mediation services; and their successor departments and agencies. The heads of the foregoing departments or agencies are referred to in this section as "commissioners."

Sec. 3. Minnesota Statutes 1982, section 15.06, subdivision 8, is amended to read:

Subd. 8. [NUMBER OF DEPUTY COMMISSIONERS.] Unless specifically authorized by statute, other than section 43A.08, subdivision 2, no department or agency specified in subdivision 1 shall have more than one deputy commissioner. (NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, NONE OF THE DEPARTMENTS OR AGENCIES SHALL HAVE MORE THAN TWO DEPUTY COMMISSIONERS.)

Sec. 4. Minnesota Statutes 1982, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. The following salaries or salary ranges are provided for the below listed employees in the executive branch of government:

Salary or Range

	Effective July 1, 1979	Effective July 1, 1980	Effective July 1, 1981
Administration, department of commissioner	\$44,000	\$47,000	
Administrative hearings office chief hearing examiner	38,000	40,000	
Agriculture, department of commissioner	38,000	40,000	
Commerce, department of commissioner (OF BANKS)	(34,000)	(36,500)	\$47,000
(COMMISSIONER OF INSURANCE)	(34,000)	(36,500)	
(COMMISSIONER OF SECURITIES AND REAL ESTATE)	(34,000)	(36,500)	
(DIRECTOR OF CONSUMER SERVICES)	(28,000)	(30,000)	
Community college system chancellor	44,000	46,000	
Corrections, department of commissioner	42,000	45,000	
ombudsman	33,000	35,000	
Economic security, department of commissioner	43,000	45,000	
Education, department of commissioner	43,000	45,000	

Energy, planning and development department of commissioner		46,000
Finance, department of commissioner	48,000	50,000
Health, department of commissioner	47,000	49,000
Higher education coordinating board executive director	40,000	42,000
Housing finance agency executive director	39,000	41,000
Human rights, department of commissioner	31,000	33,000
Indian affairs board executive director	27,000	29,000
Iron range resources and rehabilitation board commissioner	30,000	31,000
Labor and industry, department of commissioner	38,000	40,000
judge of the workers' compensation court of appeals	38,000	40,000
Mediation services, bureau of director	36,000	38,000
Natural resources, department of commissioner	44,000	47,000
Personnel, department of commissioner	44,000	47,000
Pollution control agency director	38,000	40,000

Public safety, department of commissioner	38,000	41,000
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Public service, department of commissioner, public utilities commission	34,000	36,000
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director	34,000	36,000
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Public welfare, department of commissioner	44,000	48,000
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Revenue, department of commissioner	44,000	47,000
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State university system chancellor	44,000	46,000
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Transportation, department of commissioner	44,000	48,000
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Transportation, regulation board, board member		32,000
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Veterans affairs, department of commissioner	31,000	33,000
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Sec. 5. [16A.80] [OFFICE OF DEBT AND LOAN MANAGEMENT.]

Subdivision 1. [CREATION.] The office of debt and loan management is created in the department of finance. Administrative employees of the office shall have at least five years of experience in commercial lending or a related field. These employees shall receive compensation comparable to that received by employees with similar backgrounds in the private sector, but not greater than the commissioner or deputy commissioner of finance.

Subd. 2. [DUTIES.] Notwithstanding any law to the contrary, an agency of state government which is authorized (1) to make, participate in, or guarantee loans to private sector businesses, or (2) to invest directly or indirectly in a private

sector business shall submit each loan, loan participation, loan guarantee, or investment proposal to the office of debt and loan management before making a commitment to make the loan, loan participation, loan guarantee, or investment. No loan, loan participation, loan guarantee, or investment covered by this section shall be made without the approval of the office of loan management. This section does not apply to the housing finance agency, the state board of investment, the iron range resources and rehabilitation board, the higher education coordinating board, the higher education facilities authority, or the energy and economic development authority.

Subd. 3. [CRITERIA.] In deciding whether to approve proposals submitted to it, the office of debt and loan management shall consider the likelihood of the state suffering financial loss as a result of the project, the magnitude of potential losses, and the intent of the legislation authorizing the loans, loan participation, loan guarantees, and investments.

Subd. 4. [DELEGATION.] The office of debt and loan management may delegate its approval responsibilities under this section to an agency which is authorized to make loans, loan participation agreements, loan guarantees, or investments involving private businesses if the office determines that the agency has the internal capability to make the judgments required by subdivision 3.

Sec. 6. [17.103] [TRADE AND EXPORT DEVELOPMENT.]

The commissioner of agriculture shall encourage and develop commerce with other states and foreign countries and devise ways and means of removing trade barriers hampering the free flow of commerce between this and other states.

Sec. 7. [17.104] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of section 8, the following terms have the meanings given them.

Subd. 2. [FINANCE AUTHORITY.] "Finance authority" means the export finance authority.

Subd. 3. [PRE-EXPORT.] "Pre-export" means that period of time between the formation of a sale and the actual shipment of the goods.

Sec. 8. [17.105] [EXPORT FINANCE AUTHORITY.]

Subdivision 1. [CREATION; PURPOSE.] The export finance authority is created to aid and facilitate the financing of exports from this state. The finance authority powers shall be

used exclusively to meet the pre-export credit needs of Minnesota exporters.

Subd. 2. [BOARD OF DIRECTORS.] *The governor shall appoint six members to the authority's board of directors. The six members shall be knowledgeable in international finance, exporting, or international law. The commissioner of agriculture shall be chairman of the board. Membership, terms, compensation and removals are governed by section 15.0575. Board members shall perform their duties in a nonselfserving manner and in compliance with section 10A.07.*

Subd. 3. [POWERS.] *The finance authority has the power and authority to perform the following functions and may:*

(1) insure, co-insure, and guarantee against commercial pre-export credit risks;

(2) sue and be sued;

(3) enter into agreements and transactions with any person, partnership, or corporation, both foreign and domestic, state, federal, and foreign governments and governmental agencies;

(4) acquire and hold personal and real property pursuant to the provisions of insurance and the granting of guarantees;

(5) pledge and appropriate collateral;

(6) charge premiums, interest, and fees;

(7) provide administrative, consultative, and technical services to assist in the financing of exports;

(8) prepare and receive reports regarding credit, insurance, and guarantees with respect to export finance;

(9) perform all necessary and appropriate operations, administration, processing, and marketing functions related to the authority's functions; and

(10) adopt rules necessary to carry out responsibilities under this section.

Subd. 4. [WORKING CAPITAL ACCOUNT.] *An export finance authority working capital account is created as a special account in the state treasury. Money in the account is appropriated to the finance authority for the purposes of this section.*

Subd. 5. [ANNUAL REPORT.] *The chairman and board of directors shall submit to the governor an annual report on the activities of the finance authority.*

Subd. 6. [LIABILITY LIMITATION.] The finance authority may not have at any one time net liabilities greater than four times its capital and reserves.

Subd. 7. [INSURANCE AND GUARANTEES.] The finance authority may provide insurance and guarantees to the following extent:

(1) the finance authority may not provide to any one person insurance or guarantees in excess of \$250,000;

(2) the policy of the finance authority is to provide insurance and guarantees for export credits that would otherwise not be made and that the chairman and the board deem to represent a reasonable risk and have a sufficient likelihood of repayment;

(3) the finance authority shall contract with, among others, the Foreign Credit Insurance Association, the U.S. Export-Import Bank, and private insurers to secure reinsurance for country and commercial risks for the finance authority's insurance program;

(4) losses incurred by the finance authority that relate to its insurance or guarantee activities shall be solely borne by the finance authority to the extent of its capital and reserves.

Subd. 8. [STAFFING.] The commissioner of agriculture shall provide staff to work for the finance authority.

Sec. 9. [17.106] [EXPORT INFORMATION OFFICE.]

Subdivision 1. [CREATION; DIRECTOR.] An export information office is created in the department of agriculture. The commissioner of agriculture shall appoint a director of the export information office in the unclassified service.

Subd. 2. [PURPOSE; DUTIES.] The export information office shall:

(1) create a worldwide foreign communication network to coordinate foreign trade information and activities;

(2) compile foreign trade information available from, among other places, the United States Department of Commerce and private sources, and produce readily consumable marketing information;

(3) create a program to assess the potential of international investment in Minnesota and promote international investment which results in the infusion of new capital and the creation of new jobs to the benefit of the state;

(4) disseminate to Minnesota businesses collected market information that relates to potential exporting, and to export trading companies, export management companies, and other interested persons;

(5) prepare a list of firms that provide export support services and disseminate the list to potential exporters to assist their endeavors;

(6) assist public and private universities or colleges to develop undergraduate or graduate level education programs to train persons in the knowledge of export trading; and

(7) coordinate the current international trading activities of various state and local agencies and organizations.

Sec. 10. Minnesota Statutes 1982, section 43A.08, subdivision 1a, is amended to read:

Subd. 1a. [ADDITIONAL UNCLASSIFIED POSITIONS.] Appointing authorities for the following agencies may designate additional unclassified positions (PURSUANT) according to this subdivision: the departments of administration; agriculture; commerce; corrections; economic security; education; employee relations; energy (, PLANNING) and economic development; finance; health; human rights; labor and industry; natural resources; public safety; public service; public welfare; revenue; transportation; and veterans affairs; (THE BANKING, SECURITIES AND REAL ESTATE, INSURANCE AND CONSUMER SERVICES DIVISIONS OF THE DEPARTMENT OF COMMERCE;) the housing finance, state planning, and pollution control agencies; the state board of investment; and the offices of the secretary of state, state auditor, and state treasurer.

A position designated by an appointing authority (PURSUANT) according to this subdivision must meet the following standards and criteria:

(a) the designation of the position would not be contrary to (THE PROVISIONS OF) other law relating specifically to that agency;

(b) the person occupying the position would report directly to the agency head or deputy agency head and would be designated as part of the agency head's management team;

(c) the duties of the position would involve significant discretion and substantial involvement in the development, interpretation, and implementation of agency policy;

(d) the duties of the position would not require primarily personnel, accounting, or other technical expertise where continuity in the position would be important;

(e) there would be a need for the person occupying the position to be accountable to, loyal to, and compatible with the governor and the agency head, or the employing constitutional officer;

(f) the position would be at the level of division or bureau director or assistant to the agency head; and

(g) the commissioner has approved the designation as being consistent with the standards and criteria in this subdivision.

Sec. 11. [45.011] [DEFINITIONS.]

Subdivision 1. [SCOPE.] As used in chapters 45 to 83, unless the context indicates otherwise, the terms defined in this section have the meanings given them.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.

Subd. 3. [DEPARTMENT.] "Department" means the department of commerce.

Sec. 12. [45.012] [COMMISSIONER.]

The department of commerce is under the supervision and control of the commissioner of commerce. The commissioner is appointed by the governor in the manner provided by section 15.06.

Sec. 13. [45.013] [DEPUTY COMMISSIONERS; ASSISTANT COMMISSIONERS; ASSISTANT TO THE COMMISSIONER.]

The commissioner of commerce may appoint four deputy commissioners, four assistant commissioners, and an assistant to the commissioner. Those positions, as well as that of a confidential secretary, are unclassified. The commissioner may appoint other employees necessary to carry out the duties and responsibilities entrusted to the commissioner.

Sec. 14. [45.023] [RULES.]

The commissioner of commerce may adopt, amend, suspend, or repeal rules, including temporary rules, in accordance with chapter 14, and as otherwise provided by law, whenever necessary or proper in discharging the commissioner's official responsibilities.

Sec. 15. [45.024] [HEARINGS.]

Subdivision 1. [GENERAL.] In any case in which the commissioner of commerce is required by law to conduct a hearing, the hearing must be conducted in accordance with chapter 14 and other applicable laws.

Subd. 2. [DELEGATION.] The commissioner of commerce may delegate to one or more of the deputy commissioners the exercise of the commissioner's statutory powers and duties, including the authority to decide and issue final orders in contested cases, rulemaking proceedings, and other hearings held under chapter 14.

Sec. 16. Minnesota Statutes 1982, section 45.04, is amended to read:

45.04 [BANK APPLICATIONS.]

Subdivision 1. [FILING; FEE; HEARING.] The incorporators of (ANY) a bank proposed to be organized under the laws of this state shall execute and acknowledge (AN) a written application (, IN WRITING), in the form prescribed by the (DEPARTMENT) commissioner of commerce (,) and (SHALL) file (THE SAME) it in (ITS) the commissioner's office (, WHICH). The application (SHALL) must be signed by two or more of the incorporators (, REQUESTING) and request a certificate authorizing the proposed bank to transact business at the place and in the name stated in the application. At the time of filing the application (,) the applicant shall pay a \$1,000 filing fee (OF \$1,000, WHICH SHALL BE PAID INTO THE STATE TREASURY AND CREDITED TO THE GENERAL FUND AND SHALL PAY TO THE COMMISSIONER OF BANKS THE SUM OF) and a \$500 (AS A) investigation fee (FOR INVESTIGATING THE APPLICATION), which shall be turned over by (HIM) the commissioner to the state treasurer and credited (BY THE TREASURER) to the general fund of the state. Thereupon the (COMMISSION) commissioner shall fix a time, within 60 days after the filing of the application, for a hearing (AT ITS OFFICE AT THE STATE CAPITOL, AT WHICH HEARING IT SHALL) to decide whether or not the application (SHALL) will be granted. A notice of the hearing (SHALL) must be published in the form prescribed by the (COMMISSION) commissioner in some newspaper published in the municipality in which the proposed bank is to be located, and if there be no such newspaper, then at the county seat of the county in which the bank is proposed to be located. The notice (SHALL) must be published once, at the expense of the applicants, not less than 30 days prior to the date of the hearing. At the hearing the (COMMISSION) commissioner shall consider the application and hear the applicants and (SUCH) witnesses (AS MAY) that appear in favor of or against the granting of the application of the proposed bank.

Subd. 2. [APPROVAL, DISAPPROVAL.] If, upon the hearing, it (SHALL APPEAR) appears to the (COMMIS-

SION) *commissioner* that the application should be granted, (IT) *he* shall, not later than 90 days after the hearing, and after the applicants have otherwise complied with the provisions of law applicable to the organization of a bank, including the provisions herein contained, make and file in (THE) *his* office (OF THE COMMISSIONER OF BANKS ITS) *a written order* (, IN WRITING,) directing (HIM TO ISSUE) the *issuance* of a certificate of authorization as provided by law. If the certificate of authorization is not activated within a period of 12 months from date of (DIRECTIVE TO THE COMMISSIONER OF BANKS) *issuance*, the (DEPARTMENT OF COMMERCE) *commissioner* may upon *written* notice (IN WRITING) to the applicants request a new hearing. If the (COMMISSION SHALL DECIDE) *commissioner decides* that the application should not be granted, (IT) *he* shall deny the application and make (ITS) *a written order* (, IN WRITING,) to that effect, (AND) file (THE SAME) *it* in (THE) *his* office (OF THE) thereof by certified mail to one of the incorporators named in COMMISSIONER OF BANKS), and forthwith give notice the application for the proposed bank, addressed to the incorporator at the address stated in the application (, AND). Thereupon the commissioner (OF BANKS) shall refuse to issue the certificate of authorization (, WHICH IS PRESCRIBED BY LAW,) to the proposed bank.

Sec. 17. Minnesota Statutes 1982, section 45.05, is amended to read:

45.05 [NOTICE AND HEARING, WHEN NOT GIVEN.]

The (DEPARTMENT) *commissioner* of commerce may, at (ITS) *his* discretion, dispense with the notice and hearing provided for by section 45.04 (IN CASES WHERE) *if* application is made for the incorporation of a new bank to take over the assets of one or more existing banks (,) or (WHERE) *if* the application contemplates the reorganization of a national bank into a state bank in the same locality (; PROVIDED, THIS ACT SHALL NOT INCREASE THE NUMBER OF BANKS IN THE COMMUNITY AFFECTED).

Sec. 18. Minnesota Statutes 1982, section 45.06, is amended to read:

45.06 [EXPENSES OF ORGANIZATION AND INCORPORATION OF BANKS LIMITED.]

The expenses of organization and incorporation to be paid by (ANY SUCH BANKS SHALL) *a bank may* not exceed the statutory fees for filing applications as provided in section 45.04 and the necessary legal expenses incurred incident to drawing articles of incorporation, publication, and recording (THEREOF, AND). The incorporators shall, prior to the issuance of the certificate of authorization (PROVIDED FOR BY LAW), file with the commissioner (OF BANKS) a verified statement showing the total amount of expense incurred in the organization of the bank (AND) to be paid by it after commencing operation.

Sec. 19. Minnesota Statutes 1982, section 45.07, is amended to read:

45.07 [CHARTERS ISSUED, CONDITIONS.]

If the applicants are of good moral character and financial integrity, if there is a reasonable public demand for this bank in this location, if the organization expenses being paid by the subscribing shareholders do not exceed the necessary legal expenses incurred in drawing incorporation papers and the publication and the recording thereof, as required by law, if the probable volume of business in this location is sufficient to insure and maintain the solvency of the new bank and the solvency of the then existing bank or banks in the locality without endangering the safety of any bank in the locality as a place of deposit of public and private money, and if the (DEPARTMENT) *commissioner* of commerce is satisfied that the proposed bank will be properly and safely managed, the application (SHALL) *must* be granted; otherwise it (SHALL) *must* be denied. In case of the denial of the application, the (DEPARTMENT) *commissioner* of commerce shall specify the grounds for the denial and the supreme court, upon petition of (ANY) *a* person aggrieved, may review by certiorari (ANY SUCH ORDER OR) *the* determination (OF THE DEPARTMENT OF COMMERCE).

Sec. 20. Minnesota Statutes 1982, section 45.071, subdivision 2, is amended to read:

Subd. 2. [APPLICATION FOR INSURANCE; UNINSURED BANKS.] Notwithstanding (THE PROVISIONS OF) subdivision 1, a bank which does not have insurance of its deposits or a commitment for insurance of its deposits by the federal deposit insurance corporation, an agency of this state, or a federal agency established for the purpose of insuring deposits in banks or collateral security deposited under section 48.74 (UPON THE EFFECTIVE DATE OF LAWS 1982, CHAPTER 473, SECTIONS 1 TO 29) *on March 19, 1982*, must apply for insurance of deposits not later than July 1, 1983. A bank subject to this subdivision which has been denied a commitment for insurance of its deposits shall either dissolve, merge, or consolidate with another bank which is insured or apply in writing within 30 days of denial to the commissioner of (BANKS) *commerce* for additional time to obtain an insurance commitment. The commissioner (OF BANKS) shall grant additional time to obtain the insurance commitment upon satisfactory evidence that the bank has made or is making a substantial effort to achieve the conditions precedent to issuance of the commitment. Additional time shall not extend later than July 1, 1984.

Sec. 21. Minnesota Statutes 1982, section 45.08, subdivision 3, is amended to read:

Subd. 3. [DEPARTMENT.] (THE WORD) "Department" means the department of commerce of the state of Minnesota.

Sec. 22. Minnesota Statutes 1982, section 45.08, is amended by adding a subdivision to read:

Subd. 4. [COMMISSIONER.] "*Commissioner*" means the commissioner of commerce.

Sec. 23. Minnesota Statutes 1982, section 45.16, subdivision 1, is amended to read:

45.16 [CONSUMER (SERVICES SECTION, RESPONSIBILITIES AND DUTIES) AFFAIRS.]

Subdivision 1. [GENERALLY.] The (SECTION OF CONSUMER SERVICES SHALL HAVE) *attorney general* has the responsibilities and duties prescribed by this section (AND SECTION 45.17 AND SUCH OTHER AUTHORITY AS MAY BE CONFERRED BY THE COMMISSIONER OF COMMERCE).

Sec. 24. Minnesota Statutes 1982, section 45.16, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] *The attorney general shall:*

(a) (ACT AS THE REPRESENTATIVE OF THE GOVERNOR IN ALL MATTERS AFFECTING CONSUMER AFFAIRS;)

((B)) Enforce the provisions of law relating to consumer fraud and unlawful practices in connection therewith as set forth in sections 325F.68 and 325F.69 (, AND THE ATTORNEY GENERAL SHALL ACT FOR THE DIVISION IN PURSUING THE REMEDIES SET FORTH IN SECTION 325F.70);

((C)) (b) Make recommendations to the (CHAIRMAN OF THE COMMERCE COMMISSION FOR TRANSMISSION TO THE) governor and the legislature for (SUCH) statutory needs (AS MAY) *that* exist in adequately protecting the consumer (;)

((D)) RECEIVE REGISTRATION STATEMENTS AND ANNUAL REPORTS OF PERSONS SOLICITING CHARITABLE FUNDS IN ACCORDANCE WITH THE REQUIREMENTS OF SECTIONS 309.50 TO 309.61. IN LIEU OF THE DUTIES OF THE SECRETARY OF STATE IN CONNECTION THEREWITH, THE DUTIES OF THE SECRETARY OF STATE UNDER SUCH SECTIONS ARE HEREBY ABOLISHED AND THE ACTIVITY ASSIGNED TO THE DEPARTMENT OF COMMERCE, DIVISION OF LICENSING AND CONSUMER SERVICES AS PROVIDED HEREIN; ADOPT,

PURSUANT TO THE ADMINISTRATIVE PROCEDURES ACT, RULES AND REGULATIONS TO IMPLEMENT THE PROVISIONS OF THIS SECTION).

Sec. 25. Minnesota Statutes 1982, section 45.17, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For the purposes of this section, the *following* terms (DEFINED IN THIS SUBDIVISION SHALL APPLY) *have the meanings given them*:

(1) "Public utility" means a publicly or privately owned entity engaged in supplying utility services to residential utility consumers in this state or to another public utility for ultimate distribution to residential utility consumers in this state and whose rates or charges are subject to approval by the public utilities commission or (ANY) *an* agency of the federal government (PROVIDED THAT). No municipal or cooperative utility shall be considered a "public utility" for the purposes of this clause.

(2) ("CONSUMER SERVICES SECTION" MEANS THE CONSUMER SERVICES SECTION OF THE DEPARTMENT OF COMMERCE.)

((3)) "Residential utility consumer" or "consumer" means a person who uses utility services at his residence in this state and who is billed by or pays a public utility for these services.

((4)) (3) "Utility services" means electricity, natural gas, or telephone services distributed to residential utility consumers by a public utility.

Sec. 26. Minnesota Statutes 1982, section 45.17, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The (CONSUMER SERVICES SECTION SHALL BE) *attorney general* is responsible for representing and furthering the interests of residential utility consumers through participation in matters before the public utilities commission involving utility rates and adequacy of utility services to residential utility consumers. The (CONSUMER SERVICES SECTION) *attorney general* shall expend a reasonable portion of (ITS) *his* efforts among all three kinds of utility services and shall identify and promote the needs of each class of residential consumers with respect to each of the utility services.

Sec. 27. Minnesota Statutes 1982, section 45.17, subdivision 3, is amended to read:

Subd. 3. [RIGHT OF INTERVENTION.] Subject to the limitations of subdivision 2, the (CONSUMER SERVICES SECTION) *attorney general* may intervene as of right or participate as an interested party in matters pending before the public utilities commission which affect the distribution by a public utility of utility services to residential utility consumers. The right of the (CONSUMER SERVICES SECTION) *attorney general* to participate or intervene (SHALL IN NO WAY) *does not* affect the obligation of the public utilities commission to protect the public interest.

Sec. 28. Minnesota Statutes 1982, section 45.17, subdivision 4, is amended to read:

Subd. 4. [NOTICE; PROCEDURES.] The public utilities commission shall give reasonable notice to the (CONSUMER SERVICES SECTION) *attorney general* of any matter scheduled to come before the commission affecting a public utility's rates or adequacy of services to residential utility consumers. Rules of the commission governing procedures before the commission (SHALL) apply to the (CONSUMER SERVICES SECTION) *attorney general* and (ITS) *his* employees or representatives. The (CONSUMER SERVICES SECTION SHALL HAVE) *attorney general* has the same rights and privileges accorded other intervenors or participants in matters pending before the commission.

Sec. 29. Minnesota Statutes 1982, section 45.17, subdivision 5, is amended to read:

Subd. 5. [APPEALS.] The (CONSUMER SERVICES SECTION) *attorney general* shall be deemed to have an interest sufficient to maintain, intervene as of right in, or otherwise participate in any civil action in the trial courts or supreme court of this state for the review or enforcement of any public utilities commission action which affects a public utility's rates or adequacy of service to residential utility consumers.

Sec. 30. Minnesota Statutes 1982, section 45.17, subdivision 7, is amended to read:

Subd. 7. [INTERVENTION IN FEDERAL PROCEEDINGS.] The (CONSUMER SERVICES SECTION) *attorney general* shall represent and further the interests of residential utility consumers through participation as an intervenor or interested party in federal proceedings relating to the regulation of: (a) wholesale rates for energy delivered through interstate facilities; or (b) fuel used in generation of electricity or the manufacture of gas. The (CONSUMER SERVICES SECTION) *attorney general* may maintain, intervene in, or otherwise participate in (ANY) civil actions relating to the federal proceedings. (IN PERFORMING ITS DUTIES PURSUANT TO THIS

SUBDIVISION, THE SECTION SHALL FOLLOW THE GUIDELINES ESTABLISHED PURSUANT TO SUBDIVISION 6, CLAUSE (1).)

Sec. 31. Minnesota Statutes 1982, section 45.17, is amended by adding a subdivision to read:

Subd. 8. [ADDITIONAL POWERS.] The power granted by this section is in addition to powers otherwise provided by law to the attorney general.

Sec. 32. Minnesota Statutes 1982, section 46.22, is amended to read:

46.22 [RURAL CREDIT RECORDS.]

The commissioner of (BANKS) *natural resources* shall have charge of the records of the former department of rural credit. He shall provide the public with appropriate access to and copies of the records.

Sec. 33. Minnesota Statutes 1982, section 46.221, is amended to read:

46.221 [ISSUANCE OF QUITCLAIM DEEDS.]

The commissioner of (BANKS) *natural resources* is empowered to issue quitclaim deeds in connection with loans made by the now defunct department of rural credit, a former state agency. The commissioner shall issue the quitclaim deeds upon reasonable evidence the state of Minnesota no longer has a valid claim of title to the property involved. No fee shall be charged for the issuance of a quitclaim deed.

Sec. 34. Minnesota Statutes 1982, section 116C.24, is amended by adding a subdivision to read:

Subd. 2a. "Commissioner" means the commissioner of energy and economic development.

Sec. 35. Minnesota Statutes 1982, section 116C.24, subdivision 3, is amended to read:

Subd. 3. "Coordination unit" means the (ENVIRONMENTAL COORDINATION UNIT) bureau of business licenses established pursuant to (SECTION 116C.25) sections 116J.73 to 116J.76.

Sec. 36. Minnesota Statutes 1982, section 116C.25, is amended to read:

116C.25 [ENVIRONMENTAL PERMITS COORDINATION UNIT.]

The (BOARD SHALL ESTABLISH AN ENVIRONMENTAL PERMITS) *commissioner of energy and economic development shall direct the bureau of business licenses to act as the coordination unit to implement and administer the provisions of sections 116C.22 to 116C.34 (AND). The (CHAIRMAN OF THE BOARD) commissioner shall employ necessary staff to work for the coordination unit on a continuous basis.*

Sec. 37. Minnesota Statutes 1982, section 116C.32, is amended to read:

116C.32 [RULES; COOPERATION.]

The (BOARD) *commissioner* shall as soon as practicable adopt rules, not inconsistent with rules of procedure established by the office of administrative hearings, to implement the provisions of sections 116C.22 to 116C.34, including master application procedures, notice procedures, and public hearing procedures and costs.

Sec. 38. Minnesota Statutes 1982, section 116C.33, subdivision 2, is amended to read:

Subd. 2. The (BOARD) *commissioner*, to the limited extent necessary to comply with procedural requirements of federal statutes relating to permit systems operated by the state, may modify the notice, timing, hearing, and related procedural matters provided in sections 116C.22 to 116C.34.

Sec. 39. Minnesota Statutes 1982, section 116C.34, is amended to read:

116C.34 [(PERMIT INFORMATION CENTERS) BUREAU OF BUSINESS LICENSES.]

Subdivision 1. The (BOARD SHALL ESTABLISH A PERMIT INFORMATION CENTER IN ITS OFFICE AT ST. PAUL, WHICH CENTER) *bureau of business licenses* shall establish and maintain an information and referral system to assist the public in the understanding and compliance with the requirements of state and local governmental regulations concerning the use of natural resources and protection of the environment. The system shall provide a telephone information service and disseminate printed materials. The (BOARD) *bureau* shall provide assistance to regional development commissions desiring to create a permit information center.

Subd. 2. The (PERMIT INFORMATION CENTER IN ST. PAUL) *bureau* shall:

(a) Identify all existing state licenses, permit certifications, approvals, compliance schedules, or other programs which pertain to the use of natural resources and to protection of the environment.

(b) Standardize permit titles and assign designation codes to all such permits which would thereafter be imprinted on all permit forms.

(c) Develop permit profiles including applicable rules and regulations, copies of all appropriate permit forms, statutory mandate and legislative history, names of individuals administering the program, permit processing procedures, documentation of the magnitude of the program and of geographic and seasonal distribution of the workload, and estimated application processing time.

(d) Identify the public information procedures currently associated with each permit program.

(e) Identify the data monitored or acquired through each permit and ascertain current users of that data.

(f) Recommend revisions to the list of natural resource management and development permits contained in Minnesota Statutes 1974, Section 116D.04, Subdivision 5.

(g) Recommend legislative or administrative modifications of existing permit programs to increase their efficiency and utility.

Subd. 3. The auditor of each county shall post in a conspicuous place in his office the telephone numbers of the (PERMIT INFORMATION CENTERS ESTABLISHED IN ST. PAUL AND) *bureau of business licenses and the permit information center* in the office of the applicable regional development commission; copies of any master applications or permit applications forwarded to the auditor pursuant to section 116C.27, subdivision 1; and copies of any information published by (ANY PERMIT) *the bureau or an information center* pursuant to subdivision 1.

Sec. 40. Minnesota Statutes 1982, section 116J.01, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT.] The department of energy (, PLANNING) and *economic* development shall be supervised and controlled by the commissioner of energy (, PLANNING) and *economic* development, who shall be appointed by the governor and serve under the provisions of section 15.06.

Sec. 41. Minnesota Statutes 1982, section 116J.01, subdivision 2, is amended to read:

Subd. 2. [(UNCLASSIFIED POSITIONS) *CONFIDENTIAL SECRETARY.*] The commissioner may appoint a (DEPUTY COMMISSIONER AND A PERSONAL) *confidential* secretary in the unclassified service.

Sec. 42. Minnesota Statutes 1982, section 116J.01, subdivision 3, is amended to read:

Subd. 3. [DEPARTMENTAL ORGANIZATION.] The commissioner shall organize the department as provided in section 15.06. *The department shall be organized into three divisions, which shall be designated the energy division, the economic development division, and the financial management division; and the office of tourism. Each division and office is responsible for administering the duties and functions assigned to it by law. When the duties of the divisions or office are not allocated by law, the commissioner may establish and revise the assignments of each division and office. Each division shall be under the direction of a deputy commissioner in the unclassified service. The office of tourism is under the direction of a director of tourism in the unclassified service. The governor shall appoint the director of tourism.*

Sec. 43. Minnesota Statutes 1982, section 116J.03, is amended to read:

116J.03 [DEFINITIONS.]

Subdivision 1. [SCOPE.] As used in (SECTIONS 116J.05 TO 116J.35; 116J.41 TO 116J.54; 116J.58 TO 116J.91; 299A.03; AND 299A.04) *chapter 116J*, the terms defined in this section have the meaning given them.

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of energy (, PLANNING) and *economic* development.

Subd. 3. [DEPARTMENT.] "Department" means the department of energy (, PLANNING) and *economic* development.

Sec. 44. Minnesota Statutes 1982, section 116J.09, is amended to read:

116J.09 [DUTIES.]

The commissioner shall:

(a) Manage the department as the central repository within the state government for the collection of data on energy;

(b) Prepare and adopt an emergency allocation plan specifying actions to be taken in the event of an impending serious shortage of energy, or a threat to public health, safety, or welfare;

(c) Undertake a continuing assessment of trends in the consumption of all forms of energy and analyze the social, economic, and environmental consequences of these trends;

(d) Carry out energy conservation measures as specified by the legislature and recommend to the governor and the legislature additional energy policies and conservation measures as required to meet the objectives of sections 116J.05 to 116J.30;

(e) Collect and analyze data relating to present and future demands and resources for all sources of energy, and specify energy needs for the state and various service areas as a basis for planning large energy facilities;

(f) (REQUIRE CERTIFICATE OF NEED FOR CONSTRUCTION OF LARGE ENERGY FACILITIES;)

((G)) Evaluate policies governing the establishment of rates and prices for energy as related to energy conservation, and other goals and policies of sections 116J.05 to 116J.30, and make recommendations for changes in energy pricing policies and rate schedules;

((H)) (g) Study the impact and relationship of the state energy policies to international, national, and regional energy policies;

((I)) (h) Design and implement a state program for the conservation of energy; this program shall include but not be limited to, general commercial, industrial, and residential, and transportation areas; such program shall also provide for the evaluation of energy systems as they relate to lighting, heating, refrigeration, air conditioning, building design and operation, and appliance manufacturing and operation;

((J)) (i) Inform and educate the public about the sources and uses of energy and the ways in which persons can conserve energy;

((K)) (j) Dispense funds made available for the purpose of research studies and projects of professional and civic orientation, which are related to either energy conservation, *resource recovery*, or the development of alternative energy technologies which conserve nonrenewable energy resources while creating minimum environmental impact;

((L)) (k) Charge other governmental departments and agencies involved in energy related activities with specific information gathering goals and require that those goals be met;

(l) *Report to the legislature by February 1 of each year both the processes and results of efforts to communicate the statutory requirements concerning energy efficiency standards under section 116J.27 and the extent of compliance with the requirements.*

Sec. 45. Minnesota Statutes 1982, section 116J.10, is amended to read:

116J.10 [POWERS.]

The commissioner may:

(a) Adopt rules pursuant to chapter 14 as necessary to carry out the purposes of sections 116J.05 to 116J.30 and, when necessary for the purposes of section 116J.15, adopt temporary rules pursuant to sections 14.29 to 14.36;

(b) Make all contracts pursuant to sections 116J.05 to 116J.30 and do all things necessary to cooperate with the United States government, and to qualify for, accept and disburse any grant intended for the administration of sections 116J.05 to 116J.30. Notwithstanding any other law the commissioner is designated the state agent to apply for, receive and accept federal or other funds made available to the state for the purposes of sections 116J.05 to 116J.30.

(c) Contract for professional services if such work or services cannot be satisfactorily performed by employees of the department or by any other state agency;

(d) Enter into interstate compacts to jointly carry out such research and planning with other states or the federal government where appropriate;

(e) Distribute informational material at no cost to the public upon reasonable request;

(f) Provide on-site technical assistance to units of local government in order to enhance local capabilities for dealing with energy problems;

(g) Administer for the state, energy programs pursuant to federal law, regulations or guidelines, except for the crisis fuel assistance and low income weatherization programs administered by the department of economic security, and coordinate the programs and activities with other state agencies, units of local government and educational institutions;

(h) *Design and administer a statewide program for the energy and economic development authority and actively involve major organizations and community leaders in its work and shall solicit funds from all sources;*

(i) *Develop a state energy investment plan with yearly energy conservation and alternative energy development goals, investment targets, and marketing strategies;*

(j) *Perform market analysis studies relating to conservation, alternative and renewable energy resources, and energy recovery;*

(k) *Assist with the preparation of proposals for innovative conservation, renewable, alternative, or energy recovery projects;*

(l) *Manage and disburse funds made available for the purpose of research studies or demonstration projects related to energy conservation or other activities deemed appropriate by the commissioner; and*

(m) *Intervene in certificate of need proceedings before the public utilities commission.*

Sec. 46. Minnesota Statutes 1982, section 116J.28, is amended to read:

116J.28 [CERTIFICATE OF NEED.]

Subdivision 1. The (COMMISSIONER) *commission* shall, pursuant to chapter 14 and sections 116J.05 to 116J.30, adopt assessment of need criteria to be used in the determination of need for large energy facilities pursuant to this section.

Subd. 2. No large energy facility shall be sited or constructed in Minnesota without the issuance of a certificate of need by the (COMMISSIONER) *commission* pursuant to sections 116J.05 to 116J.30 or other federal or state legislation on long term energy demand;

(3) The relationship of the proposed facility to overall state energy needs, as described in the most recent state energy policy and conservation report prepared pursuant to section 116J.18;

(4) Promotional activities which may have given rise to the demand for this facility;

(5) Socially beneficial uses of the output of this facility, including its uses to protect or enhance environmental quality;

(6) The effects of the facility in inducing future development;

(7) Possible alternatives for satisfying the energy demand including but not limited to potential for increased efficiency of existing energy generation facilities;

(8) the policies, rules, and regulations of other state and federal agencies and local governments; and

(9) Any feasible combination of energy conservation improvements, required by the (PUBLIC UTILITIES) commission pursuant to section 216B.241, that can (a) replace part or all of the energy to be provided by the proposed facility, and (b) compete with it economically.

Subd. 4. Any person proposing to construct a large energy facility shall apply for a certificate of need prior to construction of the facility. The application shall be on forms and in a manner established by the (COMMISSIONER) *commission*. In reviewing each application the (COMMISSIONER) *commission* shall hold at least one public hearing pursuant to chapter 14. The public hearing shall be held at a location and hour reasonably calculated to be convenient for the public. An objective of the public hearing shall be to obtain public opinion on the necessity of granting a certificate of need. The (COMMISSIONER) *commission* shall designate a (DEPARTMENT) *commission* employee whose duty shall be to facilitate citizen participation in the hearing process.

Subd. 5. Within six months of the submission of an application, the (COMMISSIONER) *commission* shall approve or deny a certificate of need for the facility. Approval or denial of the certificate shall be accompanied by a statement of the reasons for the decision. Issuance of the certificate may be made contingent upon modifications required by the (COMMISSIONER) *commission*.

Subd. 6. Any application for a certificate of need shall be accompanied by the fee required pursuant to this subdivision. The maximum fee shall be \$50,000, except for an application for an electric power generating plant as defined in section 116J.06, subdivision 3, clause (a), or a high voltage transmission line as defined in section 116J.06, subdivision 3, clause (b), for which the maximum fee shall be \$100,000. The (COMMISSIONER) *commission* may require an additional fee to recover the costs of any rehearing. The fee for a rehearing shall not be greater than the actual cost of the rehearing or the maximum fee specified above, whichever is less. The (COMMISSIONER) *commission* shall establish by rule pursuant to chapter 14 and sections 116J.05 to 116J.30, a schedule of fees based on the output or capacity of the facility and the difficulty of assessment

of need. Money collected in this manner shall be credited to the general fund of the state treasury.

Subd. 7. Other state agencies authorized to issue permits for siting, construction or operation of large energy facilities, and those state agencies authorized to participate in matters before the (MINNESOTA PUBLIC UTILITIES) commission involving utility rates and adequacy of utility services, shall present their position regarding need and participate in the public hearing process prior to the issuance or denial of a certificate of need. Issuance or denial of certificates of need shall be the sole and exclusive prerogative of the (COMMISSIONER) *commission* and (SAID) *these* determinations and certificates shall be binding upon other state departments and agencies, regional, county, and local governments and special purpose government districts except as provided in sections 116C.01 to 116C.08 and 116D.04, subdivision 9.

Subd. 8. This section (SHALL) *does* not apply to plants or facilities for the production of ethanol or fuel alcohol nor in any case where the (COMMISSIONER) *commission* shall determine after being advised by the attorney general that its application has been preempted by federal law.

Sec. 47. Minnesota Statutes 1982, section 116J.31, is amended to read:

116J.31. [ENERGY AUDITS.]

The commissioner (, IN COOPERATION WITH THE DIRECTOR OF CONSUMER SERVICES,) shall develop the state plan for the program of energy audits of residential and commercial buildings required by (42) United States Code, (SECTION) *title 42, section 8211, et seq.* The (CONSUMER SERVICES DIVISION AND THE) attorney general (ARE AUTHORIZED TO) *may* release information on consumer complaints about the operation of the program to the commissioner.

Sec. 48. Minnesota Statutes 1982, section 116J.42, subdivision 1, is amended to read:

Subdivision 1. [POWERS AND DUTIES.] The (COMMISSIONER) *director* shall:

(1) Prepare comprehensive, long range recommendations for the orderly and coordinated growth of the state including detailed recommendations (FOR LONG RANGE PLANS OF OPERATING STATE DEPARTMENTS AND AGENCIES) *on major public investment proposals and programs in the state.*

(2) (THE STATE, IN THE DEVELOPMENT OF LONG RANGE PLANNING, SHALL TAKE INTO CONSIDERATION ITS RELATIONSHIP TO LOCAL UNITS OF GOVERNMENT AND THE PLANNING TO BE ACCOMPLISHED ON SUCH LEVELS.) *Develop and maintain a statewide long range policy planning process involving local units of government, regional development commissions, the metropolitan council, and state agencies.*

(3) *Develop and analyze information and forecasts relating to the state's population, economy, natural resources and human services, including but not limited to: (a) collection and analysis of information necessary to enable him to report annually to the governor and the legislature on the status of the state's economy and on forecasts of medium and long-term economic prospects for the state; (b) analysis and reporting on the comparability of economic data, assumptions and analyses used by other planning entities, state agencies, and levels of government as he deems appropriate; (c) assessment of the implications of demographic, economic, and programmatic trends on state and local policies and institutions for providing health, education, and other human services; and (d) assessment of the availability and quality of data for long range planning and policy development.*

(4) *Assist the governor in developing and evaluating alternative long-range policies and strategies.*

(5) *Act in coordination with the commissioner of finance and affected state agencies in the planning and financing of major public programs, including but not limited to capital improvements.*

(6) *Initiate studies of major policy issues having long-range implications.*

(7) *Provide planning assistance to local, regional, and state agencies, and coordinate these levels of planning with the state long-range policy planning process.*

Sec. 49. Minnesota Statutes 1982, section 116J.42, subdivision 2, is amended to read:

Subd. 2. The (COMMISSIONER) director shall:

(1) Review (CURRENT PROGRAMMING AND FUTURE PLANNING) plans, studies and proposed studies, of all state departments and agencies.

(2) Report regularly and on or before November 15 of each even numbered year to the legislature, reviewing in each report the state planning program, and the progress and development thereof. Thereafter, as soon as practicable, he shall make recommendations for desirable legislation and necessary appropriations.

(3) (TO THE EXTENT PRACTICABLE COORDINATE WITH STATE BUDGETS THE ITEMS THEREIN RELATING TO AND REFLECTING STATEWIDE PLANNING AS AUTHORIZED BY THE LEGISLATURE AND AS RECOMMENDED FOR THE CONSIDERATION OF THE LEGISLATURE.)

((4) REQUIRE EACH STATE DEPARTMENT AND AGENCY HAVING PLANNING PROGRAMS TO REGULARLY FILE COPIES THEREOF WITH HIM FOR REVIEW.)

((5)) Make available to the legislature or any authorized committee or commission (THEREOF) information concerning statewide development plans and basic research from which the plans have been developed.

((6) ACT AS THE COORDINATING AGENCY FOR THE PLANNING ACTIVITIES OF ALL STATE DEPARTMENTS AND AGENCIES AND LOCAL LEVELS OF GOVERNMENT.)

((7) REVIEW ALL PLANS FILED WITH THE FEDERAL GOVERNMENT BY STATE DEPARTMENTS AND AGENCIES PURSUANT TO SECTION 16A.80, OR ANY OTHER LAW AS A PART OF HIS DUTIES PRESCRIBED BY THIS SECTION. THE COMMISSIONER OF FINANCE SHALL FURNISH THE COMMISSIONER THE INFORMATION REQUIRED BY THIS CLAUSE.)

((8) ENCOURAGE THE DEVELOPMENT OF PLANNING PROGRAMS BY STATE DEPARTMENTS AND AGENCIES AND LOCAL LEVELS OF GOVERNMENT.)

((9) ACT AS THE COORDINATING AGENCY FOR SUBMISSION OF THE ENVIRONMENTAL IMPACT STATEMENTS REQUIRED BY THE NATIONAL ENVIRONMENTAL POLICY ACT AND THE STATE'S COMMENTS THEREON TO THE APPROPRIATE FEDERAL AGENCIES.)

(4) Develop and maintain, in consultation with local government elected officials, a process and procedures for the review of federal grant applications, and the coordination of planning activities including state and local responsibilities as existed on January 1, 1983, in federal Office of Management and Budget

Circular A-95, Parts I, II, III, and IV; and the federal Executive Order 12372.

(5) Assist the governor and the commissioner of finance in the review of biennial budget proposals and in the analysis of major public investments.

(6) Promote awareness by citizens and public officials of major long-range trends and policy issues.

Sec. 50. Minnesota Statutes 1982, section 116J.42, subdivision 4, is amended to read:

Subd. 4. The (COMMISSIONER) *director* shall:

(1) Undertake studies to obtain information and data on urban and rural needs, assistance programs, and activities (THE COMMISSIONER SHALL PROVIDE TECHNICAL ASSISTANCE AND ADVICE IN THE SOLUTION OF SUCH PROBLEMS. THE DUTIES OF THE COMMISSIONER SHALL INCLUDE, BUT ARE NOT LIMITED TO, THE ASSEMBLY, THE CORRELATION, AND DISSEMINATION OF PHYSICAL, SOCIAL, AND ECONOMIC DEVELOPMENT DATA TO INFORM LOCAL GOVERNMENTAL UNITS AND INTERESTED PERSONS AND ORGANIZATIONS OF THE AVAILABILITY AND STATUS OF FEDERAL, STATE, AND LOCAL PROGRAMS AND OTHER RESOURCES FOR THE SOLUTION OF URBAN AND RURAL PROBLEMS);

(2) (MAKE AVAILABLE TO THE GOVERNOR AND THE LEGISLATURE PERTINENT INFORMATION RELATING TO FEDERAL GRANTS IN AID TO LOCAL GOVERNMENTAL UNITS AND AN ANALYSIS THEREOF;)

((3) INFORM LOCAL GOVERNMENTAL UNITS ABOUT FEDERAL PROGRAMS OF SOCIAL OR ECONOMIC AID OR ASSISTANCE FOR WHICH THEY ARE ELIGIBLE, TOGETHER WITH THE CRITERIA, STANDARDS, AND CONDITIONS UPON WHICH THE AID IS BASED) *Conduct research and make recommendations to the governor and the legislature concerning relationships among federal, state, and local governments; and review and report on changes in federal policies and budgets as they affect the state and state and local government programs;*

(3) *Provide regional development commissions, the metropolitan council, and units of local government with information, technical assistance, training, and advice in utilizing federal and state programs;*

(4) *Receive and administer the small cities community development block grant program authorized by the Congress*

under the Housing and Development Act of 1974, as amended; and

(5) Receive and administer other state and federal grants and grant programs for planning, community affairs, community development purposes, and other state and federal programs assigned to the agency by law or by the governor in accordance with section 4.07.

Sec. 51. Minnesota Statutes 1982, section 116J.42, subdivision 7, is amended to read:

Subd. 7. The (COMMISSIONER) *director shall:*

(1) Appoint the state demographer, who shall be compensated in accordance with section 43A.18, subdivision 3. The state demographer shall be professionally competent in the field of demography and shall possess demonstrated ability, based upon past performance;

((1) SHALL) (2) Continuously gather and develop demographic data within the state;

((2) SHALL) (3) Design and test methods of research and data collection;

((3) SHALL HAVE THE POWER TO CALL UPON ANY AGENCY OF THE STATE OR POLITICAL SUBDIVISION FOR DATA AS MAY BE AVAILABLE, AND THE AGENCIES AND POLITICAL SUBDIVISIONS SHALL COOPERATE TO THE FULLEST EXTENT POSSIBLE;)

((4) (SHALL) Periodically prepare population projections for designated regions and for the state and may periodically prepare projections for each county, or other political or geographic division as necessary to carry out the purposes of this section;

((5) (SHALL) Review, comment, and prepare analysis of population estimates and projections made by state agencies, political subdivisions, other states, federal agencies or nongovernmental persons, institutions or commissions;

((6) (SHALL) Serve as the state liaison with the federal bureau of census, (SHALL) and coordinate his activities with federal demographic activities to the fullest extent possible, and shall aid the legislature in preparing a census data plan and form for each decennial census;

((7) (SHALL) Compile an annual study of population estimates on the basis of county, regional or other political or geo-

graphic divisions as necessary to carry out the purposes of this subdivision and section 116J.43;

(8) (SHALL,) On or before January 1 of each year, issue a report to the legislature containing an analysis of the demographic implications of the annual population study and population projections;

(9) (SHALL) Cause to be prepared maps of all counties in the state, all municipalities with a population of 10,000 or more, and any other municipalities as deemed necessary for census purposes, according to scale and detail recommended by the federal bureau of the census, with the maps of cities showing boundaries of precincts; and

(10) (SHALL ANNUALLY) Prepare a population estimate for each governmental subdivision for which the metropolitan council does not prepare an annual population estimate, and shall communicate the estimate to the governing body of each governmental subdivision by May 1 of each year.

Sec. 52. Minnesota Statutes 1982, section 116J.42, subdivision 8, is amended to read:

Subd. 8. (1) *The land management information center is established to foster integration of environmental information and provide services in computer mapping and graphics, environmental analysis, and small systems development.*

(2) *The director shall periodically compile studies of land use and natural resources on the basis of county, regional, and other political subdivisions.*

(3) *The (COMMISSIONER) director may charge (A FEE) fees to (EACH USER OF THE MINNESOTA LAND MANAGEMENT) clients for information (SYSTEM) products and services.*

Sec. 53. Minnesota Statutes 1982, section 116J.42, subdivision 9, is amended to read:

Subd. 9. [JUVENILE JUSTICE.] The governor shall designate the (DEPARTMENT OF ENERGY,) *state planning (, AND DEVELOPMENT) agency* as the sole agency responsible for supervising the preparation and administration of the state plan for juvenile justice required by the Juvenile Justice and Delinquency Prevention Act of 1974, as amended.

The governor shall designate the Juvenile Justice Advisory Committee as the supervisory board for the (DEPARTMENT OF ENERGY,) *state planning (AND DEVELOPMENT) agency*

with respect to preparation and administration of the state plan and award of grants.

The governor shall appoint members to the Juvenile Justice Advisory Committee in accordance with the membership requirements of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended.

Sec. 54. Minnesota Statutes 1982, section 116J.58, subdivision 1, is amended to read:

Subdivision 1. [ENUMERATION.] The commissioner shall:

(1) Investigate, study, and undertake ways and means of promoting and encouraging the prosperous development and protection of the legitimate interest and welfare of Minnesota business, industry, and commerce, within and outside the state;

(2) Locate markets for manufacturers and processors and aid merchants in locating and contacting markets;

(3) Investigate and study conditions affecting Minnesota business, industry, and commerce and collect and disseminate information, and engage in technical studies, scientific investigations, and statistical research and educational activities necessary or useful for the proper execution of the powers and duties of the commissioner in promoting and developing Minnesota business, industry, and commerce, both within and outside the state;

(4) Plan and develop an effective business information service both for the direct assistance of business and industry of the state and for the encouragement of business and industry outside the state to use economic facilities within the state;

(5) Compile, collect, and develop periodically, or otherwise make available, information relating to current business conditions;

(6) Conduct or encourage research design to further new and more extensive uses of the natural and other resources of the state and designed to develop new products and industrial processes;

(7) Study trends and developments in the industries of the state and analyze the reasons underlying the trends; study costs and other factors affecting successful operation of businesses within the state; and make recommendations regarding circumstances promoting or hampering business and industrial development;

(8) Serve as a clearing house for business and industrial problems of the state; and advise small business enterprises regarding improved methods of accounting and bookkeeping;

(9) (ENCOURAGE AND DEVELOP COMMERCE WITH OTHER STATES AND FOREIGN COUNTRIES AND DEVISE WAYS AND MEANS OF REMOVING TRADE BARRIERS HAMPERING THE FREE FLOW OF COMMERCE BETWEEN THIS AND OTHER STATES;)

((10)) Cooperate with interstate commissions engaged in formulating and promoting the adoption of interstate compacts and agreements helpful to business, industry, and commerce;

((11)) (10) Cooperate with other state departments, and with boards, commissions, and other state agencies, in the preparation and coordination of plans and policies for the development of the state and for the use and conservation of its resources insofar as the use, conservation, and development may be appropriately directed or influenced by a state agency;

((12)) (11) Assemble and coordinate information relative to the status, scope, cost, and employment possibilities and the availability of materials, equipment, and labor in connection with public works projects, state, county, and municipal; recommend limitations on the public works; gather current progress information with reference to public and private works projects of the state and its political subdivisions with reference to conditions of employment; inquire into and report to the governor, when requested by him, with respect to any program of public state improvements and the financing thereof; and request and obtain information from other state departments or agencies as may be needed properly to report thereon;

((13)) (12) Study changes in population and current trends and prepare plans and suggest policies for the development and conservation of the resources of the state;

((14)) (13) Confer and cooperate with the executive, legislative, or planning authorities of the United States and neighboring states and of the counties and municipalities of such neighboring states, for the purpose of bringing about a coordination between the development of such neighboring states, counties, and municipalities and the development of this state;

((15)) (14) Generally, gather, compile, and make available statistical information relating to business, trade, commerce, industry, transportation, communication, natural resources, and other like subjects in this state, with authority to call upon other departments of the state for statistical data and results obtained by them and to arrange and compile that statistical information in a manner that seems wise.

Sec. 55. Minnesota Statutes 1982, section 116J.60, is amended to read:

116J.60 [PROMOTIONAL EXPENSES.]

In the promotion of tourism and economic development of the state (OF MINNESOTA), the (STATE) commissioner of energy (, PLANNING) and *economic* development may expend (FROM MONEYS) *money* appropriated by the legislature for (SUCH) *these* purposes in the same manner as private persons, firms, corporations, and associations make expenditures for (SUCH) *these* purposes. (FOR PURPOSES OF ALLOTMENT, ENCUMBRANCE AND DISBURSEMENT ALL TRANSACTIONS FOR PROMOTIONAL PURPOSES SHALL BE CODED UNDER THE COMMISSIONER OF FINANCE'S OBJECT OF EXPENDITURE CODE FOR ADVERTISING. THE ENCUMBRANCE SHALL BE MADE ON A MISCELLANEOUS ENCUMBRANCE REQUISITION. ANY SUCH EXPENDITURES) *An expenditure* for food, lodging, or travel (SHALL) is not (BE) governed by the travel (REGULATIONS) *rules* of the commissioner of (ADMINISTRATION) *employee relations*. *No money shall be expended for the appearance in radio or television broadcasts by an elected public official.*

Sec. 56. Minnesota Statutes 1982, section 116J.61, is amended to read:

116J.61 [ADDITIONAL POWERS AND DUTIES.]

The commissioner shall:

(1) Have control of the work of carrying on a continuous program of education for businessmen;

(2) Publish, disseminate, and distribute information and statistics;

(3) Promote and encourage the expansion and development of markets for Minnesota products;

(4) Promote and encourage the location and development of new business in the state as well as the maintenance and expansion of existing business and for that purpose cooperate with state and local agencies and individuals, both within and outside the state;

(5) Advertise and disseminate information as to natural resources, desirable locations, and other advantages for the purpose of attracting business to locate in this state;

(6) Aid the various communities in this state in getting business to locate therein;

(7) Advise and cooperate with municipal, county, regional, and other planning agencies and planning groups within the state for the purpose of promoting coordination between the state and localities as to plans and development in order to maintain a high level of gainful employment in private profitable production and achieve commensurate advancement in social and cultural welfare; coordinate the activities of state-wide and local planning agencies, correlate information secured from them and from state departments and disseminate information and suggestions to the planning agencies; and encourage and assist in the organization and functioning of local planning agencies where none exist; and may provide at the request of any governmental subdivision hereinafter mentioned planning assistance, which includes but is not limited to surveys, land use studies, urban renewal plans, technical services and other planning work to any city or other municipality in the state or perform similar planning work in any county, metropolitan or regional area in the state. The commissioner shall not perform the planning work with respect to a metropolitan or regional area which is under the jurisdiction for planning purposes of a county, metropolitan, regional or joint planning body, except at the request or with the consent of the respective county, metropolitan, regional or joint planning body. The commissioner is authorized to receive and expend money from municipal, county, regional and other planning agencies; and may accept and disburse grants and other aids for planning purposes from the federal government and from other public or private sources, and may utilize moneys so received for the employment of consultants and other temporary personnel to assist in the supervision or performance of planning work supported by money other than state appropriated money, and may enter into contracts with agencies of the federal government, units of local government or combinations thereof, and with private persons that are necessary in the performance of the planning assistance function of the commissioner. In furtherance of their planning functions, any city or town, however organized, may expend money and contract with agencies of the federal government, appropriate departments of state government, other local units of government and with private persons;

(8) Adopt measures calculated to promote public interest in and understanding of the problems of planning and, to that end, may publish and distribute copies of any plan or any report and may employ other means of publicity and education that will give full effect to the provisions of sections 116J.58 to 116J.63 (;

((9) PLAN AND CONDUCT PROGRAMS OF INFORMATION AND PUBLICITY DESIGNED TO ATTRACT TOURISTS, VISITORS, AND OTHER INTERESTED PERSONS FROM OUTSIDE THE STATE TO THIS STATE, AND IN THAT CONNECTION ENCOURAGE AND COORDINATE THE EFFORTS OF OTHER PUBLIC AND PRIVATE ORGANIZATIONS OR GROUPS OF CITIZENS TO PUBLICIZE THE FACILITIES AND ATTRACTIONS OF THE STATE

AND WORK WITH REPRESENTATIVES OF THE TOURIST AND RESORT INDUSTRY IN CARRYING OUT ITS PROGRAMS).

Sec. 57. [116J.615] [OFFICE OF TOURISM.]

Subdivision 1. [DUTIES OF DIRECTOR.] The director of tourism shall:

(1) publish, disseminate, and distribute informational and promotional literature;

(2) promote and encourage the expansion and development of international tourism marketing;

(3) advertise and disseminate information about travel opportunities in the state of Minnesota;

(4) aid various local communities to improve their tourism marketing programs;

(5) coordinate and implement a comprehensive state tourism marketing program that takes into consideration all public and private businesses and attractions;

(6) conduct market research and analysis to improve marketing techniques in the area of tourism;

(7) investigate and study conditions affecting Minnesota's tourism industry, collect and disseminate information, and engage in technical studies, scientific investigations, and statistical research and educational activities necessary or useful for the proper execution of the powers and duties of the director in promoting and developing Minnesota's tourism industry, both within and outside the state;

(8) apply for, accept, receive, and expend any funds for the promotion of tourism in Minnesota. All money received by the director under this subdivision shall be deposited in the state treasury and is appropriated to the director for the purposes for which the money has been received. The money does not cancel and is available until expended; and

(9) plan and conduct information and publicity programs to attract tourists, visitors, and other interested persons from outside the state to this state; encourage and coordinate efforts of other public and private organizations or groups of citizens to publicize facilities and attractions in this state; and work with representatives of the hospitality and tourism industry to carry out its programs.

Subd. 2. [ART AND HISTORICAL EXHIBITIONS.] In order to promote tourism, trade, and cultural enrichment, the director of tourism may arrange for the exhibition of art collections and historical displays from other nations in the state capitol and in other public buildings throughout the state of Minnesota. The director of tourism shall cooperate with the state historical society in implementing this cultural exchange program and may enter into any contracts or joint ventures that are necessary to achieve the objectives of this section.

Sec. 58. Minnesota Statutes 1982, section 116J.65, is amended by adding a subdivision to read:

Subd. 4a. "Authority" means the energy and economic development authority, formerly known as the small business finance agency.

Sec. 59. Minnesota Statutes 1982, section 116J.65, subdivision 5, is amended to read:

Subd. 5. The (COMMISSIONER) authority shall administer this section and shall enforce the rules related to the community development corporations promulgated by the (COMMISSIONER) authority. The (COMMISSIONER) authority may amend, suspend, repeal or otherwise modify these rules as provided for in chapter 14.

Sec. 60. Minnesota Statutes 1982, section 116J.65, is amended by adding a subdivision to read:

Subd. 8a. The energy and economic development authority shall be named as an assignee of the rights of a state funded community development corporation on any loan or other evidence of debt provided by a community development corporation to a private enterprise. The assignment of rights shall provide that it will be effective upon the dormancy or cessation of existence of the community development corporation. "Dormancy" for the purpose of this section means the continuation of the corporation in name only without any functioning officers or activities. Upon the cessation of the activities of a state funded community development corporation, any assigned moneys paid to the energy and economic development authority shall be deposited into the community development corporation fund to be used for the purposes as set out in chapter 116J.

Sec. 61. Minnesota Statutes 1982, section 116J.67, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE; OBJECTIVES.] The (COMMISSIONER OF ENERGY, PLANNING AND DEVELOPMENT) energy and economic development authority may create, promote, and assist a state development company, also known as a "503" certified development company, (WHICH) that will

qualify as a certified development company for the purposes of (15) United States Code, *title 15*, section 697, and Code of Federal Regulations, *title 13*, section 108.503.

The (COMMISSIONER) *authority* 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 bylaws, articles of incorporation, and standard operating procedure prescribed by the small business administration.

Sec. 62. [116J.875] [ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY; PURPOSES.]

The legislature finds that certain public needs can best be met by the public and private sectors working in close cooperation. Two of the specific areas in which this cooperation is most needed are small business development and energy program management and financing. The energy and economic development authority created by section 116J.89 is the mechanism for cooperation in these two areas. By providing an efficient arrangement to pool financing, personnel, information, and technological knowledge, the authority, as a partnership between the public and private sectors, will promote job creation, business development, and energy policies more effectively than would be the case if these sectors acted independently.

Sec. 63. Minnesota Statutes 1982, section 116J.88, subdivision 2, is amended to read:

Subd. 2. [AUTHORITY.] ("AGENCY") *"Authority" means the (SMALL BUSINESS FINANCE AGENCY) energy and economic development authority created in section 116J.89.*

Sec. 64. Minnesota Statutes 1982, section 116J.88, subdivision 4, is amended to read:

Subd. 4. [ELIGIBLE SMALL BUSINESS.] *"Eligible small business" means an enterprise determined by the (AGENCY) authority to constitute a small business concern as defined in regulations of the United States small business administration pursuant to (15 U. S. CODE) United States Code, title 15, sections 631 to 647, as (IN EFFECT MARCH 1, 1980, WHICH IS ENGAGED IN ANY INDUSTRIAL OR COMMERCIAL ACTIVITY EXCEPT:)*

((A) BANKING OR OTHER FINANCIAL SERVICE;)

((B) REAL ESTATE BROKERAGE, MANAGEMENT, SALE, OWNERSHIP, OR LEASING;)

((C) LEGAL, MEDICAL, DENTAL, ACCOUNTING, ENGINEERING, OR ANY OTHER PROFESSIONAL OR CONSULTING SERVICE;)

((D) FURNISHING RECREATIONAL OR ATHLETIC FACILITIES; AND)

((E) SERVING FOOD OR BEVERAGES TO BE CONSUMED ON OR ADJACENT TO THE PREMISES WHERE THEY ARE SOLD) *amended from time to time.*

Sec. 65. Minnesota Statutes 1982, section 116J.88, subdivision 5, is amended to read:

Subd. 5. [TARGETED SMALL BUSINESS.] "(ELIGIBLE) *Targeted small business*" for the purpose of section 116J.90, subdivision 5, means a business entity organized for profit, including but not limited to any individual, partnership, corporation, joint venture, association, or cooperative, which entity:

(a) has 20 or fewer full time employees or not more than the equivalent of \$1,000,000 in annual gross revenues in the preceding fiscal year; and

(b) is not at least 20 percent owned by a business dominant in its field of operation, or by partners, officers, directors, majority stockholders, or their equivalent, of a business dominant in its field of operation. For the purpose of this subdivision, "dominant in its field of operation" means having more than 20 full time employees and more than \$1,000,000 in annual gross revenues.

("FARM BUSINESS" MEANS A BUSINESS ENTITY) "*Targeted small business*" includes a *farm business* engaged in farming, agricultural production or processing, or storage of agricultural products (, WHICH OTHERWISE QUALIFIES AS A SMALL BUSINESS).

Sec. 66. Minnesota Statutes 1982, section 116J.88, subdivision 6, is amended to read:

Subd. 6. [FINANCIAL INSTITUTION.] "Financial institution" means (ANY) a bank (OR OTHER FINANCIAL CORPORATION DESCRIBED IN CHAPTER 47, ANY INSURANCE COMPANY LICENSED TO DO BUSINESS UNDER CHAPTER 60A, AND ANY SECURITIES BROKER-DEALER LICENSED UNDER CHAPTER 80A), *bank or trust company, trust company, mortgage company, mortgage banker, national*

banking association, savings bank, savings and loan association, building and loan association, insurance company, securities broker-dealer, financial organizations relating to commercial credit or venture capital or any other financial or lending institution, whether organized under federal law or the laws of any state of the United States, and whether located within or without this state.

Sec. 67. Minnesota Statutes 1982, section 116J.88, subdivision 7, is amended to read:

Subd. 7. [BUSINESS LOAN.] "Business loan" means a loan, other than a pollution control loan, to the owner of (A) *an eligible small business for the (INTERIM OR LONG TERM) financing of (a) capital expenditures, on an interim or long-term basis, for the acquisition or improvement of land, acquisition, construction, removal, or improvement of buildings, or acquisition and installation of fixtures and equipment useful for the conduct of the business; or (b) short-term costs of conducting an eligible small business.*

Subd. 7a. [FARM LOAN.] "Farm loan" means a loan to a farm business for the acquisition, installation, improvement, construction or removal of buildings, or acquisition and installation of fixtures or equipment, useful for the conduct of a farm business.

Sec. 68. Minnesota Statutes 1982, section 116J.88, subdivision 8, is amended to read:

Subd. 8. [POLLUTION CONTROL LOAN.] "Pollution control loan" means a loan to (THE OWNER OF A) *an eligible small business for the acquisition, construction, or improvement of pollution control facilities or operations. Pollution control facilities or operations may include real and personal property likely to help prevent, reduce, abate, or control noise, air, or water pollution or contamination by removing, altering, disposing, or storing pollutants, contaminants, wastes, or heat, and real and personal property to be used for the collection, storage, treatment, utilization, processing, or final disposal of solid or liquid waste.*

Sec. 69. Minnesota Statutes 1982, section 116J.88, is amended by adding a subdivision to read:

Subd. 9. [FUND.] "*Fund*" means the economic development fund created by section 73.

Sec. 70. Minnesota Statutes 1982, section 116J.89, subdivision 1, is amended to read:

Subdivision 1. [ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY; CREATION; SUCCESSOR STATUS.]

(A) *The small business finance agency created by Laws 1980, chapter 547, is renamed the energy and economic development authority (IS HEREBY CREATED AND IS CONSTITUTED AS AN AUTHORITY TO) and may act on behalf of the state within the scope of the powers granted to it in sections (116J.63 AND) 116J.88 to 116J.91 to implement (A LOAN PROGRAM) loan programs and to provide financial assistance under the economic development fund by which, the authority alone or in cooperation with cities, towns, counties, and private or public lenders, may provide adequate funds (MAY BE PROVIDED) or incentives to financing such as guarantees or insurance on sufficiently favorable terms to assist and encourage the establishment, maintenance, and growth of eligible small (BUSINESS) businesses and employment opportunities 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 eligible small (BUSINESS) businesses.*

The authority so named is the legal successor in all respects of the small business finance agency as originally named and constituted and all bonds, resolutions, contracts, and liabilities of that original agency are the bonds, resolutions, contracts, and liabilities of the authority as so renamed and reconstituted.

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) authority will be able to spread its financing costs among the eligible small businesses to which the (AGENCY MAKES LOANS) authority provides financing, thereby reducing costs incurred by each eligible small business.

Sec. 71. Minnesota Statutes 1982, section 116J.89, is amended by adding a subdivision to read:

Subd. 1a. [USE OF ECONOMIC DEVELOPMENT FUND.] In addition, the authority may use the economic development fund to provide financial assistance to eligible small businesses as follows:

(a) *to provide loan guarantees or insurance, in whole or in part, to eligible small businesses in connection with business loans or pollution control loans;*

(b) *to provide direct loans to eligible small businesses in connection with business loans or pollution control loans;*

(c) *to participate in other investment programs as appropriate under the terms of sections 116J.65, 116J.67, 116J.88 to 116J.91, and chapters 472 and 474;*

(d) to purchase loan packages made to eligible small businesses by financial institutions in the state in connection with business loans or pollution control loans;

(e) to enter into or to pay fees on insurance contracts; letters of credit, municipal bond insurance, surety bonds, or similar obligations and other agreements or contracts with financial institutions;

(f) to guarantee or insure bonds and notes issued by the authority, in whole or in part;

(g) the authority may create separate accounts within the fund for use in accordance with the separate purposes listed in this section and may irrevocably pledge and allocate moneys on deposit in the fund to the accounts for the purposes. The authority may make contracts with note and bond holders, trustees for them, financial institutions, or other persons interested in the disposition of moneys in the fund or its accounts with respect to the conditions upon which money in the fund or its accounts is to be held, invested, applied, and disposed of and the use of the fund and its accounts and the termination of accounts. The authority may determine to leverage amounts in accounts to be used to guarantee or insure bonds and notes of the authority or loans to eligible small businesses and may covenant as to the rate of leveraging with holders of the authority's bonds and notes or any trustee for them, financial institutions, or other persons. Money in the fund and its accounts shall, consistent with contracts with holders of the authority's bonds and notes or any trustee for them, financial institutions, or other interested persons, be invested in accordance with section 116J-91, subdivision 15, and the investment income from them, absent contractual provisions to the contrary, shall be added to and retained in the fund or its accounts if provided by the authority. The repayments to the authority of any direct loans made by the authority from money in the fund or its accounts shall be paid by the authority into the fund or, as provided by the authority, into an account. The authority may collect fees, initially or from time to time, or both, with respect to any direct loan it extends or any insurance or guarantee it grants. The authority may enter into contracts and security instruments with eligible small businesses, with bond and note holders or any trustee for them, or financial institutions or other persons to provide for and secure the repayment to the authority of money provided by the authority from the fund or its accounts for direct loans or which have been paid by the authority from the fund or accounts pursuant to an authority guarantee or insurance.

The state covenants with all holders of the authority's bonds and notes, financial institutions, and other persons interested in the disposition of money in the fund or its accounts, which money the authority has irrevocably pledged and allocated for any authorized purpose described in this subdivision, that the

state will not take any action to limit the effect of the pledge and allocation and will not take any action to limit the effect of contracts entered into as authorized in this subdivision with respect to the pledge and allocation and will not limit or alter the rights vested in the authority or the state to administer the application of money pursuant to the pledge and allocation and to perform its obligations under the contracts. The authority may include and recite this covenant of the state in any of its bonds or notes benefitting from the pledge and allocation or contracts or related documents or resolutions;

(h) to enter into contract with note and bond holders or other persons interested in the disposition of the fund; and

(i) for any legal purpose or program of the authority, including without limitation the payment of the cost of issuing authority bonds and notes and authority administrative costs and expenses.

Sec. 72. Minnesota Statutes 1982, section 116J.89, is amended by adding a subdivision to read:

Subd. 1b. [PREFERENCES.] (a) The following eligible small businesses have preference among business applicants:

(1) businesses located in areas of the state that are experiencing the most severe unemployment rates in the state;

(2) eligible small businesses that are likely to expand and provide additional permanent employment;

(3) businesses located in border communities that experience a competitive disadvantage due to location;

(4) businesses that have been unable to obtain traditional financial assistance due to a disadvantageous location, minority ownership, or other factors rather than due to the business having been considered a poor financial risk;

(5) businesses that utilize state resources, thereby reducing state dependence on outside resources, and that produce products or services consistent with the long-term social and economic needs of the state;

(6) businesses located in designated enterprise zones, as described in section 273.1312, subdivision 4; and

(7) business located in federally-designated economically distressed areas.

(b) Except in the issuance of agency bonds or notes, the agency may not invest the fund in a program that does not have

financial participation from the private sector, as determined by the authority.

Sec. 73. Minnesota Statutes 1982, section 116J.89, is amended by adding a subdivision to read:

Subd. 1c. [CREATION OF ECONOMIC DEVELOPMENT FUND.] There is created the economic development fund to be administered by the authority. All money in the fund is appropriated to the authority to accomplish the authority's business development purposes.

Sec. 74. Minnesota Statutes 1982, section 116J.89, subdivision 2, is amended to read:

Subd. 2. [PUBLIC PURPOSES.] Sections (116J.63 AND) 116J.88 to 116J.91 and sections 90 to 95 are enacted to promote the welfare and prosperity of the state by maintaining and increasing the career and job opportunities of its citizens (,); by reducing, controlling, and preventing environmental pollution and waste of resources; and by protecting and enhancing the tax base on which state and local governments depend for the financing of public services.

Sec. 75. Minnesota Statutes 1982, section 116J.89, subdivision 7, is amended to read:

Subd. 7. [TAXATION OF AUTHORITY NOTES AND BONDS.] The state covenants with the purchasers and all subsequent holders and transferees of notes and bonds issued by the (AGENCY) authority in consideration of the acceptance of and payment for the notes and bonds, that the notes and bonds of the (AGENCY) authority issued pursuant to sections 116J.65, 116J.-67, 116J.88 to 116J.91, sections 90 to 95, and chapters 472 and 474, and the income therefrom and all its fees, charges, gifts, grants, revenues, receipts, and other moneys received or to be received, pledges to pay or secure the payment of such notes or bonds shall at all times be free and exempt from all state, city, county or other taxation provided by the laws of the state, except for estate and gift taxes and taxes on transfers, and except for the Minnesota corporate franchise tax measured by income, so long as the interest on (FEDERAL) bonds is included in the income by which such tax is measured.

Sec. 76. Minnesota Statutes 1982, section 116J.89, subdivision 8, is amended to read:

Subd. 8. [MEMBERSHIP.] The members and governing body of the (AGENCY) authority shall be the commissioner and (SIX) ten other members (HOLDING NO OTHER ELECTIVE OR APPOINTIVE OFFICE OF THE STATE OR ANY LOCAL GOVERNMENT,) appointed by the governor (WITH ADVICE

AND CONSENT OF THE SENATE). (THE COMMISSIONER SHALL BE VICE CHAIRMAN, AND) The governor shall designate the chairman from among the (OTHER) members (, TO SERVE AS CHAIRMAN AT THE PLEASURE OF THE GOVERNOR). *The board shall elect a secretary from among its members. On the effective date of this act, the governor shall have authority to appoint new members. The terms of the current members shall expire, respectively, when they are replaced and new members are appointed by the governor and qualified.* Section 15.0575 (,) governs the terms, compensation, removal and filling of vacancies in the offices of members other than the commissioner.

Sec. 77. Minnesota Statutes 1982, section 116J.89, subdivision 9, is amended to read:

Subd. 9. [EXERCISE OF POWERS.] The (MEMBERS SHALL BE RESPONSIBLE FOR MANAGEMENT AND CONTROL OF THE AGENCY) *powers of the authority are vested in the members.* A majority of the members, excluding vacant memberships, is a quorum. When a quorum is present at any meeting of which notice has been given to or waived by all absent members in the manner provided in bylaws adopted by the vote of a majority of all members, any action of the (AGENCY) *authority* may be taken by the vote of a majority of the members present. Fewer than a quorum may hear reports and adjourn from time to time.

Sec. 78. Minnesota Statutes 1982, section 116J.89, subdivision 10, is amended to read:

Subd. 10. [STAFFING.] The commissioner shall (DESIGNATE AN EMPLOYEE AS EXECUTIVE DIRECTOR OF THE AGENCY AND MAY) appoint permanent and temporary employees necessary for the administration of the (AGENCY) *authority.* (THE GOVERNING BODY OF THE AGENCY MAY ENTER INTO AGREEMENTS UNDER WHICH THE DEPARTMENT WILL PROVIDE ADMINISTRATIVE SUPPORT FOR THE AGENCY.) *The commissioner may enter into agreements under which staff from private corporations, agencies, or other organizations are loaned to the authority for the purpose of performing its duties.*

Sec. 79. Minnesota Statutes 1982, section 116J.90, is amended to read:

116J.90 [LOANS.]

Subdivision 1. [GENERALLY.] The (AGENCY) *authority* may make or purchase or participate with financial institutions in making or purchasing business loans (AND), pollution control loans, and farm loans upon the conditions described in this section, and may enter into commitments therefor.

Subd. 2. [BUSINESS LOANS; LIMITATIONS.] The (AGENCY) *authority may make or purchase or 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) *with respect to business loans made or purchased by the authority and not exceeding \$1,000,000 principal amount with respect to the authority's share thereof when the authority participates in making or purchasing business loans.*

With respect to business loans that the authority makes or purchases or participates with, the authority may determine or provide for their servicing, the percentage of authority participation, if any, the times the loans or participations shall be payable and the amounts of payment, their amount and interest rates, their security, if any, and other terms, conditions, and provisions necessary or convenient in connection with them and may enter into all necessary contracts and security instruments in connection with them. The authority may provide for or require the insurance or guaranteeing of the business loans or authority participations in whole or in part by the federal government or a department, agency, or instrumentality of it, by an appropriate account created with respect to the economic development fund, or by a private insurer. In connection with making or purchasing business loans or participations in them, the authority may enter into commitments to purchase or participate with financial institutions upon the terms, conditions, and provisions determined by it. Business loans or participations may be serviced by financial institutions or other persons designated by the authority. The dollar limitations contained in this subdivision do not apply to energy loans and loans insured under sections 93 and 94.

Subd. 3. [DIRECT BUSINESS AND FARM LOANS; LIMITATIONS.] The (AGENCY) authority may make business loans or farm loans not exceeding \$100,000 in principal amount, at interest rates and subject to terms determined by the authority, provided that each loan shall be made only from the proceeds of a bond or note (SOLD AND ISSUED TO A FINANCIAL INSTITUTION.) payable (EXCLUSIVELY) in whole or part from the repayments of principal and interest on the loan (, WHICH SHALL BE ASSIGNED TO AND SERVICED

BY THE FINANCIAL INSTITUTION). *The loans may also be guaranteed or insured by money on deposit in the economic development fund or any special account of it, and may be secured by reserve funds and other collateral and available money as determined by the authority. The authority may enter into all necessary contracts and security instruments in connection with them. The limitation on loan amounts in this subdivision does not apply to energy loans and loans insured under sections 93 and 94.*

Subd. 4. [POLLUTION CONTROL LOANS.] The (AGENCY) authority may make or purchase or participate in making or purchasing pollution control loans (WHICH ARE FULLY SECURED BY THE GUARANTEE OR INSURANCE OF ANY AGENCY OR INSTRUMENTALITY OF THE UNITED STATES OR BY A PRIVATE INSURER QUALIFIED TO WRITE THE INSURANCE IN THE STATE, OR BY RESERVES PROVIDED BY THE AGENCY OR ANY COMBINATION OF THE FOREGOING) in any amount, which may be secured in whole or part by the guarantee or insurance of the federal government or any federal department, agency, or instrumentality, by a private insurer, from guarantees or insurance provided by the economic development fund or any special account of it, by reserves, moneys, funds, or other collateral required by the authority or any combination of the foregoing. To the extent consistent with this subdivision, the authority may make or purchase or participate in the making or purchasing of pollution control loans in the manner provided in subdivision 2 or 3 with respect to business loans.

Subd. 5. [TARGETED LOANS.] The (AGENCY) authority shall make every effort to assure that at least 50 percent of the principal amount of the loans made or purchased by the (AGENCY) authority in each fiscal year consists of loans with a principal amount of \$100,000 or less to (ELIGIBLE) targeted small businesses as defined in section 116J.88, subdivision 5, and the financial management division shall provide technical assistance needed by (ELIGIBLE) targeted small (BUSINESS OWNERS) businesses to complete applications and meet other requirements for those loans. The (AGENCY) authority shall report to the legislature annually on or before (OCTOBER) February 1 as to its compliance with the requirements of this subdivision during the preceding fiscal year. Noncompliance with this subdivision does not affect the validity of bonds and notes heretofore or hereafter issued.

Subd. 6. [REPORTS.] (a) Each financial institution (WHICH) that participates in a pollution control or business loan with the (AGENCY) authority shall annually on or before March 1 submit a report for the prior calendar year to the (AGENCY) authority on a form prescribed by the state auditor. The report shall include a listing of each new and outstanding loan in which the financial institution is a participant, the

amount and terms of the loan, the purpose of the loan, and any other information as the state auditor may reasonably require.

(b) The (AGENCY) *authority* shall annually on or before May 1 submit a report on a form prescribed by the state auditor for the prior calendar year to the state auditor on all loans (WHICH) *that* it makes, purchases, or participates in. The report shall include a listing of each new and outstanding loan in which the financial institution is a participant, the amount and terms of the loan, the purpose of the loan, and any other information as the state auditor may reasonably require.

(c) The state auditor shall annually on or before July 1, submit a report for the prior calendar year to the governor and the legislature summarizing the report submitted pursuant to clause (b).

(d) The cost of preparing and submitting the reports required by this subdivision shall be borne by the party submitting it. Any financial institution (WHICH) *that* fails to comply with the requirements of this subdivision shall be prohibited from participating in future loans until it complies.

Sec. 80. Minnesota Statutes 1982, section 116J.91, subdivision 1, is amended to read:

Subdivision 1. In implementing (ITS CORPORATE) *the* purposes and the programs described in sections (116J.63 AND) 116J.88 to 116J.91, the (AGENCY) *authority* shall have the powers and duties set forth in this section.

Sec. 81. Minnesota Statutes 1982, section 116J.91, subdivision 4, is amended to read:

Subd. 4. It may adopt, amend, and repeal rules not inconsistent with the provisions of sections (116J.63 AND) 116J.88 to 116J.91 as necessary to effectuate its (CORPORATE) purposes.

Sec. 82. Minnesota Statutes 1982, section 116J.91, subdivision 9, is amended to read:

Subd. 9. It may procure insurance against any loss in connection with its property in (SUCH) *the* amounts, and from (SUCH) *the* insurers, as may be necessary or desirable. *It may obtain municipal bond insurance, letters of credit, surety obligations, or equivalent security for its bonds and notes.*

Sec. 83. Minnesota Statutes 1982, section 116J.91, subdivision 10, is amended to read:

Subd. 10. It may consent, whenever it deems it necessary or desirable in the fulfillment of its (CORPORATE) purpose, to the modification of the rate of interest, time of payment, or any installment of principal or interest, or (ANY) other term, of (ANY MORTGAGE LOAN, MORTGAGE LOAN COMMITMENT, CONSTRUCTION LOAN, TEMPORARY LOAN,) a contract or agreement of any kind to which the (AGENCY) authority is a party.

Sec. 84. Minnesota Statutes 1982, section 116J.91, subdivision 11, is amended to read:

Subd. 11. It may borrow money to carry out and effectuate its (CORPORATE PURPOSE) purposes and may issue its negotiable bonds or notes as evidence of any such borrowing in accordance with sections 462A.08 to 462A.13, 462A.16 and 462A.17, all with the force and effect stated and the incidental powers granted and duties imposed in those sections. *The bonds and notes may be issued pursuant to a trust indenture that is substantially identical to a resolution pursuant to which the authority issues bonds and notes as provided in sections 462A.08 to 462A.13, 462A.16, and 462A.17, except that the authority may pledge money and securities to a trustee for the security of the holders of bonds and notes. The authority may refund bonds and notes and may guarantee or insure its bonds and notes in whole or in part with money from the economic development fund or an account created by the authority for that purpose. The aggregate principal amount of the (AGENCY'S) authority's bonds and notes outstanding at any one time, excluding the amount satisfied and discharged by payment or provision for payment in accordance with their terms, and deducting amounts held in debt service reserve funds therefor and amounts used to make loans guaranteed or insured by the federal government or a department, an agency or instrumentality of the federal government or by a private insurer or guarantor authorized to do business in the state of Minnesota and acceptable to the authority, shall not exceed \$30,000,000 unless authorized by another law.*

Sec. 85. Minnesota Statutes 1982, section 116J.91, subdivision 12, is amended to read:

Subd. 12. It may issue and sell bonds, notes, and other obligations payable solely from particular moneys, assets, or revenues derived from its programs, *or any business loan, farm loan, or pollution control loan*, notwithstanding section 462A.08, subdivision 3. Obligations issued to participate in making or purchasing business loans (PURSUANT TO SECTION 116J.90, SUBDIVISION 2,) *or pollution control loans* shall be payable solely from revenues derived by the (AGENCY) authority from repayments of (SUCH) these loans and from enforcement of the security therefor, or from a debt service reserve fund or funds, or from a general reserve fund or from a segregated portion

thereof, or from other funds or security specifically pledged by the authority, irrevocably pledged and appropriated to pay principal and interest due, for which other funds are not available. A general reserve fund is (HEREBY) created and is eligible to receive direct appropriations from the state treasury or a transfer from the economic development fund as the authority may provide by resolution. The (AGENCY) authority may irrevocably pledge and appropriate all or a segregated portion of the general reserve fund to pay principal and interest due on all or one or more series of its obligations for which other funds are not available, pursuant to the terms and conditions that the (AGENCY) authority shall determine. Until so pledged and appropriated by the (AGENCY) authority the general reserve fund shall not be available to pay principal and interest on the (AGENCY'S) authority's obligations. (NO OBLIGATIONS SHALL BE ISSUED TO PARTICIPATE IN MAKING OR PURCHASING BUSINESS LOANS PURSUANT TO SECTION 116J.90, SUBDIVISION 2, UNLESS THE OBLIGATIONS ARE SECURED AT THE TIME OF ISSUANCE BY A DEBT SERVICE RESERVE FUND, A PORTION OF THE GENERAL RESERVE FUND SEGREGATED TO SECURE ONE OR MORE SERIES OF BONDS, OR THE PORTION OF THE GENERAL RESERVE FUND NOT SEGREGATED TO SECURE ONE OR MORE SERIES OF BONDS, AND UNLESS THE AMOUNT THEN HELD OR THEN DEPOSITED IN THE FUND OR SEGREGATED PORTION IS AT LEAST EQUAL TO TEN PERCENT OF THE AGGREGATE PRINCIPAL AMOUNT OF ALL OBLIGATIONS SECURED BY THE FUND OR SEGREGATED PORTION THEREOF) The authority may at its option provide by resolution that obligations issued to participate in making or purchasing business loans or pollution control loans be secured at the time of issuance in whole or in part by a debt service reserve fund or funds, a portion of the general reserve fund segregated to secure one or more series of bonds, or the portion of the general reserve fund not segregated to secure one or more series of bonds. The operation of the debt service reserve fund or funds or a segregated portion of the general reserve fund and other relevant terms or provisions shall be determined by resolution or indenture of the authority. Obligations issued to make or purchase business loans, farm loans, or pollution control loans may be issued pursuant to an indenture of trust or a resolution of the authority. It may pledge to holders of obligations, or to a trustee, repayments from the loans, any security or collateral for them, contract rights with respect to them, and any other funds or security specifically pledged by the authority for them.

Sec. 86. Minnesota Statutes 1982, section 116J.91, subdivision 14, is amended to read:

Subd. 14. It may establish and collect reasonable interest and amortization payments on loans, and in connection therewith may establish and collect or authorize the collection of reasonable

fees and charges or require funds to be placed in escrow, sufficient to provide for the payment and security of its bonds, notes, commitments and other obligations and for the servicing thereof, to provide reasonable allowances for or insurance against losses which may be incurred and to cover the cost of issuance of obligations and technical, consultative, and project assistance services. (IT SHALL REQUIRE THE PAYMENT OF ALL PROCESSING, ADMINISTRATIVE AND GUARANTEE FEES AND THE DEPOSIT IN ESCROW OF ALL FUNDS REQUIRED BY THE SMALL BUSINESS ADMINISTRATION OR OTHER FEDERAL AGENCY OR INSTRUMENTALITY GUARANTEEING ANY LOAN AND SHALL COMPLY AND ENFORCE COMPLIANCE WITH ALL TERMS AND CONDITIONS OF EACH GUARANTEE, AND THE PROMPT FILING OF ALL CLAIMS WHICH MAY ARISE THEREUNDER.)

Sec. 87. Minnesota Statutes 1982, section 116J.91, subdivision 16, is amended to read:

Subd. 16. It may provide general consultative and technical services to assist in financing small business facilities for which loans may be made (PURSUANT TO SECTION 116J.90). It may enter into agreements or other transactions concerning the receipt or provision of those services.

Sec. 88. Minnesota Statutes 1982, section 116J.91, subdivision 19, is amended to read:

Subd. 19. (ALL) Proceeds of the (AGENCY'S) *authority's* bonds, notes, and other obligations (, ANY); amounts granted or appropriated to the agency for the making or purchase or the insurance or guaranty of loans or for bond reserves (, ALL); income from (THEIR) investment; *money in the economic development fund*; and all revenues from loans, fees, and charges of the (AGENCY) *authority* are annually appropriated to the agency for the accomplishment of its corporate purposes and shall be expended, administered, and accounted for in accordance with the applicable provisions of all bond and note resolutions, indentures, and other instruments, contracts, and agreements of the agency. Notwithstanding section 16A.28, these appropriations are available until expended.

Sec. 89. Minnesota Statutes 1982, section 116J.91, is amended by adding a subdivision to read:

Subd. 20. *The authority may do all things necessary and proper to fulfill its purpose and the purposes of the economic development fund as provided in sections 116J.65, 116J.67, 116J.88 to 116J.91, sections 90 to 95, and chapters 472 and 474.*

Sec. 90. [116J.921] [ENERGY FINANCING POLICIES.]

A reliable, economic supply of energy is essential for the state's households, business establishments, and municipalities. Imported supplies are increasingly costly, unreliable, and environmentally disadvantageous. As a result, a partnership of the private and public sectors is needed to provide leadership, cooperation, and aid for the purposes of planning, developing, and managing economically viable energy conservation programs.

Sec. 91. [116J.922] [DEFINITIONS.]

Subdivision 1. [GENERAL.] For purposes of sections 90 to 95, the terms defined in this section have the meanings given them, unless the context in which they are used clearly indicates otherwise or another meaning is specifically provided.

Subd. 2. [AUTHORITY.] "Authority" means the energy and economic development authority, formerly known as the small business finance agency.

Subd. 3. [PERSON.] "Person" includes an individual, firm, partnership, corporation, or association.

Subd. 4. [CONSERVATION.] "Conservation" means a product or system designed to reduce the amount of energy needed for an energy-consuming activity or process. Conservation includes but is not limited to thermal insulation and air infiltration control in buildings, products or methods that reduce energy consumption for transportation or soil tillage practices, improvements in combustion efficiency or heat transfer efficiency in boilers, furnaces or direct-fired process heaters, and changes to industrial production equipment that result in lower energy use per unit of output.

Subd. 5. [MUNICIPALITY.] "Municipality" means a city, town, county, school district, special taxing district, or a municipal power agency governed by chapter 453, or a group or combination of those units operating under an agreement to jointly undertake projects authorized by sections 90 to 95.

Subd. 6. [ALTERNATIVE ENERGY RESOURCE.] "Alternative energy resource" means a source of energy available from indigenous Minnesota resources including but not limited to peat, biomass, solar energy, wind, municipal wastes, agricultural or forestry wastes, hydro-power, and agricultural crops suitable for conversion to an energy fuel.

Subd. 7. [RENEWABLE ENERGY RESOURCE.] "Renewable energy resource" means a source of energy occurring in Minnesota which, when consumed for energy purposes, is replaced within a matter of days, months, or years by new or additional supplies of the energy source. Renewable energy resources include, but are not limited to, forestry products and

forest harvest residues, solar energy, wind energy, water-power, and agricultural wastes.

Subd. 8. [ENERGY RECOVERY.] *"Energy recovery" means the extraction of energy from materials, components, or processes which would normally represent wasted energy resources. Municipal solid wastes, volatile sewer gases, and power plant waste heat, among others, offer the potential for energy recovery.*

Subd. 9. [BUSINESS.] *"Business" means any commercial, industrial, or nonprofit enterprise.*

Sec. 92. [116J.923] [POWERS AND DUTIES OF COMMISSIONER AND AUTHORITY RELATING TO ENERGY PROGRAMS.]

Subdivision 1. [SERVICES.] *The authority shall identify general consultative and technical services to assist in financing and marketing household and municipal energy conservation or alternative energy development. It may enter into agreements or other transactions concerning the receipt or provisions of those services.*

Subd. 2. [DATA PRIVACY.] *Financial information, including but not limited to credit reports, financial statements and net worth calculations, received or prepared by the authority regarding any loan or loan insurance issued by the authority is private data on individuals, as defined in section 13.02, subdivision 12, or, if not relating to individuals, is nonpublic data as defined in section 13.02, subdivision 9.*

Subd. 3. [BROAD INTERPRETATION.] *The authority through the commissioner shall perform, direct, or closely oversee the functions and programs delegated to it. The powers granted to the authority shall be broadly interpreted to facilitate innovative leadership in all areas of energy including policy setting, goal definition, strategy planning, conservation, development of renewable and alternative energy resources, energy recovery, and monitoring.*

Subd. 4. [CAMPAIGN FOR ENERGY EFFICIENCY.] *The authority shall promote a campaign for energy efficiency. The authority shall actively promote public awareness of the potentials and benefits of energy efficiency.*

Subd. 5. [JOB CREATION, LOW INCOME.] *The authority shall assure that programs under its control and direction make accommodation wherever possible for job creation and the needs of low income families and persons.*

Subd. 6. [FINANCING PROGRAMS.] The authority shall initiate and operate programs to assist the financing of qualified energy projects by:

(a) insuring private loans to businesses; and

(b) issuing its revenue bonds, notes, or other obligations for the purpose of making or purchasing or participating with financial institutions in making or purchasing loans to businesses.

Subd. 7. [LOANS TO MUNICIPALITIES.] The authority shall receive applications from municipalities for loans to finance improvements to public buildings for the purpose of energy conservation, reduction of the use of conventional energy sources, or the use of alternative energy resources, and make recommendations thereon to the commissioner of finance, in the event of the authorization and issuance of bonds of the state for this purpose. Financial and technical support for this program shall be provided by the financial management division. This program shall include the district heating loan program established in section 116J.36 and the program of energy improvement loans to schools created by the concepts in a bill styled as H. F. No. 549 of the 1983 legislative session.

Subd. 8. [RULES.] The authority may adopt temporary and permanent rules for the purpose of implementing subdivisions 6 and 7. The temporary rules need not be adopted in compliance with chapter 14 and shall be effective for 360 days or until the permanent rules are adopted, whichever occurs first. The temporary rules shall be effective upon adoption by the authority and shall be published in the state register as soon thereafter as possible.

Subd. 9. [PLANNING AND REPORTS.] (a) The authority shall adopt a plan to use as the basis for its investment decisions.

(b) By the start of the 1984 legislative session, the authority shall have (1) identified various nongovernmental funding sources; (2) provided for the efficient administration of its affairs; (3) solicited public comment on its plans; and (4) prepared recommendations as to appropriate reserve and guarantee fund levels required by sections 90 to 95.

(c) The authority shall annually report not later than February 1 to the legislature. The report should contain recommendations for legislation as necessary to better coordinate its activities and the energy activities of state government.

Subd. 10. [CONSERVATION EQUIPMENT.] The authority may assist in the financing of the development and operation

of conservation or alternative or renewable energy system equipment.

Subd. 11. [SERVICES TO BUSINESSES.] *The authority shall provide direct assistance to businesses that plan to begin or expand their operations into the area of energy. The assistance shall include:*

(a) *providing data currently collected by the state that relates to resources, markets, economics, demographics, loans, and business planning;*

(b) *performing a limited technical review of prototypes or processes;*

(c) *conducting a limited number of feasibility studies to assist business development;*

(d) *conducting workshops, seminars, and other educational opportunities that relate to starting energy businesses or specific technical subjects, when appropriate, working in cooperation with the department of education and appropriate educational institutions in the state; and*

(e) *sharing information or networking among energy developers by use of newsletters, conferences, or the like.*

Subd. 12. [APPROPRIATIONS, GIFTS, GRANTS.] *The authority may accept appropriations, gifts, grants, bequests, and devises and utilize or dispose of the same to carry out any provision of sections 90 to 95. All gifts, grants, bequests, and revenues from those sources are appropriated to the authority for the purposes of sections 90 to 95. The funding may include, but is not limited to, public utility investments and expenditures ordered by the public utilities commission pursuant to the provisions of section 216B.241.*

Sec. 93. [116J.924] [ENERGY LOAN INSURANCE PROGRAM.]

Subdivision 1. [DEFINITIONS.] *For purposes of this section, the following terms have the meanings given:*

(a) *"Fund" means the energy loan insurance fund created by subdivision 2.*

(b) *"Lender" means any state or federally chartered bank, credit union, savings bank, savings and loan association, savings association, trust company or a lender certified by the secretary of housing and urban development or the administrator of veterans affairs or approved or certified by the administrator of the farmers home administration.*

(c) "Energy loan" means a loan or advance of credit, with security as may be required by the authority.

(d) "Qualified energy project" means acquiring, installing or constructing land, buildings, capital improvements, or equipment for (1) conservation of energy or use of alternative or renewable energy resources in the operation of a business, (2) recovery or production from alternative or renewable resources of energy to be sold in the course of business, or (3) production for sale in the course of business of equipment for the conservation or recovery of energy or for the use of energy from alternative or renewable resources.

Subd. 2. [ENERGY LOAN INSURANCE FUND.] An energy loan insurance fund is created. The fund shall be used by the authority as a revolving fund, and all money in the fund is appropriated to the authority, for carrying out the provisions of this section with respect to loans insured under subdivision 3.

Subd. 3. [INSURANCE OF LOANS.] (a) [AUTHORIZATION.] The authority is authorized, upon application by a lender, to insure loans for qualified energy projects as provided in this section; and under terms as the authority may prescribe by rule, to make commitments for the insuring of loans prior to the date of their execution or disbursement.

(b) [ELIGIBILITY REQUIREMENTS.] The authority may by rule establish requirements for energy loans to be eligible for insurance under this section, relating to:

(1) maximum principal amount, amortization schedule, interest rate, delinquency charges, and other terms;

(2) the portion of the loan to be insured;

(3) acceleration and other remedies;

(4) covenants regarding insurance, repairs, and maintenance of the project;

(5) conditions regarding subordination of the loan security, if any, of the project to other liens against the property;

(6) the aggregate principal amount of loans to be insured in relation to the reserves from time to time on hand in the insurance fund, and priorities as to the loans to be insured; and

(7) any other matters determined by the authority.

(c) [CONCLUSIVE EVIDENCE OF INSURABILITY.] Any contract of insurance executed by the authority under this

section shall be conclusive evidence of the eligibility of the loan for insurance, and the validity of any contract of insurance properly executed and in the hands of any approved lender shall not be contestable, except for fraud or misrepresentation on the part of the lender.

(d) [PREMIUMS.] The authority is authorized to fix premium charges for the insurance of loans under this section at levels which in its judgment, taking into account other amounts available in the fund, will be sufficient to cover and maintain a reserve for loan losses.

(e) [PROCEDURES UPON DEFAULT.] The authority may establish procedures to be followed by lenders and to be taken by the authority in the event of default upon an energy loan, including:

(1) time for filing claims;

(2) rights and interests to be assigned and documents to be furnished by the lender;

(3) principal and interest to be included in the claim; and

(4) conditions, if any, upon which the authority will pay the entire principal amount in default, after foreclosure and receipt of marketable title to the property.

Subd. 4. [INVESTMENT INTEREST.] All interest and profits accruing from investment of the fund's money shall be credited to and be a part of the fund, and any loss incurred in the principal of the investments of the fund shall be borne by the fund.

Subd. 5. [MAXIMUM AUTHORIZED INSURANCE.] The authority may not at any time issue insurance under this section aggregating in excess of an amount equal to the current balance contained in the fund multiplied by ten.

Sec. 94. [116J.925] [ENERGY LOAN PROGRAM.]

Subdivision 1. [AUTHORITY TO MAKE LOANS.] The authority may make loans to individuals, partnerships, corporations, or other entities for the financing of capital improvements to be used in connection with a trade or business if the principal purpose of improvement is energy conservation, to reduce the usage of conventional fuels as a source of energy, or to develop Minnesota's alternative energy resources as provided by the authority's rules.

Subd. 2. [REVENUE BONDS.] The authority may borrow money and may issue bonds, notes, or other obligations as evi-

dence of the borrowing in accordance with sections 462A.08 to 462A.17, all with the force and effect stated and the incidental powers granted and duties imposed in those sections. The authority may sell any of its obligations at public or private sale, at the price or prices as the authority determines are appropriate, notwithstanding the limitations on sale price in section 462A.09. These obligations may be issued and loans made from the proceeds in excess of the limitations contained in section 116J.90, subdivisions 2 and 3, and section 116J.91, subdivision 11.

Subd. 3. [ENERGY DEVELOPMENT FUND.] An energy development fund is created and is eligible to receive appropriations. The authority may irrevocably pledge and appropriate all or a segregated portion of the energy development fund to make principal and interest payments when due on all or one or more series of its obligations for which other funds are not available, pursuant to the terms and conditions the authority shall prescribe. Unless the energy development fund has been pledged and appropriated to secure the obligations, the energy development fund shall not be available to make principal or interest payments on the obligations.

Subd. 4. [INVESTMENT INCOME.] All interest and profits accruing from investment of the energy development fund's moneys shall be credited to and be part of the energy development fund, and any loss incurred in the principal of the investment of the reserve fund shall be borne by the fund. Assets of the energy development fund shall be invested only in direct obligations or obligations of agencies of the United States or in insured depository accounts, up to the amount of the insurance, in any institution insured by an agency of the United States government, or in other obligations or depository accounts referred to in section 11A.24, subdivision 4, except clause (d) of that subdivision. Other funds and revenues of the authority shall be invested or deposited in the manner and with the security provided in bond or note resolutions or indentures under which obligations of the authority are issued for the program.

Subd. 5. [ADDITIONAL POWERS.] In addition to the powers specifically enumerated, the authority shall have any corporate powers necessary to effectuate or appropriate to the efficient implementation and operation of the revenue bond loan program authorized by this section, except to the extent explicitly limited by this section.

Subd. 6. [FUNDING.] All proceeds of the authority's bonds, notes, and other obligations, any amounts granted or appropriated to the authority to make, purchase, or insure loans, or for bond reserves, all income from the investment thereof, and all revenues from loans, fees, and charges of the authority are annually appropriated to the authority to accomplish its purposes and shall be expended, administered, and accounted for in accordance with the applicable provisions of all bond and note

resolutions, indentures, and other instruments, contracts, and agreements of the authority.

Sec. 95. [116J.926] [LOANS TO MUNICIPALITIES.]

Subdivision 1. [QUALIFIED ENERGY IMPROVEMENTS.] For the purposes of this section, "qualified energy improvements" means any capital improvements to public land or buildings, including the installation of equipment, undertaken by a municipality for the principal purpose of energy conservation or to reduce usage of conventional energy sources, as provided by rules adopted by the authority.

Subd. 2. [APPLICATIONS.] The authority shall establish procedures, form, and the required contents of applications to be made by municipalities for loans to finance the acquisition or construction of qualified energy improvements when state bonds are authorized and issued for this purpose.

Subd. 3. [MUNICIPAL OBLIGATION.] A loan shall not be made to a municipality until it has entered into an agreement with the state providing that the municipality shall make payments of principal and interest at least equal in the aggregate to the principal amount of the loan plus interest at the rate payable on the state bonds. The annual amounts of the payments shall be determined by the commissioner of finance, and need not coincide with the principal and interest payments on the bonds. However, the amounts due each year shall be payable prior to the times transfers are required to be made pursuant to section 16A.65. The agreement shall obligate the municipality to levy an ad valorem property tax equal to the amounts necessary to make the payments. The amount required to be levied may be reduced by any other available amounts contained in a special fund dedicated to payment of the loan obligation.

Subd. 4. [RECEIPTS.] The principal and interest in repayment of the loans authorized by this section shall be deposited in the state treasury and credited to the state bond fund and are appropriated to the commissioner of finance for the purpose of that fund.

Sec. 96. [116K.02] [STATE PLANNING AGENCY.]

Subdivision 1. [CREATION.] A state planning agency is created in the executive branch of state government.

Subd. 2. [DIRECTOR.] The governor shall appoint a state planning director in the unclassified service. He shall be professionally competent in the fields of public administration and planning and shall possess demonstrated ability, based upon past performance, to perform the duties of state planning director.

Subd. 3. [ORGANIZATION.] The director shall organize the agency and employ the officers, employees, and agents as the director deems necessary to discharge the functions of the office, and define their duties. The director shall appoint a deputy director and division directors, who shall serve in the unclassified service of the state. To fulfill long range planning objectives requiring special projects anticipated to be of limited duration, the director shall request temporary unclassified positions pursuant to section 43A.08, subdivision 2a. All other officers, employees, and agents are in the classified service of the state civil service.

Subd. 4. [STAFF.] The director shall employ personnel with qualifications needed to perform the duties prescribed in chapter 116K.

Sec. 97. [116K.03] [DEFINITIONS.]

Subdivision 1. [SCOPE.] For the purposes of chapter 116K, the terms defined in this section have the meanings given them.

Subd. 2. [DIRECTOR.] "Director" means the state planning director.

Subd. 3. [AGENCY.] "Agency" means the state planning agency.

Sec. 98. Minnesota Statutes 1982, section 144A.53, subdivision 4, is amended to read:

Subd. 4. [REFERRAL OF COMPLAINTS.] If a complaint received by the director relates to a matter more properly within the jurisdiction of an occupational licensing board (, THE OFFICE OF CONSUMER SERVICES) or (ANY) other governmental agency, the director shall forward the complaint to that agency and shall inform the complaining party of the forwarding. The agency shall promptly act in respect to the complaint, and shall inform the complaining party and the director of its disposition. If a governmental agency receives a complaint which is more properly within the jurisdiction of the director, it shall promptly forward the complaint to the director, and shall inform the complaining party of the forwarding. If the director has reason to believe that (ANY) an official or employee of an administrative agency or health facility has acted in a manner warranting criminal or disciplinary proceedings, he shall refer the matter to the state commissioner of health, the commissioner of public welfare, an appropriate prosecuting authority, or (ANY) other appropriate agency.

Sec. 99. Minnesota Statutes 1982, section 155A.03, is amended by adding a subdivision to read:

Subd. 13. [COMMISSIONER.] "Commissioner" means the commissioner of commerce.

Sec. 100. Minnesota Statutes 1982, section 155A.05, is amended to read:

155A.05 [RULES.]

The (DIRECTOR) *commissioner* shall develop and adopt rules to carry out (THE PROVISIONS OF) sections 155A.01 to 155A.18 (BY DECEMBER 31, 1982, PURSUANT) *according* to chapter 14. For purposes of sections 155A.01 to 155A.18, the (DIRECTOR) *commissioner* may adopt temporary rules, (PURSUANT) *according* to sections 14.29 to 14.36. (THESE RULES MAY BE REISSUED AS TEMPORARY RULES UNTIL PERMANENT RULES ARE ADOPTED OR UNTIL DECEMBER 31, 1982, WHICHEVER IS EARLIER.) These (TEMPORARY) rules may provide that for (ANY) *a* renewal license issued by the (DIRECTOR) *commissioner* within one year after July 1, 1981, the term of renewal shall be either one, two, or three years. The fee for a one-year renewal license shall be one-third of the fee for a three-year renewal license, and the fee for a two-year renewal shall be two-thirds of the three-year fee.

Sec. 101. Minnesota Statutes 1982, section 155A.18, is amended to read:

155A.18 [PRIOR LICENSES.]

All licenses which were issued by the (BOARD OF COSMETOLOGY) *director of the office of consumer services* under chapter (155) *155A*, shall continue in effect under the (OFFICE OF CONSUMER SERVICES) *commissioner* until the licenses expire.

Sec. 102. Minnesota Statutes 1982, section 214.14, subdivision 1, is amended to read:

Subdivision 1. There is established a human services occupations advisory council to assist the commissioner of health in formulating policies and rules (PURSUANT) *according* to section 214.13. The commissioner shall determine the duties of the council, shall establish procedures for the proper functioning of the council including, but not limited to the following: the method of selection of membership, the selection of a committee chairman and methods of communicating recommendations and advice to the commissioner for his consideration. Each of the health related licensing boards, the state examining committee for physical therapists, (THE CONSUMER SERVICES SECTION OF THE DEPARTMENT OF COMMERCE,) the state comprehensive health planning advisory council and the higher education coordinating board shall have a representative selected by the

boards (OR SECTION), *committee, or council*. The governor shall appoint the remaining members who shall not exceed 11 and shall include six persons broadly representative of human services, particularly human services professions not presently credentialed (PURSUANT) *according to existing law*, and five public members. The committee shall expire and the terms of the appointed members and the compensation and removal of all members shall be as provided in section 15.059.

Sec. 103. [216A.085] [ENERGY ISSUES INTERVENTION OFFICE.]

Subdivision 1. [CREATION.] There is created within the department of public service an intervention office to represent the interests of Minnesota residents, businesses, and governments before bodies and agencies outside the state that make, interpret, or implement national and international energy policy.

Subd. 2. [DUTIES.] The intervention office shall determine those areas in which state intervention is most needed, most likely to have a positive impact, and most effective for the broad public interest of the state. The office shall seek recommendations from appropriate public and private sources before deciding which cases merit intervention.

Subd. 3. [STAFFING.] The intervention office shall be under the control and supervision of the director of the department of public service. The director may hire staff or contract for outside services as needed to carry out the purposes of this section. The attorney general shall act as counsel in all intervention proceedings.

Sec. 104. Minnesota Statutes 1982, section 216B.16, is amended by adding a subdivision to read:

Subd. 12. [INTERVENOR PAYMENT.] The commission may order a utility to pay all or a portion of a party's intervention costs not to exceed \$20,000 per intervenor in any proceeding when the commission finds that the intervenor has materially assisted the commission's deliberation and the intervenor has insufficient financial resources to afford the costs of intervention.

Sec. 105. Minnesota Statutes 1982, section 216B.62, subdivision 2, is amended to read:

Subd. 2. Whenever the commission or department, in a proceeding upon its own motion, on complaint, or upon an application to it, shall deem it necessary, in order to carry out the duties imposed (BY LAWS 1974, CHAPTER 429) under this chapter and section 103, to investigate the books, accounts, practices, and activities of, or make appraisals of the property of

any public utility, or to render any engineering or accounting services to any public utility, *or to intervene before an energy regulatory agency*, the public utility shall pay the expenses reasonably attributable to the investigation, appraisal, (OR) service, *or intervention*. The commission and department shall ascertain the expenses, and the department shall render a bill therefor to the public utility, either at the conclusion of the investigation, appraisal, or services, or from time to time during its progress, which bill shall constitute notice of the assessment and a demand for payment. The amount of the bills so rendered by the department shall be paid by the public utility into the state treasury within 30 days from the date of rendition. The total amount, in any one calendar year, for which any public utility shall become liable, by reason of costs incurred by the commission within that calendar year, shall not exceed two-fifths of one percent of the gross operating revenue from retail sales of gas, or electric service by the public utility within the state in the last preceding calendar year. Where, pursuant to this subdivision, costs are incurred within any calendar year which are in excess of two-fifths of one percent of the gross operating revenues, the excess costs shall not be chargeable as part of the remainder under subdivision 3, but shall be paid out of the general appropriation to the department and commission. In the case of public utilities offering more than one public utility service only the gross operating revenues from the public utility service in connection with which the investigation is being conducted shall be considered when determining this limitation.

Sec. 106. Minnesota Statutes 1982, section 216B.62, subdivision 3, is amended to read:

Subd. 3. The department and commission shall quarterly, at least 30 days before the start of each quarter, estimate the total of their expenditures in the performance of their duties relating to public utilities under *section 103, and sections 216B.01 to 216B.67*, other than amounts chargeable to public utilities under subdivision 2 or 6. The remainder shall be assessed by the commission and department to the several public utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year. The assessment shall be paid into the state treasury within 30 days after the bill has been mailed to the several public utilities, which shall constitute notice of the assessment and demand of payment thereof. The total amount which may be assessed to the public utilities, under authority of this subdivision, shall not exceed one-eighth of one percent of the total gross operating revenues of the public utilities during the calendar year from retail sales of gas or electric service within the state. The assessment for the second quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the commission and department for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

Sec. 107. Minnesota Statutes 1982, section 299A.04, is amended to read:

299A.04 [GRANTS-IN-AID TO YOUTH INTERVENTION PROGRAMS.]

Subdivision 1. The (COMMISSIONER) *director* may make grants to nonprofit agencies administering youth intervention programs in communities where the programs are or may be established.

"Youth intervention program" means a nonresidential community based program providing advocacy, education, counseling, and referral services to youth and their families experiencing personal, familial, school, legal, or chemical problems with the goal of resolving the present problems and preventing the occurrence of the problems in the future.

Subd. 2. Applications for a grant-in-aid shall be made by the administering agency to the (COMMISSIONER) *director*. The grant-in-aid is contingent upon the agency having obtained from the community in which the youth intervention program is established local matching money two times the amount of the grant that is sought.

The (COMMISSIONER) *director* shall provide by rule the application form, procedures for making application form, criteria for review of the application, and kinds of contributions in addition to cash that qualify as local matching money. No grant to any agency shall exceed \$25,000.

Sec. 108. Minnesota Statutes 1982, section 325E.09, subdivision 4a, is amended to read:

Subd. 4a. For the purposes of this section, octane rating shall be determined in the manner described in the American Society for Testing and Materials (ASTM) "Standard Specification for Gasoline", D439-71 or such other manner as prescribed by the director of (CONSUMER SERVICES BY REGULATIONS) *the department of public service in accordance with applicable rules, adopted (PURSUANT) according to the Administrative (PROCEDURES) Procedure Act. (SUCH REGULATIONS SHALL) The rules must only be (PROMULGATED) adopted* to place Laws 1973, Chapter 687 in accordance with regulations promulgated by a federal agency.

Sec. 109. Minnesota Statutes 1982, section 325F.09, is amended to read:

325F.09 [DEFINITIONS.]

(a) "Child" means any person less than 14 years of age;

(b) A toy presents an electrical hazard if, in normal use or when subjected to reasonably foreseeable damage or abuse, its design or manufacture may cause personal injury or illness by electrical shock or electrocution;

(c) A toy presents a mechanical hazard if, in normal use or when subjected to reasonably foreseeable damage or abuse, its design or manufacture presents an unreasonable risk of personal injury or illness:

(1) from fracture, fragmentation, or disassembly of the article;

(2) from propulsion of the article or any part or accessory thereof;

(3) from points or other protrusions, surfaces, edges, openings, or closures;

(4) from moving parts;

(5) from lack or insufficiency of controls to reduce or stop motion;

(6) as a result of self-adhering characteristics of the article;

(7) because the article or any part or accessory thereof may be aspirated or ingested;

(8) because of instability;

(9) from stuffing material which is not free of dangerous or harmful substances; or

(10) because of any other aspect of the article's design or manufacture.

(d) A toy presents a thermal hazard if, in normal use or when subjected to reasonably foreseeable damage or abuse, its design or manufacture presents an unreasonable risk of personal injury or illness because of heat as from heated parts, substances, or surfaces.

(e) "Toxic" means able to produce personal injury or illness to a person through ingestion, inhalation, or absorption through any body surface and can apply to any substance other than a radioactive substance.

(f) "Flammable" means having a flash point up to 80 degrees Fahrenheit as determined by the Tagliabue Open Cup Tester. The flammability of solids and of the contents of self-

pressurized containers shall be determined by methods generally recognized as applicable to the materials or containers and established by (REGULATIONS) *rules* issued by the (DIRECTOR) *commissioner*.

(g) A toy presents a hazard of asphyxiation or suffocation if, in normal use or when subject to reasonable foreseeable damage or abuse, its design, manufacture or storage presents a risk of personal injury or illness from interference with normal breathing.

(h) ("DIRECTOR") "*Commissioner*" means (THE DIRECTOR) *commissioner* of (THE CONSUMER SERVICES SECTION OF THE DEPARTMENT OF) commerce.

(i) "Inspector" means an inspector of the (CONSUMER SERVICES SECTION OF THE) department of commerce.

Sec. 110. Minnesota Statutes 1982, section 325F.11, is amended to read:

325F.11 [TESTING OF ARTICLES TO DETERMINE AND INSURE COMPLIANCE.]

The (DIRECTOR) *commissioner* or an authorized and qualified employee or inspector, may undertake or provide for testing of toys and other articles as he deems necessary to determine their safety and fitness for commerce in this state in compliance with (THE PROVISIONS OF) sections 325F.08 to 325F.18. The (DIRECTOR) *commissioner* may contract or otherwise arrange with any testing facility, public or private, for testing and reporting the results. The (DIRECTOR) *commissioner* may, by (REGULATION) *rule*, require that any toy or other article within the provisions of sections 325F.08 to 325F.18 be adequately tested by (THE CONSUMER SERVICES SECTION,) a reputable testing facility, or the manufacturer or distributor of the article, and that the certified results of the test be filed with the (DIRECTOR) *commissioner* before the sale, distribution, or other movement in commerce within this state of the toys or articles. The (DIRECTOR) *commissioner* may by (REGULATION) *rule* provide for penalties for the failure to provide test results.

Sec. 111. Minnesota Statutes 1982, section 472.03, subdivision 2, is amended to read:

Subd. 2. ("STATE AGENCY") "*Authority*" means the (EXECUTIVE COUNCIL CREATED AND ESTABLISHED BY SECTION 9.011) *energy and economic development authority*.

Sec. 112. Minnesota Statutes 1982, section 472.13, is amended to read:

472.13 [APPROPRIATION TO ECONOMIC DEVELOPMENT (REVOLVING) FUND.]

Subdivision 1. [APPROPRIATION.] There is (HEREBY) appropriated out of the general fund in the state treasury not otherwise appropriated the sum of \$1,500,000 to the (STATE EXECUTIVE COUNCIL) *authority* to be used for the purposes set forth in (THESE) sections 472.01 to 472.16 excluding the necessary cost of administration thereof. The sum (HEREBY) appropriated shall be credited to a special account in the (STATE TREASURY TO BE KNOWN AS THE) *economic development (REVOLVING) fund created in section 73* to be drawn upon and used by the (STATE AGENCY) *authority* in the manner and for the purposes provided for in (THESE) sections 472.01 to 472.16.

Subd. 2. [LOANS.] The (STATE AGENCY) *authority* shall have the power, from time to time, to draw upon the *special account in the economic development (REVOLVING) fund (SUCH) the amounts (AS) the (STATE AGENCY SHALL DETERMINE) authority determines* for loans to local or area redevelopment agencies for the financing and planning of redevelopment projects. When the amounts so allocated by the (STATE AGENCY) *authority* as loans to local or area redevelopment agencies are repaid to the (STATE AGENCY) *authority* pursuant to the terms of its agreements with the local agency, the (STATE AGENCY) *authority* shall pay (SUCH) *the amounts into the special account in the economic development (REVOLVING) fund, it being the purpose and intent of this section that (SAID FUND) the account shall operate as a revolving (FUND) account whereby all appropriations and payments made (THERETO) to it may be applied and reapplied to the purposes of (THESE) sections 472.01 to 472.16 and shall not revert to the general (REVENUES) fund of the state.*

Subd. 3. [EXCESS FUNDS.] (IN THE EVENT THAT) *If the (STATE AGENCY SHALL DETERMINE) authority determines that funds held for the credit of the special account in the economic development (REVOLVING) fund are in excess of the amounts needed by the (STATE AGENCY) authority to carry out the purposes of (THESE) sections 472.01 to 472.16, the (STATE AGENCY) authority may by resolution release (SUCH) the excess from the (DEVELOPMENT REVOLVING FUND; THE SAME TO BE TRANSFERRED) account and transfer it to the general (REVENUES) fund of the state treasury.*

Subd. 4. [MATCHING FUNDS.] The (STATE AGENCY) *authority* may utilize any moneys in the (REVOLVING FUND) *special account* for the purpose of matching federal funds available under the Public Works and Economic Development Act of 1965.

Sec. 113. Minnesota Statutes 1982, section 474.01, is amended by adding a subdivision to read:

Subd. 11. [EMPLOYMENT PREFERENCE.] The welfare of the state requires that, whenever feasible, employment opportunities made available in part by sections 474.01 to 474.15 or other state law providing for financing mechanisms similar to those described in those sections should be offered to individuals who are unemployed or who are economically disadvantaged as defined in the federal Job Training Partnership Act of 1982, Statutes at Large, Volume 96, page 1322. Every municipality, redevelopment agency, or other person undertaking a project financed wholly or in part by these financing mechanisms is encouraged to target employment opportunities to qualified individuals who are unemployed or economically disadvantaged. The intent of this subdivision may be accomplished by but is not limited to mechanisms such as a first source agreement in which the employer agrees to use a designated employment office as a first source for employment recruitment, referral, and placement.

Not later than July 1, 1984, and each July 1 for the succeeding three years, every municipality, redevelopment agency, or other person who undertakes a project financed wholly or in part by these financing mechanisms shall submit an employment report to the commissioner of energy and economic development. The report shall be on forms provided by the commissioner and shall include, but need not be limited to, the following information:

- (a) the total number of jobs created by the project,*
- (b) the number of unemployed and economically disadvantaged persons hired, and*
- (c) the average wage level of the jobs created.*

Sec. 114. [INSTRUCTIONS TO REVISOR.]

Subdivision 1. The revisor of statutes shall substitute the term "commissioner of commerce" or "commissioner" or "department" or similar terms as appropriate for the following terms and similar terms, as necessary to reflect the transfers of powers, duties, and responsibilities prescribed by this act:

- (a) "commerce commission" meaning the state commerce commission, "department of commerce," or "commerce department" where those terms appear in Minnesota Statutes;*
- (b) "commissioner of banks," "commissioner of banking," or "banking commissioner" where those terms appear in Minnesota Statutes;*

(c) "commissioner of insurance" or "insurance commissioner" where those terms appear in Minnesota Statutes;

(d) "commissioner of securities and real estate" where that term appears in Minnesota Statutes;

(e) "division" where that term appears in chapters 46 to 59A, and "banking division" or "division of banking" where those terms appear in Minnesota Statutes;

(f) "division of insurance," "insurance division," "department of insurance," or "insurance department" where those terms appear in Minnesota Statutes;

(g) "department of securities and real estate," "securities and real estate department," "securities and real estate division," or "division of securities and real estate" where those terms appear in Minnesota Statutes;

(h) "department of administration" or "commissioner of administration" where those terms appear in chapter 238; and

(i) "director of office of consumer services," "office of consumer services," "consumer services section," where those terms appear in chapter 155A and sections 325F.08 to 325F.18.

Subd. 2. The revisor of statutes shall renumber each section specified in column A with the numbers set forth in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A

Column B

45.04

46.041

45.05

46.042

45.06

46.043

45.07

46.044

45.071

46.045

45.08

46.046

45.16

8.32

45.17

8.33

Sec. 115. [INSTRUCTIONS TO REVISOR.]

Subdivision 1. [TERMS.] (a) The revisor of statutes shall substitute the terms "state planning director" or "director" or "state planning agency" or "agency" or similar terms as appropriate for the terms "commissioner" or "department" meaning the commissioner or department of energy, planning and development, and similar terms where those terms appear in chapters 116C, 116D, and 116G, sections 116J.40 to 116J.54, and other laws relating to the planning functions of the department of energy, planning and development.

(b) The revisor of statutes shall remove the term "planning" wherever it appears in Minnesota Statutes in reference to the department of energy, planning and development, the commissioner of energy, planning and development or similar terms to reflect the removal of the planning functions from that department.

(c) The revisor of statutes shall substitute the terms "commissioner of energy and economic development" or "commissioner" for the terms meaning the commissioner or department of energy, planning and development, where those terms appear in sections 116J.04 to 116J.36 and 116J.58 to 116J.91, and other laws relating to the energy and economic development functions of the department of energy, planning and development.

(d) The revisor of statutes shall change the words "commissioner," "commissioner of energy, planning and development," "department," "agency," "state agency," "executive council," or similar terms to "the energy and economic development authority" wherever it appears in sections 116J.65 and 116J.67; and in chapters 472 and 474.

Subd. 2. [RENUMBERING.] The revisor of statutes shall renumber each section specified in column A with the numbers in column B. The revisor shall also make necessary cross-reference changes consistent with the renumbering.

Column A

Column B

116J.28

216B.242

116J.40

116K.01

116J.42

116K.04

116J.43

116K.05

116J.44

116K.06

116J.45

116K.07

116J.48	116K.08
116J.49	116K.09
116J.50	116K.10
116J.51	116K.11
116J.52	116K.12
116J.53	116K.13
116J.54	116K.14
299A.04	116K.15

Sec. 116. [INSTRUCTION TO REVISOR.]

The revisor of statutes shall change the words "agency" or "small business finance agency" or similar terms to "authority" or "energy and economic development authority" wherever it appears in chapter 116J and other laws to reflect the change of name made by this act.

Sec. 117. [TRANSFER OF TRADE AND EXPORT DEVELOPMENT RESPONSIBILITIES.]

The responsibilities for trade and export development set forth in Minnesota Statutes 1982, section 116J.58, subdivision 1, clause (9), are transferred from the commissioner of energy, planning and development to the commissioner of agriculture under the provisions of section 15.039.

Sec. 118. [APPROPRIATION.]

The sum of \$196,900 is appropriated from the general fund to the director of the department of public service for intervention in energy policy development and regulatory proceedings, to be available for the fiscal year ending June 30 in the years indicated.

1984	1985
\$98,400	\$98,500

The complement of the department is increased by one position in the unclassified service.

Sec. 119. [REPEALER.]

Minnesota Statutes 1982, sections 45.01; 45.02; 45.021; 45.03; 45.031; 45.032; 45.033; 45.034; 45.15; 45.16, subdivisions 4 and 5; 45.17, subdivision 6; 116J.02; 116J.41; 116J.42, subdivisions 3, 5, and 6; 116J.46; 116J.47; 116J.62; 116J.88, subdivision 3; 155A.03, subdivision 10; and 155A.17 are repealed.

Sec. 120. [EFFECTIVE DATE.]

This act is effective July 1, 1983."

Delete the title and insert:

"A bill for an act relating to the operation of state government; reorganizing the department of commerce; providing for appointment of a commissioner of commerce; prescribing his powers and duties; transferring certain powers and duties from the commissioners of administration, banks, insurance, securities and real estate, and the director of the office of consumer services, to the commissioner of commerce; transferring certain powers and duties from the chairman of the commerce commission to the commissioner of commerce; transferring certain powers and duties from the director of the office of consumer services to the commissioner of commerce and the attorney general; eliminating certain positions and divisions in the department of commerce; transferring certain rural credit records from the commissioner of banks to the commissioner of natural resources; creating an office of debt management in the department of finance; reorganizing the department of energy, planning and development; creating a state planning agency, a department of energy and economic development, and an office of tourism; renaming the small business finance agency the energy and economic development authority; creating an information office and an export financing authority; naming the energy and economic development authority assignee of community development corporations; creating energy financing programs; creating an energy intervention office in the department of public service; transferring responsibilities for trade and export development from the commissioner of energy, planning and development to the commissioner of agriculture; transferring the functions of the environmental quality board under the Environmental Procedures Act to the commissioner of energy and economic development and the bureau of business licenses; transferring the function of issuing certificates of need for large energy facilities from the department of energy, planning and development to the public utilities commission; appropriating money; amending Minnesota Statutes 1982, sections 15.039; 15.06, subdivisions 1 and 8; 15A.081, subdivision 1; 43A.08, subdivision 1a; 45.04; 45.05; 45.06; 45.07; 45.071, subdivision 2; 45.08, subdivision 3, and by adding a subdivision; 45.16, subdivisions 1 and 2; 45.17, subdivisions 1, 2, 3, 4, 5, 7, and by adding a subdivision; 46.22; 46.221; 116C.24, subdivision 3, and by adding a subdivision; 116C.25; 116C.32; 116C.33, subdivision 2; 116C.34; 116J.01, subdivisions 1, 2, and 3; 116J.03; 116J.09;

116J.10; 116J.28; 116J.31; 116J.42, subdivisions 1, 2, 4, 7, and 9; 116J.58, subdivision 1; 116J.60; 116J.61; 116J.65, subdivision 5, and by adding subdivisions; 116J.67, subdivision 1; 116J.88, subdivisions 2, 4, 5, 6, 7, 8, and by adding a subdivision; 116J.89, subdivisions 1, 2, 7, 8, 9, 10, and by adding subdivisions; 116J.-90; 116J.91, subdivisions 1, 4, 9, 10, 11, 12, 14, 16, 19, and by adding a subdivision; 144A.53, subdivision 4; 155A.03, by adding a subdivision; 155A.05; 155A.18: 214.14, subdivision 1; 216B.16, by adding a subdivision; 216B.62, subdivisions 2 and 3; 299A.04; 325E.09, subdivision 4a; 325F.09; 325F.11; 472.03, subdivision 2; 472.13; proposing new law coded in Minnesota Statutes, chapters 16A, 17, 45, 116J, 216A, and 216B; proposing new law coded as Minnesota Statutes, chapter 116K; repealing Minnesota Statutes 1982, sections 45.01; 45.02; 45.021; 45.03; 45.031; 45.032; 45.033; 45.034; 45.15; 45.16, subdivisions 4 and 5; 45.17, subdivision 6; 116J.02; 116J.41; 116J.42, subdivisions 3, 5, and 6; 116J.46; 116J.47; 116J.62; 116J.88, subdivision 3; 155A.03, subdivision 10; and 155A.17."

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

House Conferees: TODD OTIS, FRED C. NORTON, JOHN SARNA, STEPHEN G. WENZEL and JAMES I. RICE.

Senate Conferees: CONRAD M. VEGA, DONALD M. MOE, MICHAEL O. FREEMAN, LAWRENCE J. POGEMILLER and EARL W. RENNEKE.

Otis moved that the report of the Conference Committee on H. F. No. 300 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 300, A bill for an act relating to energy; creating the Minnesota energy authority; establishing a program of loans and financial assistance for households and municipalities; authorizing the issuance of bonds; appropriating money; transferring powers; amending Minnesota Statutes 1982, sections 116C.-03, subdivision 2; 116J.03, subdivision 1; 116J.09; 116J.10; 216B.16, by adding a subdivision; 462A.02, subdivision 10; 462A.05, by adding subdivisions; 462A.21, by adding a subdivision; and 474.01, by adding a subdivision; proposing new law coded in Minnesota Statutes, chapters 116H; 216B; and 462A.

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

The question was taken on the repassage of the bill and the roll was called. There were 77 yeas and 48 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Battaglia	Bergstrom	Carlson, D.	Clark, K.
Anderson, G.	Beard	Berkelman	Carlson, L.	Clawson
Anderson, R.	Begich	Brandl	Clark, J.	Cohen

Coleman	Kelly	Nelson, K.	Rodriguez, F.	Tomlinson
Eken	Knuth	Neuenschwander	St. Onge	Tunheim
Elioff	Kostohryz	Norton	Sarna	Valan
Ellingson	Krueger	O'Connor	Scheid	Vanasek
Fjoslien	Larsen	Ogren	Schoenfeld	Vellenga
Graba	Long	Osthoff	Segal	Voss
Greenfield	Mann	Otis	Simoneau	Welch
Gustafson	McEachern	Peterson	Skoglund	Welle
Hoffman	Metzen	Piper	Solberg	Wenzel
Jacobs	Minne	Price	Sparby	Speaker Sieben
Jensen	Munger	Riveness	Stadum	
Kahn	Murphy	Rodosovich	Staten	
Kalis	Nelson, D.	Rodriguez, C.	Swanson	

Those who voted in the negative were:

Bennett	Gruenes	Knickerbocker	Pauly	Svigum
Blatz	Gutknecht	Kvam	Piepho	Thiede
Brinkman	Halberg	Levi	Quist	Uphus
Burger	Haukoos	Ludeman	Redalen	Valento
Dempsey	Heap	Marsh	Reif	Waltman
DenOuden	Heinitz	McDonald	Schafer	Welker
Erickson	Himle	McKasy	Schreiber	Wigley
Findlay	Hokr	Olsen	Seaberg	Zaffke
Forsythe	Jennings	Omann	Shaver	
Frerichs	Johnson	Onnen	Sherman	

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

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.

There being no objection the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 92, A bill for an act relating to education; providing for aids to education, aids to libraries, state payments for teacher retirement contributions, tax levies, and the distribution of tax revenues; granting certain duties and powers to school boards, school districts, the state board of education, the state

board for vocational education, and the higher education coordinating board; modifying certain components of foundation aid; providing for revenue equity; modifying the computation of the transportation aid, summer school, and community education aids and levies; providing funding for AVTI's; providing incentives for school districts to use technology in education; modifying certain provisions relating to teacher mobility programs; modifying certain duties of the council on quality education; appropriating money; amending Minnesota Statutes 1982, sections 6.54; 6.62, subdivision 1; 120.0751, subdivision 3; 120.17, subdivision 3; 121.15; 121.503; 121.505; 121.904, subdivision 4a, as amended; 121.908; 121.911, by adding a subdivision; 121.912, subdivision 3, and by adding a subdivision; 121.936, by adding a subdivision; 122.23, subdivisions 2 and 3; 122.41; 122.43; 122.44; 122.531, subdivision 2, and by adding subdivisions; 123.32, by adding a subdivision; 123.33, subdivisions 10 and 14; 123.34, subdivision 9; 123.351, subdivision 4; 123.36, subdivisions 9, 13, and by adding a subdivision; 123.37, subdivision 1b; 123.39, subdivision 4; 123.702, subdivision 1a; 123.705; 123.741, subdivision 1; 123.933, subdivision 3; 124.14, subdivision 1; 124.15, subdivision 5; 124.155, subdivision 2, as amended; 124.17, subdivision 2d; 124.19, subdivision 3; 124.201, subdivisions 2 and 3, and by adding subdivisions; 124.2122, subdivisions 1 and 2; 124.2124, subdivision 1; 124.2126, subdivision 3; 124.2127, subdivision 1; 124.2132, subdivisions 1 and 4; 124.214, subdivision 2; 124.225; 124.245, by adding a subdivision; 124.246, subdivision 2; 124.247, subdivision 3, and by adding a subdivision; 124.26, subdivision 1; 124.271, subdivisions 2a, 6, and by adding subdivisions; 124.273, subdivision 4; 124.32, subdivisions 3a, 5, and 5a; 124.43, subdivision 1; 124.572, subdivision 2; 124.646, subdivision 1; 125.05, by adding a subdivision; 125.12, subdivisions 6a, 6b, and by adding a subdivision; 125.17, subdivisions 1 and 11; 125.60, subdivisions 2, 3, and 7; 125.611, subdivisions 8 and 9; 126.54, subdivision 1; 129B.01, subdivision 2; 129B.02; 129B.04; 129B.05; 129B.09, subdivisions 1 and 12; 134.07; 134.08; 134.09; 134.10; 134.11; 134.12; 134.13; 134.14; 134.15; 134.30; 134.32, subdivisions 1 and 7; 134.351, subdivisions 3 and 7; 134.353; 134.36; 136A.02, subdivision 1; 275.125, subdivisions 2d, 2e, 2i, 4, 5, 5b, 8, 9, 11a, 11b, and by adding subdivisions; 354.094, subdivisions 1, 1a, and by adding a subdivision; 354.66, subdivisions 4, 9, and by adding a subdivision; 354A.091, subdivisions 1, 1a, and by adding a subdivision; 354A.094, subdivisions 4, 9, and by adding a subdivision; 375.335; 466.06; 475.61, subdivision 3; and 648.39, subdivision 1; Laws 1967, chapter 822; Laws 1969, chapters 775, section 3, subdivision 2, as amended; and 1060; Laws 1974, chapter 237, section 1; Laws 1981, chapter 358, article VII, section 29, as amended; and Laws 1982, chapter 548, article III, sections 27 and 28; proposing new law coded in Minnesota Statutes, chapters 3; 120; 121; 122; 124; 125; 126; 129B; and 134; proposing new law coded as Minnesota Statutes, chapter 124A; repealing Minnesota Statutes 1982, sections 122.542; 122.90; 124.11, subdivisions 1 and 2c; 124.2123; 124.2124; 124.2125; 124.2128; 124.24; 124.251; 124.26, subdivision 4; 124.271, subdivision 5; 124.273, subdivisions 1 and 2; 124.32, subdivisions 1 and 9;

124.561; 124.562; 124.5621; 124.5622; 124.5623; 124.5624; 124.5625; 124.5626; 124.5627; 124.611; 129B.09, subdivision 5; 134.03; 134.06; 134.16; 134.19; 134.352; 275.125, subdivisions 6b, 6c, 6d, 7a, and 7c; and 375.33.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 257, A bill for an act relating to motor vehicles; providing for special license plates for certain motor vehicles owned by certain members of the Minnesota national guard; imposing fees; appropriating money; amending Minnesota Statutes 1982, section 168.12, by adding a subdivision.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 435, A bill for an act relating to crimes; establishing degrees of burglary; prescribing penalties; providing a presumptive term of incarceration in certain instances; proposing new law coded in Minnesota Statutes, chapter 609; repealing Minnesota Statutes 1982, section 609.58.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 300, A bill for an act relating to the operation of state government; reorganizing the department of commerce; providing for appointment of a commissioner of commerce; prescribing

ing his powers and duties; transferring certain powers and duties from the commissioners of administration, banks, insurance, securities and real estate, and the director of the office of consumer services, to the commissioner of commerce; transferring certain powers and duties from the chairman of the commerce commission to the commissioner of commerce; transferring certain powers and duties from the director of the office of consumer services to the commissioner of commerce and the attorney general; eliminating certain positions and divisions in the department of commerce; transferring certain rural credit records from the commissioner of banks to the commissioner of natural resources; creating an office of debt management in the department of finance; reorganizing the department of energy, planning and development; creating a state planning agency, a department of energy and economic development, and an office of tourism; renaming the small business finance agency the energy and economic development authority; creating an information office and an export financing authority; naming the energy and economic development authority assignee of community development corporations; creating energy financing programs; creating an energy intervention office in the department of public service; transferring responsibilities for trade and export development from the commissioner of energy, planning and development to the commissioner of agriculture; transferring the functions of the environmental quality board under the Environmental Procedures Act to the commissioner of energy and economic development and the bureau of business licenses; transferring the function of issuing certificates of need for large energy facilities from the department of energy, planning and development to the public utilities commission; appropriating money; amending Minnesota Statutes 1982, sections 15.039; 15.06, subdivisions 1 and 8; 15A.081, subdivision 1; 43A.08, subdivision 1a; 45.04; 45.05; 45.06; 45.07; 45.071, subdivision 2; 45.08, subdivision 3, and by adding a subdivision; 45.16, subdivisions 1 and 2; 45.17, subdivisions 1, 2, 3, 4, 5, 7, and by adding a subdivision; 46.22; 46.221; 116C.24, subdivision 3, and by adding a subdivision; 116C.25; 116C.32; 116C.33, subdivision 2; 116C.34; 116J.01, subdivisions 1; 2, and 3; 116J.03; 116J.09; 116J.10; 116J.28; 116J.31; 116J.42, subdivisions 1, 2, 4, 7, and 9; 116J.58, subdivision 1; 116J.60; 116J.61; 116J.65, subdivision 5, and by adding subdivisions; 116J.67; subdivision 1; 116J.88, subdivisions 2, 4, 5, 6, 7, 8, and by adding a subdivision; 116J.89, subdivisions 1, 2, 7, 8, 9, 10, and by adding subdivisions; 116J.90; 116J.91, subdivisions 1, 4, 9, 10, 11, 12, 14, 16, 19, and by adding a subdivision; 144A.53, subdivision 4; 155A.03, by adding a subdivision; 155A.05; 155A.18; 214.14, subdivision 1; 216B.16, by adding a subdivision; 216B.62, subdivisions 2 and 3; 299A.04; 325E.09, subdivision 4a; 325F.09; 325F.11; 472.03, subdivision 2; 472.13; proposing new law coded in Minnesota Statutes, chapters 16A, 17, 45, 116J, 216A, and 216B; proposing new law coded as Minnesota Statutes, chapter 116K; repealing Minnesota Statutes 1982, sections 45.01; 45.02; 45.021; 45.03; 45.031; 45.032; 45.033; 45.034; 45.15; 45.16, subdivisions 4 and 5; 45.17, subdivision 6; 116J.02; 116J.41; 116J.42, subdivisions 3, 5, and 6; 116J.-

46; 116J.47; 116J.62; 116J.88, subdivision 3; 155A.03, subdivision 10; and 155A.17.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendment to:

S. F. No. 201, A bill for an act relating to intoxicating liquor; authorizing off-sale licensees to dispense samples of wine, liqueurs and cordials; amending Minnesota Statutes 1982, section 340.11, subdivision 15.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Spear, Sieloff and Freeman.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Jacobs moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 201. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1149, A bill for an act relating to liens; right of possession and liens on fabrication molds and patterns; providing a nonpossessory lien on personal property; lengthening the time limit for veterinary liens; amending Minnesota Statutes 1982, sections 514.18; 514.19; and 514.92, subdivision 1.

PATRICK E. FLAHAVEN, Secretary of the Senate

Clawson moved that the House refuse to concur in the Senate amendments to H. F. No. 1149, that the Speaker appoint a Con-

ference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendment to:

S. F. No. 950, A bill for an act relating to agriculture; requiring pseudorabies testing and imposing quarantine and restricted movement requirements for swine; appropriating money; proposing new law coded in Minnesota Statutes 1982, chapter 35.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Davis, Frederickson and DeCramer.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Schoenfeld moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 950. The motion prevailed.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 1224, A bill for an act relating to occupations and professions; regulating the period of time between professional boxing contests, matches, or exhibitions; amending Minnesota Statutes 1982, section 341.115; proposing new law coded in Minnesota Statutes, chapter 341.

PATRICK E. FLAHAVEN, Secretary of the Senate

Ogren moved that the House refuse to concur in the Senate amendments to H. F. No. 1224, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

I hereby announce that the Senate refuses to concur in the House amendment to:

S. F. No. 320, A bill for an act relating to agriculture; making certain changes in the law relating to a fertilizer inspection fund; prescribing penalties; amending Minnesota Statutes 1982, sections 17.713, subdivision 7; 17.714, subdivision 1; 17.715, subdivision 1; 17.717, subdivision 1; 17.718, subdivision 1; 17.725, subdivisions 1 and 2; and 17.728, subdivision 4; repealing Minnesota Statutes 1982, section 17.717, subdivisions 3, 4, and 5.

The Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Wegscheid, Stumpf and Bernhagen.

Said Senate File is herewith transmitted to the House with the request that the House appoint a like committee.

PATRICK E. FLAHAVEN, Secretary of the Senate

Schoenfeld moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 320. The motion prevailed.

ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 201:

Jacobs, Piper and Wigley.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 320:

Sparby, Kalis and Wenzel.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1224:

Ogren, Gustafson and Dempsey.

The Speaker announced the appointment of the following members of the House to a Conference Committee on S. F. No. 950:

Schoenfeld, Kalis and Erickson.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1149:

Clawson, Jacobs and Carlson, D.

The following conference committee reports were received:

CONFERENCE COMMITTEE REPORT ON H. F. NO. 77

A bill for an act relating to horse racing; creating a Minnesota racing commission and providing for its membership, powers, and duties; authorizing the licensing of persons to operate racetracks, conduct horse racing, engage in certain occupations, and conduct pari-mutuel betting on horse racing; prescribing taxes and license fees; establishing a Minnesota breeders fund; providing penalties; appropriating money; amending Minnesota Statutes 1982, sections 38.04; 273.76, by adding a subdivision; 609.75, subdivision 3; and 609.761; proposing new law coded as Minnesota Statutes, chapter 240.

May 21, 1983

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 77, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that the bill be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. [240.01] [DEFINITIONS.]

Subdivision 1. [TERMS.] For the purposes of this act the terms defined in this section have the meanings given them.

Subd. 2. [HORSE RACING.] "Horse racing" is any form of horse racing in which horses carry a rider or pull a sulky.

Subd. 3. [PERSON.] "Person" is an individual, firm, association, partnership, corporation, trustee, or legal representative, and any licensee, participant, or patron.

Subd. 4. [COMMISSION.] "Commission" is the Minnesota racing commission.

Subd. 5. [PARI-MUTUEL BETTING.] "Pari-mutuel betting" is the system of betting on horse races where those who bet on horses that finish in the position or positions for which bets are taken share in the total amounts bet, less deductions required or permitted by law.

Subd. 6. [BREAKAGE.] "Breakage" is the odd cents of all money to be distributed based on each dollar bet exceeding a sum equal to the next lowest multiple of ten.

Subd. 7. [STRAIGHT POOLS AND BETS.] "Straight pool" is a licensed pari-mutuel pool in which each ticket represents a bet to win, place, or show. A "straight bet" is a bet in a straight pool.

Subd. 8. [MULTIPLE POOLS AND BETS.] "Multiple pool" is a licensed pari-mutuel pool other than a straight pool. A "multiple bet" is a bet in a multiple pool.

Subd. 9. [LICENSED RACETRACK.] "Licensed racetrack" is a racetrack at which horse racing is conducted on the premises and which holds a class A or class D license issued by the commission.

Subd. 10. [RACING DAY.] "Racing day" is a day assigned by the commission as a racing day, and on which racing is conducted.

Subd. 11. [RACING MEETING.] "Racing meeting" is a series of days in which racing days are not separated by more than five non-racing days.

Sec. 2. [240.02] [RACING COMMISSION.]

Subdivision 1. [COMMISSION CREATED.] A Minnesota racing commission is established with the powers and duties specified in this act. The commission consists of nine members appointed by the governor with the advice and consent of the senate. Not more than five of the members may belong to the same political party. The governor shall designate the chairman of the commission. Of the members first appointed, three are for terms expiring June 30, 1985, three are for terms expiring June 30, 1987, and three are for terms expiring June 30, 1989. After the expiration of the initial term, appointments are for terms of six years. An appointment to fill a vacancy in an un-

expired term is for the remainder of the term and is with the advice and consent of the senate.

Subd. 2. [QUALIFICATIONS.] *A member of the commission must have been a resident of Minnesota for at least five years before appointment, and must have a background and experience as would qualify for membership on the commission. A member must, before taking his or her place on the commission, file a bond in the principal sum of \$100,000 payable to the state, conditioned upon the faithful performance of his or her duties. No commission member, nor any member of his or her immediate family, may hold a license issued by the commission or have a direct or indirect financial interest in a corporation, partnership, or association which holds a license issued by the commission.*

Subd. 3. [COMPENSATION.] *The compensation of commission members is \$35 per day spent on commission activities, when authorized by the commission, plus expenses in the same manner and amount as provided in the commissioner's plan adopted according to section 43A.18, subdivision 2.*

Subd. 4. [REMOVAL; VACANCIES.] *The removal of commission members is as provided in section 15.0575.*

Subd. 5. [ACTIONS.] *The commission may sue and be sued in its own name but no action may be brought against the commission or any of its members for actions taken in good faith in the performance of their duties. Suits and actions may be commenced against the commission or any of its members in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleadings is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the chairman of the commission at the current address of the commission. The executive secretary of the commission shall inform the secretary of state of the mailing address of the commission and any changes in it. The attorney general is the legal counsel for the commission.*

Subd. 6. [ANNUAL REPORT.] *The commission shall on February 15 of each year submit a report to the governor and legislature on its activities, organizational structure, receipts and disbursements, and recommendations for changes in the laws relating to racing and pari-mutuel betting.*

Sec. 3. [240.03] [COMMISSION POWERS AND DUTIES.]

The commission has the following powers and duties:

- (1) *to regulate horse racing in Minnesota to ensure that it is conducted in the public interest;*
- (2) *to issue licenses as provided in this act;*
- (3) *to enforce all laws and rules governing horse racing;*
- (4) *to collect and distribute all taxes provided for in this act;*
- (5) *to conduct necessary investigations and inquiries and compel the submission of information, documents, and records it deems necessary to carry out its duties;*
- (6) *to supervise the conduct of pari-mutuel betting on horse racing;*
- (7) *to employ and supervise personnel under this act;*
- (8) *to determine the number of racing dates to be held in the state and at each track;*
- (9) *to take all necessary steps to ensure the integrity of racing in Minnesota.*

Sec. 4. [240.04] [EMPLOYEES.]

Subdivision 1. [EXECUTIVE SECRETARY.] The commission shall appoint an executive secretary, who is its chief administrative officer and who serves at its pleasure in the unclassified service. He shall devote full time to his duties, which are:

- (a) *to take and preserve records of all proceedings before the commission, maintain its books, documents, and records, and make them available for public inspection as the commission directs;*
- (b) *if so designated by the commission, to act as a hearing officer in hearings which need not be conducted under the Administrative Procedure Act to conduct hearings, receive testimony and exhibits, and certify the record of proceedings to the commission;*
- (c) *to act as the commission's chief personnel officer and supervise the employment, conduct, duties, and discipline of commission employees; and*
- (d) *to perform other duties as directed by the commission.*

Subd. 2. [INSPECTOR OF PARI-MUTUELS.] The commission may employ an inspector of pari-mutuels who serves in

the unclassified service at the commission's pleasure. He shall, while employed by the commission, devote full time to his duties, which are:

(a) to supervise all forms of pari-mutuel betting on horse racing in the state;

(b) to inspect all machinery;

(c) to make reports on pari-mutuel betting as the commission directs;

(d) subject to commission approval, to appoint deputy inspectors to perform duties the commission designates; and

(e) to perform other duties as directed by the commission.

If no inspector of pari-mutuels is appointed his duties are assigned to the executive secretary. The commission may contract with outside services or personnel to assist the executive secretary in the performance of these duties.

Subd. 3. [CHIEF OF SECURITY.] *The commission may appoint a chief of racing security to serve in the unclassified service at the commission's pleasure. He shall devote full time to his duties while employed by the commission. The chief of racing security shall enforce all laws and commission rules relating to the security and integrity of racing. He and all other persons designated by the commission as security officers have free and open access to all areas of all facilities the commission licenses and may search without a search warrant any part of a licensed racetrack and the person of any licensee of the commission on the premises. The chief of security may order a licensee to take, at the licensee's expense, security measures he determines necessary to protect the integrity of racing, but the order may be appealed to the commission. Nothing in chapter 240 prohibits law enforcement authorities and agents from entering, in the performance of their duties, a premises licensed under this act.*

If no chief of racing security is appointed his duties are assigned to the executive secretary. The commission may contract with outside services or personnel to assist the executive secretary in the performance of these duties.

Subd. 4. [MEDICAL SERVICES.] *The commission may appoint a medical officer who must be a doctor of veterinary medicine and who serves at its pleasure in the unclassified service. He shall, while employed by the commission, devote full time to his duties, which are:*

(a) to supervise the formulation, administration, and evaluation of all medical tests the commission's rules require or authorize;

(b) to advise the commission on all aspects of veterinary medicine relating to its powers and duties; and

(c) to supervise all personnel involved in medical testing, subject to the supervision of the executive secretary.

The commission may obtain medical services as required by contract with an institution which teaches animal health sciences within the state. If no medical officer is appointed, his duties may be assigned to the executive secretary.

Subd. 5. [OTHER EMPLOYEES.] Subject to applicable laws, the commission shall employ and assign duties to other officers, employees, and agents as it deems necessary to discharge its functions.

Subd. 6. [COMPENSATION.] The compensation of all commission employees shall be as provided in chapter 43A.

Subd. 7. [ASSISTANCE.] The commission may request assistance from any department or agency of the state in fulfilling its duties, and shall make appropriate reimbursement for all such assistance.

Sec. 5. [240.05] [LICENSES; CLASSES.]

Subdivision 1. [CLASSES.] The commission may issue four classes of licenses:

(a) class A licenses, for the ownership and operation of a racetrack with horse racing on which pari-mutuel betting is conducted;

(b) class B licenses, for the sponsorship and management of horse racing on which pari-mutuel betting is conducted;

(c) class C licenses, for the privilege of engaging in certain occupations related to horse racing; and

(d) class D licenses, for the conduct of pari-mutuel horse racing by county agricultural societies or associations.

No person may engage in any of the above activities without first having obtained the appropriate license from the commission.

Subd. 2. [FORMS.] All application forms for licenses must contain a statement to the effect that by accepting a license from

the commission a licensee consents to having his property or person subject to inspection at any time by the chief of racing security or by security officers designated by the commission.

Subd. 3. [POLICY.] It is the intent of the legislature that authority granted by law to the commission to issue licenses not be construed as requiring the commission to issue any license.

Sec. 6. [240.06] [RACETRACK LICENSES.]

Subdivision 1. [APPLICATION.] The commission may issue one or more class A licenses, but not more than one to any one person. An application for a class A license must be on a form the commission prescribes and must be accompanied by detailed plans and specifications of the track, buildings, fences, and other improvements. The application must contain:

(a) the name and address of the applicant and, if it is a corporation, the names of all officers, directors, and shareholders of the corporation and any of its holding corporations;

(b) if required by the commission, the names of any person or persons holding directly, indirectly, or beneficially an interest of any kind in the applicant or any of its holding corporations, whether the interest is financial, administrative, policy-making, or supervisory;

(c) a statement of the assets and liabilities of the applicant;

(d) an affidavit executed by the applicant setting forth that no officer, director, or other person with a present or future direct or indirect financial or management interest in the racetrack, to the best of the applicant's knowledge:

(1) is in default in the payment of an obligation or debt to the state under this act;

(2) has ever been convicted of a felony in a state or federal court or has a state or federal felony charge pending;

(3) is or has been connected with or engaged in any illegal business;

(4) has ever been found guilty of fraud or misrepresentation in connection with racing or breeding;

(5) has ever been found guilty of a violation of a law or rule relating to horse racing, pari-mutuel betting or any other form of gambling which is a serious violation as defined by the commission's rules; or

(6) has ever knowingly violated a rule or order of the commission or a law of Minnesota relating to racing;

(e) an irrevocable consent statement, to be signed by the applicant, which states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleadings is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission; and

(f) an affirmative action plan establishing goals and timetables consistent with the Minnesota Human Rights Act, chapter 363.

Subd. 2. [HEARINGS.] Before granting a class A license application the commission shall conduct one or more public hearings in the area where the racetrack is or will be located. The commission shall also request comments on the application from the city council or town board of the city or town where the track is or will be located, or from the county board if it is to be located outside a city or town and from the appropriate regional development commission or the metropolitan council, as the case may be.

Subd. 3. [INVESTIGATION.] Before granting a class A license the commission shall conduct, or request the bureau of criminal apprehension to conduct, a comprehensive background and financial investigation of the applicant and sources of financing. The commission may charge an applicant an investigation fee to cover the cost of the investigation, and shall from this fee reimburse the bureau for its share of the cost of the investigation. The commission has access to all criminal history data compiled by the bureau of criminal apprehension on class A licensees and applicants.

Subd. 4. [LICENSE ISSUANCE.] If after considering the information received at the hearing or hearings and the comments requested under subdivision 2, the commission determines that the license will not adversely affect the public health, welfare, and safety, that the racetrack will be operated in accordance with all applicable laws and rules, that the license will not create a competitive situation that will adversely affect racing and the public interest, and that the applicant is financially able to operate a licensed racetrack, it may issue a class A license to the applicant. The license is effective until revoked or suspended by the commission or relinquished by the licensee.

Subd. 5. [PROHIBITED LOCATIONS.] A class A license may not be issued to any location where the operation of a racetrack is prohibited by a valid local zoning ordinance. Not more than one class A license may be issued by the commission within the seven-county metropolitan area.

Subd. 6. [CHANGES IN OWNERSHIP OR MANAGEMENT.] If a change in the officers, directors, shareholders, or other persons with a present or future direct or indirect financial or management interest in the licensee, or a change of ownership of more than five percent of the licensee's shares is made after the application is filed or the license issued, the applicant or licensee must notify the commission of the changes within five days of their occurrence and provide the affidavit required by subdivision 1, clause (d).

Subd. 7. [LICENSE SUSPENSION AND REVOCATION.] The commission may revoke a class A license for a violation of law, order, or rule which in the commission's opinion adversely affects the integrity of horse racing in Minnesota, or for an intentional false statement made in a license application, or for a willful failure to pay any money required to be paid by this act.

The commission may suspend a class A license for up to one year for a violation of law, order, or rule which in the commission's opinion adversely affects the integrity of horse racing in Minnesota, and may suspend a class A license indefinitely if it determines that the licensee has as an officer, director, shareholder, or other person with a direct, indirect, or beneficial interest a person who is in the commission's opinion inimical to the integrity of horse racing in Minnesota or who cannot be certified under subdivision 1, clause (d).

A license revocation or suspension under this subdivision is a contested case under sections 14.57 to 14.70 of the administrative procedure act, and is in addition to criminal penalties imposed for a violation of law or rule.

Subd. 8. [WORK AREAS.] A class A licensee must provide at no cost to the commission suitable work areas for commission members, officers, employees, and agents who are directed by the commission to supervise and control racing at the licensed racetrack.

Sec. 7. [240.07] [RACING LICENSES.]

Subdivision 1. [APPLICATION.] The commission may issue one or more class B licenses for the sponsorship and management of horse racing at licensed racetracks. An application for a class B license must be on a form the commission prescribes, and must be accompanied by a bond in the principal

amount of \$500,000 payable to the state of Minnesota conditioned on the licensee's payment of all fees, taxes, and other money due and payable under this act, including horse owner's purses and payouts on winning pari-mutuel tickets.

The application must contain:

(a) the name and address of the applicant and, if it is a corporation or association, the names of all officers, directors, and shareholders, including those of any of its holding companies;

(b) if required by the commission, the names of any person or persons holding, directly, indirectly, or beneficially, an interest of any kind in the applicant or any of its holding companies, whether the interest is financial, administrative, policy-making, or supervisory;

(c) a statement of the assets and liabilities of the applicant;

(d) an affidavit of the type described in section 6, subdivision 1, clause (d);

(e) an irrevocable consent statement, to be signed by the applicant, which states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleadings is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission; and

(f) an affirmative action plan establishing goals and time-tables consistent with the Minnesota Human Rights Act, chapter 363.

Subd. 2. [HEARINGS; INVESTIGATIONS.] Before granting an initial class B license the commission shall hold at least one public hearing on the license. Comprehensive investigations must be conducted and their costs paid in the manner prescribed by section 6, subdivision 3. The commission has access to all criminal history data compiled by the bureau of criminal apprehension on class B licensees and applicants.

Subd. 3. [LICENSE ISSUANCE.] If after considering the information received from the hearing and investigations, the commission determines that the applicant will conduct horse racing in accordance with all applicable laws and rules, will not

adversely affect the public health, welfare, and safety, that the license will not create a competitive situation that will adversely affect racing and the public interest and that the applicant is fit to sponsor and manage racing, the commission may issue a class B license. The license is for a period of one year.

Subd. 4. [RENEWAL.] On making the same determination as in subdivision 3, the commission may renew a class B license without a hearing unless it determines a hearing to be necessary.

Subd. 5. [CHANGES IN OWNERSHIP.] If a change in the officers, directors, or other persons with a direct or indirect financial or management interest in the licensee, or a change of ownership of more than five percent of the licensee's shares is made after the initial application or license issuance, the applicant or licensee must notify the commission of the changes within five days of their occurrence and provide the affidavit required in subdivision 1.

Subd. 6. [LICENSE SUSPENSION AND REVOCATION.] Suspension, revocation, and refusal to renew a class B license is as provided in section 6, subdivision 7. A license suspension or revocation or a refusal to renew a class B license, is a contested case under section 14.57 to 14.70 of the administrative procedure act, and is in addition to criminal penalties imposed for a violation of law or rule.

Subd. 7. [MULTIPLE LICENSES.] A person may simultaneously hold one class A and one class B license.

Sec. 8. [240.08] [OCCUPATION LICENSES.]

Subdivision 1. [AUTHORITY.] The commission may issue class C occupational licenses to persons who wish to be employed in horse racing where pari-mutuel betting is conducted as:

- (a) horse owners or lessees;*
- (b) jockeys or drivers;*
- (c) exercise workers;*
- (d) grooms;*
- (e) trainers and their assistants;*
- (f) pari-mutuel personnel;*
- (g) security officers;*

(h) other occupations the commission by rule determines require licensing to ensure the integrity of horse racing in Minnesota.

Subd. 2. [APPLICATION.] An application for a class C license must be on a form the commission prescribes and must be accompanied by an affidavit of qualification that the applicant:

(a) is not in default in the payment of an obligation or debt to the state under this act;

(b) has never been convicted of a felony in a state or federal court and does not have a state or federal felony charge pending;

(c) is not and never has been connected with or engaged in an illegal business;

(d) has never been found guilty of fraud or misrepresentation in connection with racing or breeding;

(e) has never been found guilty of a violation of law or rule relating to horse racing, pari-mutuel betting or any other form of gambling which is a serious violation as defined by the commission's rules; and

(f) has never knowingly violated a rule or order of the commission or a law of Minnesota relating to racing.

The application must also contain an irrevocable consent statement, to be signed by the applicant, which states that suits and actions relating to the subject matter of the application or acts or omissions arising from it may be commenced against the applicant in any court of competent jurisdiction in this state by the service on the secretary of state of any summons, process, or pleadings authorized by the laws of this state. If any summons, process, or pleadings is served upon the secretary of state, it must be by duplicate copies. One copy must be retained in the office of the secretary of state and the other copy must be forwarded immediately by certified mail to the address of the applicant, as shown by the records of the commission.

Subd. 3. [INVESTIGATIONS.] The commission shall investigate each applicant for a class C license to the extent it deems necessary, and may request the assistance of and may reimburse the bureau of criminal apprehension in investigating applicants. The commission may by rule require that an applicant be fingerprinted or furnish his fingerprints. Investigations must be conducted and their costs paid in the manner prescribed by section 6, subdivision 3. The commission may cooperate with national and international organizations and agencies in conducting investigations. The commission may by rule provide for examin-

ing the qualifications of an applicant for the license for which he is applying. The commission has access to all criminal history data compiled by the bureau of criminal apprehension on class C applicants and licensees.

Subd. 4. [LICENSE ISSUANCE AND RENEWAL.] *If the commission determines that the applicant is qualified for the occupation for which licensing is sought and will not adversely affect the public health, welfare, and safety or the integrity of racing in Minnesota, it may issue a class C license to the applicant. If it makes a similar finding for a renewal of a class C license it may renew the license. Class C licenses are effective for one year.*

Subd. 5. [REVOCATION AND SUSPENSION.] *The commission may revoke a class C license for a violation of law or rule which in the commission's opinion adversely affects the integrity of horse racing in Minnesota, or for an intentional false statement made in a license application.*

The commission may suspend a class C license for up to one year for a violation of law, order or rule.

The commission may delegate to its designated agents the authority to impose suspensions of class C licenses, and the suspension may be appealed to the commission according to its rules.

A license revocation or suspension is a contested case under sections 14.57 to 14.70 of the administrative procedure act and is in addition to criminal penalties imposed for a violation of law or rule.

Sec. 9. [240.09] [COUNTY FAIR LICENSES.]

Subdivision 1. [APPLICATION.] *The commission may issue class D licenses to county agricultural societies or associations incorporated under chapter 38 or nonprofit corporations in existence on April 21, 1951 and operating fairs, to conduct and manage, on their own fairgrounds, horse racing on which pari-mutuel betting is conducted. An application for a class D license must be on a form the commission prescribes and must be accompanied by a certified copy of a resolution of the county board of the county where racing is to be conducted stating that it has reviewed the license application and does not object to it. An application for a class D license must be accompanied by detailed plans and specifications of the track, buildings, fences, and other improvements.*

Subd. 2. [OCCUPATIONAL LICENSES.] *A person who participates in the management or conduct of horse racing or pari-mutuel betting for a county fair holding a class D license*

who is in an occupation listed in section 8, subdivision 1 must have a class C license from the commission except for active members, as defined in section 349.12, of nonprofit organizations who act without compensation as concession workers or pari-mutuel clerks.

Subd. 3. [HEARING.] Before granting an initial application for a class D license, the commission must hold at least one public hearing in the county where the license is to be issued, and if the racetrack to be licensed is within a city, it must also request comments on the application from the city council.

Subd. 4. [ISSUANCE.] If after considering the information received at the hearing or hearings and considering the comments requested under subdivision 3, the commission determines that the license will not adversely affect the public health, welfare, and safety and that the racing to be licensed will be conducted in accordance with all applicable laws and rules, it may issue a class D license to the applicant. The license is for a period of one year.

Subd. 5. [RENEWAL.] On making the same determination as in subdivision 4, the commission may renew a class D license without a hearing unless it determines a hearing is necessary.

Subd. 6. [REVOCATION AND SUSPENSION.] Revocation and suspension of class D licenses, and refusals to renew class D licenses, are as provided in section 6, subdivision 7. A license suspension or revocation or a refusal to renew a class D license is a contested case under sections 14.57 to 14.70 of the administrative procedure act and is in addition to criminal penalties imposed for a violation of law or rule.

Sec. 10. [240.10] [LICENSE FEES.]

The fee for a class A license is \$10,000 per year. The fee for a class B license is \$100 for each assigned racing day on which racing is actually conducted. The fee for a class D license is \$50 for each assigned racing day on which racing is actually conducted. Fees imposed on class B and class D licenses must be paid to the commission at a time and in a manner as provided by rule of the commission.

The commission shall by rule establish an annual license fee for each occupation it licenses under section 8 but no annual fee for a class C license may exceed \$100.

License fee payments received must be paid by the commission to the state treasurer for deposit in the general fund.

Sec. 11. [240.11] [LICENSES NONTRANSFERABLE.]

A license issued under this act may not be transferred.

Sec. 12. [240.12] [LICENSE AGREEMENTS.]

The commission may enter into agreements with comparable bodies in other racing jurisdictions for the mutual recognition of occupational licenses issued by each body. The commission may by rule provide for and may charge a fee for the registration of each license issued in another jurisdiction.

Sec. 13. [240.13] [PARI-MUTUEL BETTING.]

Subdivision 1. [AUTHORIZED.] Class B and class D licenses give the licensees authority to conduct pari-mutuel betting on the results of races run at the licensed racetrack, and on other races as authorized by the commission under subdivision 6.

Subd. 2. [REQUIREMENTS.] A licensee conducting pari-mutuel betting must provide at the licensed track:

(a) the necessary equipment for issuing pari-mutuel tickets; and

(b) mechanical or electronic equipment for displaying information the commission requires. All mechanical or electronic devices must be approved by the commission before being used.

Subd. 3. [TYPES OF BETTING.] The commission shall by rule designate those types of pari-mutuel pools which are permitted at licensed racetracks, and no licensee may conduct any type of pari-mutuel pool which has not been so designated.

Subd. 4. [TAKEOUT; DISTRIBUTION OF WINNINGS.] A licensee conducting pari-mutuel betting must deduct from a straight pari-mutuel pool, before payments to holders of winning tickets, an amount equal to 17 percent of the total money in that pool. The licensee must deduct from a multiple pari-mutuel pool, before payments to the holders of winning tickets, an amount equal to 23 percent of the total money in that pool. The remaining money in each pool must be distributed among the holders of winning tickets in a manner the commission by rule prescribes for each type of pool. Breakage must be computed on the basis of payoffs rounded down to the next lowest increment of 20 cents, with a minimum payoff of \$2.20 on a \$2 ticket, except that the licensee may reduce the minimum payoff to \$2.10 on a \$2 ticket if there is not a sufficient amount in a pool to make a minimum payoff of \$2.20.

Subd. 5. [PURSES.] From the amounts deducted from all pari-mutuel pools by a licensee, an amount equal to five percent of all money in all pools must be set aside by the licensee and used for purses for races conducted by him. The commission may by

rule provide for the administration and enforcement of this subdivision.

Subd. 6. [TELEVISED RACES.] The commission may by rule permit a class B or class D licensee to conduct on the premises of the licensed racetrack pari-mutuel betting on horse races run in other states and broadcast by television on the premises. All provisions of law governing pari-mutuel betting apply to pari-mutuel betting on televised races except as otherwise provided in this subdivision or in the commission's rules. Pari-mutuel pools conducted on such televised races may consist only of money bet on the premises and may not be commingled with any other pool off the premises, except that:

(a) the licensee may pay a fee to the person or entity conducting the race for the privileges of conducting pari-mutuel betting on the race, and

(b) the licensee may pay the costs of transmitting the broadcast of the race.

Pari-mutuel betting on a televised race may be conducted only on a racing day assigned by the commission. The takeout and taxes on pari-mutuel pools on televised races are as provided for other pari-mutuel pools. All televised races under this subdivision must comply with the Interstate Horse Racing Act of 1978 as found in United States Code, title 15, section 3001 and the following relevant sections.

Subd. 7. [TIME LIMIT FOR PAYMENTS.] The licensee must pay off on an uncashed ticket presented for payment within 90 days of the end of the racing meeting during which it was issued. A ticket not presented for payment within that period is an unredeemed ticket and shall be reported to the commission as provided in section 15, subdivision 5.

Subd. 8. [PROHIBITED ACTS.] A licensee may not accept a bet from any person under the age of 18 years; and a licensee may not accept a bet of less than \$2.

Sec. 14. [240.14] [RACING DAYS.]

Subdivision 1. [ASSIGNMENT OF RACING DAYS.] The commission shall assign racing days to each racetrack licensee authorized to conduct racing with pari-mutuel betting, and a licensee may conduct racing with pari-mutuel betting only on a racing day assigned by the commission. The commission may assign racing days for up to three years beyond the year in which the assignment is made. Assignments of racing days in any year must be made by July 1 of the previous year, except that days may be assigned after that date to a licensee whose license is issued after that date.

Subd. 2. [HEARING.] *A public hearing is required before the commission may:*

- (a) *make an assignment of racing days;*
- (b) *revise the assignment during the year; or*
- (c) *assign racing days to a licensee whose license is issued after the initial assignment.*

The commission may without a hearing assign one additional racing day to a licensee for each originally assigned racing day during the same racing meeting on which racing was not conducted for reasons beyond the licensee's control.

Subd. 3. [COUNTY FAIR RACING DAYS.] *The commission may assign to a class D licensee only those racing days, not to exceed ten racing days, which coincide with the days on which the licensee's county fair is running or the weekend preceding or following the county fair.*

Subd. 4. [RESCINDING OF RACING DAYS.] *The commission may, after a public hearing, rescind one or more racing days assigned to a licensee if it determines that the licensee has not met or will not meet the terms of his license. A day or days so rescinded may be reassigned to another licensee.*

Sec. 15. [240.15] [PAYMENTS TO STATE.]

Subdivision 1. [TAXES IMPOSED.] (a) *There is imposed on the total amount bet on all pari-mutuel pools on each racing day a tax at the following rates:*

(1) *For each racing day in a calendar year on which the total amount bet, together with the total amount bet at the same licensed racetrack in all previous racing days in the same calendar year does not exceed \$48,000,000, 1-3/4 percent of the total amount bet in all pari-mutuel pools.*

(2) *For each racing day in a calendar year after the racing day on which the total amount bet in all pari-mutuel pools at the same licensed racetrack in the same calendar year exceeds \$48,000,000, six percent of the total amount bet in all pari-mutuel pools.*

In addition to the above tax, the licensee must designate and pay to the commission a tax for deposit in the Minnesota breeders fund, at the following rates:

(1) *For racing days on which the state tax under clause (a)(1) is 1-3/4 percent, one-half percent of the total amount bet in all pari-mutuel pools.*

(2) For racing days on which the state tax under clause (a)(2) is six percent, one percent of the total amount bet in all pari-mutuel pools.

The taxes imposed by this clause must be paid from the amounts permitted to be withheld by a licensee under section 13, subdivision 4.

(b) The commission shall impose on each paid admission to each licensed racetrack on a racing day a tax of 40 cents. It may impose an additional admissions tax of not more than ten cents at any licensed racetrack if:

(1) the additional tax is requested by a local unit of government within whose borders the track is located;

(2) a public hearing is held on the request; and

(3) the commission finds that the local unit of government requesting the additional tax is in need of its revenue to meet extraordinary expenses caused by the racetrack.

Subd. 2. [PAYMENT.] The licensee must remit the tax to the commission or its representative within seven days of the day on which it was collected. In addition to the tax and at that time the licensee must pay to the commission or its representative a sum equal to one-half the total breakage for each racing day during the period for which the tax is paid. The payments must be accompanied by a detailed statement of the remittance on a form the commission prescribes. The commission may by rule provide for the direct deposit of required payments in the commission's account in a financial institution within the state and for determining the time of applicability of different tax rates under subdivision 1.

Subd. 3. [TAX EXCLUSIVE.] The tax imposed by subdivision 1 is in lieu of any tax or license fee, other than taxes on real property, imposed by a political subdivision and in lieu of any other sales or excise tax imposed by the state on racetrack admissions or pari-mutuel pools or pari-mutuel ticket sales.

Subd. 4. [REPORTS.] Within 100 days of the end of a racing meeting a licensee subject to the tax imposed by subdivision 1 must file with the commission a certified statement of receipts from all sources during the racing meeting and of expenses and disbursements, itemized on a form the commission prescribes after consultation with the state auditor, showing the licensee's net revenues from all sources. The statement must be prepared by a certified public accountant in accordance with generally accepted auditing standards.

Subd. 5. [UNREDEEMED TICKETS.] Not later than 100 days after the end of a racing meeting a licensee who sells

pari-mutuel tickets must remit to the commission or its representative an amount equal to the total value of unredeemed tickets from the racing meeting. The remittance must be accompanied by a detailed statement of the money on a form the commission prescribes.

Subd. 6. [DISPOSITION OF PROCEEDS.] *The commission shall distribute all money received under this section, and all money received from license fees and fines it collects, as follows: all money designated for deposit in the Minnesota breeders fund must be paid into that fund for distribution under section 18. Revenue from an additional admissions tax imposed under subdivision 1 must be paid to the local unit of government at whose request it was imposed, at times and in a manner the commission determines. All other revenues received under this section by the commission, and all license fees, fines, and other revenue it receives, must be paid to the state treasurer for deposit in the general fund.*

Sec. 16. [240.16] [STEWARDS.]

Subdivision 1. [POWERS AND DUTIES.] *All horse races run at a licensed racetrack must be presided over by a board of three stewards, who must be appointees of the commission or persons approved by it. The commission shall designate one steward as chairman. At least two stewards for all races shall be employees of the commission and they shall serve in the unclassified service. The commission may delegate the following duties and powers to a board of stewards:*

(a) to ensure that races are run in accordance with the commission's rules;

(b) to supervise the conduct of racing to ensure the integrity of the sport;

(c) to settle disputes arising from the running of horse races, and to certify official results;

(d) to impose on licensees, for violation of law or commission rules, fines not exceeding \$500 and license suspensions not exceeding 30 days;

(e) to recommend to the commission where warranted penalties in excess of those in clause (d);

(f) to otherwise enforce the laws and rules of racing; and

(g) to perform other duties and have other powers assigned by the commission.

Subd. 2. [APPEALS; HEARINGS.] *A ruling of a board of stewards may be appealed to the commission or be reviewed*

by it on its own initiative. The commission may provide for appeals to be heard by less than a quorum of the commission. A hearing on a penalty imposed by a board of stewards must be granted on request.

Subd. 3. [PROCEDURAL POWERS.] A board of stewards has the authority to administer oaths, issue subpoenas, order the production of documents and other evidence, and regulate the course of hearings before it, according to the commission's rules. Hearings held by a board of stewards are not subject to the provisions of the administrative procedure act except those provisions which the commission by rule makes applicable.

Subd. 4. [RULES.] In addition to rules under subdivision 3, the commission may promulgate rules governing the qualifications, appointment, approval, authority, removal, and compensation of stewards.

Subd. 5. [COSTS.] The commission may require that a licensee reimburse it for the costs of providing a state-paid steward or stewards to supervise racing at the licensee's race-track.

Subd. 6. [COMPENSATION.] The total compensation of stewards who are not employees of the division must be commensurate with the compensation of stewards who are division employees.

Sec. 17. [240.17] [LOCAL OPTION.]

Subdivision 1. [CITIES.] An issuance of a class A license for a location in a city is not effective until it has been approved by a majority vote of the city council. Failure to act on a license within 30 days of its referral to a city council by the commission constitutes approval.

Subd. 2. [TOWNS.] An issuance of a class A license for a location in a town is not effective until it has been approved by a majority vote of the town board. Failure to act on a license within 30 days of its referral to the town board by the commission constitutes approval.

Subd. 3. [UNORGANIZED TERRITORY.] An issuance of a class A license for a location in unorganized territory is not effective until it has been approved by a majority vote of the county board. Failure to act on a license within 30 days of its referral to the county board by the commission constitutes approval.

Sec. 18. [240.18] [BREEDERS FUND.]

The commission shall establish a Minnesota breeders fund with the money paid to it under section 15, subdivision 1. The commis-

sion, after paying the costs of administering the fund, shall distribute the net proceeds as follows:

(1) Twenty percent of the remaining money in the fund must be expended as grants for equine research and related education at public institutions of post-secondary learning within the state.

(2) After deducting the amount for (1), the balance of the fund shall be apportioned into categories corresponding with the various breeds of horses which raced at licensed Minnesota racetracks in the previous year, in proportion to each category's contribution to the fund. The funds in each category may be expended by the commission to:

(a) supplement purses for races held exclusively for Minnesota-bred, Minnesota-foaled or Minnesota-owned horses until January 1, 1986, and for Minnesota-bred and Minnesota-foaled horses after that date;

(b) pay breeders or owners awards to the breeders or owners of Minnesota-bred horses which win money at licensed racetracks in the state; and

(c) provide other financial incentives to encourage the horse breeding industry in Minnesota.

The commission shall adopt rules governing the distribution of the fund. The commission may establish advisory committees to advise it on the distribution of money under this section, provided that the members of an advisory committee shall serve without compensation.

Sec. 19. [240.19] [CONTRACTS.]

The commission shall by rule require that all contracts entered into by a class A, class B, or class D licensee for the provision of goods or services, including concessions contracts, be subject to commission approval. The rules must require that the contract include an affirmative action plan establishing goals and timetables consistent with the Minnesota Human Rights Act, chapter 363. The commission may require a contract holder to submit to it documents and records the commission deems necessary to evaluate the contract.

Sec. 20. [240.20] [APPEALS.]

Appeals from a decision of the commission must be made in the manner prescribed by sections 14.63 to 14.68.

Sec. 21. [240.21] [RIGHT OF INSPECTION.]

The commission and its representatives have the right to inspect the licensed premises of a licensee and to examine his books and other records at any time without a search warrant.

Sec. 22. [240.22] [FINES.]

The commission shall by rule establish a graduated schedule of civil fines for violations of laws related to horse racing or of the commission's rules. The schedule must include minimum and maximum fines for each violation and be based on and reflect the culpability, frequency and severity of the violator's actions. The commission may impose a fine from this schedule on a licensee for a violation of those rules or laws relating to horse racing. The fine is in addition to any criminal penalty imposed for the same violation. Fines imposed by the commission must be paid to the commission and forwarded to the state treasurer for deposit in the general fund. A fine is a contested case under the administrative procedure act.

Sec. 23. [240.23] [RULEMAKING AUTHORITY.]

The commission has the authority, in addition to all other rulemaking authority granted elsewhere in this act, to promulgate rules governing:

(a) the conduct of horse races held at licensed racetracks in Minnesota, including but not limited to the rules of racing, standards of entry, operation of claiming races, filing and handling of objections, carrying of weights, and declaration of official results;

(b) wire communications between the premises of a licensed racetrack and any place outside the premises;

(c) information on horse races which is sold on the premises of a licensed racetrack;

(d) liability insurance which it may require of all class A, class B, and class D licensees;

(e) the auditing of the books and records of a licensee by an auditor employed or appointed by the commission;

(f) emergency action plans maintained by licensed racetracks and their periodic review;

(g) safety, security, and sanitation of stabling facilities at licensed racetracks;

(h) entry fees and other funds received by a licensee in the course of conducting racing which the commission determines must be placed in escrow accounts; and

(i) any other aspect of horse racing or pari-mutuel betting which in its opinion affects the integrity of racing or the public health, welfare, or safety.

Rules of the commission are subject to chapter 14, the Administrative Procedure Act.

Sec. 24. [240.24] [MEDICATION.]

The commission shall make and enforce rules governing medication and medical testing for horses running at licensed racetracks. The rules must provide that no medication, as the commission defines that term by rule, may be administered to a horse within 48 hours of a race it runs at a licensed racetrack. The commission shall by rule establish the qualifications for laboratories used by it as testing laboratories to enforce its rules under this section.

Sec. 25. [240.25] [PROHIBITED ACTS.]

Subdivision 1. [ILLEGAL BETS.] No person may place or accept a bet as defined in section 609.75 on the premises of a licensed racetrack other than a bet made within a licensed pari-mutuel system.

Subd. 2. [OFF-TRACK BETS.] No person may, as part of an organized commercial activity, place or accept a bet off the premises of a licensed racetrack for delivery to a licensed racetrack.

Subd. 3. [INFLUENCING RACES.] No person may influence or attempt to influence a horse race by:

- (a) making threats;
- (b) offering anything of value to a person involved in the conduct of a race in return for that person's committing an illegal act or failing to perform a duty; or
- (c) conniving with or seeking or having an understanding or agreement with a person involved in the conduct of a race to commit an illegal act or to fail to perform a duty.

Subd. 4. [TAMPERING WITH HORSES.] No person may:

- (a) on the premises of a licensed racetrack use, have in his possession with intent to use, or knowingly assist another person in using a battery or buzzer, electrical or mechanical, or other device or appliance, which can be used to affect a horse's racing condition or performance, other than an ordinary whip;

(b) *affect or attempt to affect the racing condition or performance of a horse at a race or workout through the use of a drug or medication in violation of the commission's rules; or*

(c) *use any method, injurious or otherwise, to affect a horse's racing condition or performance at a race or workout in violation of the commission's rules.*

Subd. 5. [REPORTING OF INFORMATION.] *A person licensed by the commission who has information regarding a violation of any provision of this section must report that information promptly to the commission or an agent of the commission.*

Subd. 6. [FALSE STATEMENT.] *No person may knowingly make a false statement in a document or application required to be submitted to the commission or in a sworn statement to or testimony before the commission.*

Subd. 7. [ALTERED TICKETS.] *No person may knowingly offer for payment any pari-mutuel ticket which has been altered or any counterfeit or forged pari-mutuel ticket.*

Sec. 26. [240.26] [PENALTIES.]

Subdivision 1. [FELONIES.] *A violation of the prohibition against accepting a bet in section 25, subdivisions 1 and 2, and a violation of section 25, subdivisions 3, 4, and 7 is a felony.*

Subd. 2. [GROSS MISDEMEANORS.] *A violation of the prohibition against placing a bet in section 25, subdivisions 1 and 2, and a violation of section 25, subdivisions 5 and 6, is a gross misdemeanor.*

Subd. 3. [MISDEMEANORS.] *A violation of any other provision of this act or of a rule or order of the commission for which another penalty is not provided is a misdemeanor.*

Sec. 27. [240.27] [EXCLUSION OF CERTAIN PERSONS.]

Subdivision 1. [PERSONS EXCLUDED.] *The commission may exclude from any and all licensed racetracks in the state a person who:*

(a) *has been convicted of a felony under the laws of any state or the United States;*

(b) *has had a license suspended, revoked, or denied by the commission or by the racing authority of any other jurisdiction;*
or

(c) is determined by the commission, on the basis of evidence presented to it, to be a threat to the integrity of racing in Minnesota.

Subd. 2. [HEARING; APPEAL.] An order to exclude a person from any or all licensed racetracks in the state must be made by the commission at a public hearing of which the person to be excluded must have at least five days' notice. If the person is present at the hearing, he must be permitted to show cause why he should not be excluded. An appeal of the order may be made in the same manner as other appeals under section 20.

Subd. 3. [NOTICE TO RACETRACKS.] Upon issuing an order excluding a person from any or all licensed racetracks, the commission shall send a copy of the order to the excluded person and to all racetracks named in it, along with other information as it deems necessary to permit compliance with the order.

Subd. 4. [PROHIBITIONS.] It is a gross misdemeanor for a person named in an exclusion order to enter, attempt to enter, or be on the premises of a racetrack named in the order while it is in effect, and for a person licensed to conduct racing or operate a racetrack knowingly to permit an excluded person to enter or be on the premises.

Subd. 5. [EXCLUSIONS BY RACETRACK.] The holder of a license to conduct racing may eject and exclude from its premises any licensee or any other person who is in violation of any state law or commission rule or order or who is a threat to racing integrity or the public safety. A person so excluded from racetrack premises may appeal his exclusion to the commission and must be given a public hearing on his appeal if he so requests. At the hearing he must be given the opportunity to show cause why he should not be so excluded. If the commission after the hearing finds that the integrity of racing and the public safety do not justify the exclusion, it shall order the racetrack making the exclusion to reinstate or readmit the person. An appeal of a commission order upholding the exclusion is governed by section 20.

Sec. 28. [240.28] [CONFLICT OF INTEREST.]

Subdivision 1. [FINANCIAL INTEREST.] No person may serve on the commission or be employed by it who has an interest in any corporation, association, or partnership which holds a license from the commission or which holds a contract to supply goods or services to a licensee or at a licensed racetrack, including concessions contracts. No member or employee of the commission may own, wholly or in part, or have an interest in a horse which races at a licensed racetrack in Minnesota. No member or employee of the commission may have a financial interest in or

be employed in a profession or business which conflicts with the performance of his duties as a member or employee.

Subd. 2. [BETTING.] *No member or employee of the commission may bet or cause a bet to be made on a race at a licensed racetrack while serving on or being employed by the commission. No person appointed or approved by the commission as a steward may bet or cause a bet to be made at a licensed racetrack during a racing meeting at which he is serving as a steward. The commission shall by rule prescribe such restrictions on betting by its licensees as it deems necessary to protect the integrity of racing.*

Subd. 3. [VIOLATION.] *A violation of subdivisions 1 and 2 is grounds for removal from the commission or termination of employment. A bet made directly or indirectly by a licensee in violation of a rule made by the commission under subdivision 2 is grounds for suspension or revocation of the license.*

Sec. 29. [240.29] [REQUIRED RACES.]

Each holder of a class B or D license must declare and schedule, on each racing day it conducts, at least one race which;

(a) before January 1, 1986, is limited to horses which are Minnesota-bred, Minnesota-foaled or Minnesota-owned, and

(b) on and after January 1, 1986, is limited to horses which are Minnesota-bred or Minnesota-foaled.

If there is not a sufficient number of such horses entered in the declared race to make up an adequate slate of entries, another race may be substituted.

The commission shall by rule define "Minnesota-bred", "Minnesota-foaled" and "Minnesota-owned".

Sec. 30. Minnesota Statutes 1982, section 10A.09, subdivision 1, is amended to read:

Subdivision 1. [TIME FOR FILING.] *Except for a candidate for elective office in the judicial branch, an individual shall file a statement of economic interest with the board:*

(a) Within 60 days of accepting employment as a public official; (OR)

(b) Within 14 days after filing an affidavit of candidacy or petition to appear on the ballot for an elective public office; (OR)

(c) In the case of a public official requiring the advice and consent of the senate, prior to the submission of his name to the

senate, and in any event, within 60 days after he undertakes the duties of his office; or

(d) In the case of members of the Minnesota racing commission, and its executive secretary, chief of security, medical officer, inspector of pari-mutuels and stewards employed or approved by the commission or persons who fulfill those duties under contract, within 60 days of accepting or assuming duties.

Sec. 31. Minnesota Statutes 1982, section 10A.09, subdivision 5, is amended to read:

Subd. 5. [FORM.] A statement of economic interest required by this section shall be on a form prescribed by the board. The individual filing shall provide the following information:

(a) His name, address, occupation and principal place of business;

(b) The name of each business with which he is associated and the nature of that association;

(c) A listing of all real property within the state, excluding homestead property, in which he holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, and which interest is valued in excess of \$2,500; or (ii) an option to buy, which property has a fair market value of \$50,000 or more; (AND)

(d) A listing of all real property within the state in which a partnership of which he is a member holds: (i) a fee simple interest, a mortgage, a contract for deed as buyer or seller, or an option to buy, whether direct or indirect, if his share of the partnership interest is valued in excess of \$2,500 or (ii) an option to buy, which property has a fair market value of \$50,000 or more. Any listing under clause (c) or (d) shall indicate the street address and the municipality or the section, township, range and approximate acreage, whichever applies, and the county wherein the property is located; and

(e) A listing of any investments, ownership, or interests in property connected with pari-mutuel horse racing in the United States and Canada, including a race horse, in which he directly or indirectly holds a partial or full interest or an immediate family member holds a partial or full interest.

Sec. 32. Minnesota Statutes 1982, section 38.04, is amended to read:

38.04 [ANNUAL MEETINGS; REPORTS.]

Every county agricultural society shall hold an annual meeting for the election of officers and the transaction of other business on or before the third Tuesday in November, each year, at which time its secretary shall make a report of its proceedings for the preceding year; this report shall contain a statement of all transactions at its fairs, the numbers of entries, the amount and source of all moneys received, and the amount paid out for premiums and other purposes, and show in detail its entire receipts and expenditures during the year. *The report must contain a separate accounting of any income received from the operation of horse racing on which pari-mutuel betting is conducted, and of the disposition of that income.*

The treasurer shall make a comprehensive report of the funds received, paid out, and on hand, and upon whose order paid. Each secretary shall cause a certified copy of his annual report to be filed with the county recorder of the county and the commissioner of agriculture on or before the first day of November, each year.

Sec. 33. Minnesota Statutes 1982, section 340.11, is amended by adding a subdivision to read:

Subd. 22. [LICENSES AT RACETRACKS.] An on-sale intoxicating liquor license issued by a municipality to a location at a racetrack licensed under chapter 240 may not be transferred and is in addition to the number of on-sale intoxicating liquor licenses authorized by subdivision 5a.

Sec. 34. Minnesota Statutes 1982, section 609.75, subdivision 1, is amended to read:

Subdivision 1. [LOTTERY.] (a) A lottery is a plan which provides for the distribution of money, property or other reward or benefit to persons selected by chance from among participants some or all of whom have given a consideration for the chance of being selected.

(b) *An in-package chance promotion is not a lottery if all of the following are met:*

(1) *participation is available, free and without purchase of the package, from the retailer or by mail or toll-free telephone request to the sponsor for entry or for a game piece;*

(2) *the label of the promotional package and any related advertising clearly states any method of participation and the scheduled termination date of the promotion;*

(3) *the sponsor on request provides a retailer with a supply of entry forms or game pieces adequate to permit free participation in the promotion by the retailer's customers;*

(4) *the sponsor does not misrepresent a participant's chances of winning any prize;*

(5) *the sponsor randomly distributes all game pieces and maintains records of random distribution for at least one year after the termination date of the promotion;*

(6) *all prizes are randomly awarded if game pieces are not used in the promotion; and*

(7) *the sponsor provides on request of a state agency a record of the names and addresses of all winners of prizes valued at \$100 or more, if the request is made within one year after the termination date of the promotion.*

(c) Except as provided by section 349.40, acts in this state in furtherance of a lottery conducted outside of this state are included notwithstanding its validity where conducted.

Sec. 35. Minnesota Statutes 1982, section 609.75, subdivision 3, is amended to read:

Subd. 3. [WHAT ARE NOT BETS.] The following are not bets:

(1) A contract to insure, indemnify, guarantee or otherwise compensate another for a harm or loss sustained, even though the loss depends upon chance.

(2) A contract for the purchase or sale at a future date of securities or other commodities.

(3) Offers of purses, prizes or premiums to the actual contestants in any bona fide contest for the determination of skill, speed, strength, endurance, or quality or to the bona fide owners of animals or other property entered in such a contest.

(4) The game of bingo when conducted in compliance with sections 349.11 to 349.23.

(5) A private social bet not part of or incidental to organized, commercialized, or systematic gambling.

(6) The operation of a gambling device or the conduct of a raffle as defined in section 349.26, by an organization licensed for such operation by a local unit of government pursuant to section 349.26.

(7) *Pari-mutuel betting on horse racing when conducted under chapter 240.*

Sec. 36. Minnesota Statutes 1982, section 609.75, is amended by adding a subdivision to read:

Subd. 7. [SPORTS BOOKMAKING.] Sports bookmaking is the activity of intentionally receiving, recording or forwarding in any one day more than five bets or offers to bet totalling more than \$1,500 on the outcome of an organized sporting event.

Sec. 37. Minnesota Statutes 1982, section 609.76, is amended to read:

609.76 [OTHER ACTS RELATING TO GAMBLING.]

Subdivision 1. [GROSS MISDEMEANORS.] Whoever does any of the following may be sentenced to imprisonment for not more than one year or to payment of a fine of not more than \$1,000, or both:

(1) Maintains or operates a gambling place or operates a bucket shop; (OR)

(2) Intentionally participates in the income of a gambling place or bucket shop; (OR)

(3) Conducts a lottery, or, with intent to conduct a lottery, possesses facilities for doing so; (OR)

(4) Sets up for use for the purpose of gambling, or collects the proceeds of, any gambling device or bucket shop; (OR)

(5) With intent that it shall be so used, manufactures, sells or offers for sale, in whole or any part thereof, any gambling device including those defined in section 349.30, subdivision 2, and any facility for conducting a lottery, except as provided by section 349.40; or

(6) Receives, records, or forwards bets or offers to bet or, with intent to receive, record, or forward bets or offers to bet, possesses facilities to do so.

Subd. 2. [FELONY GAMBLING.] Whoever engages in sports bookmaking is guilty of a felony.

Sec. 38. Minnesota Statutes 1982, section 609.761, is amended to read:

Notwithstanding sections 609.755 and 609.76, a fraternal, religious, veterans or other nonprofit organization may set up or operate a gambling device or conduct a raffle as defined in section 349.26, if licensed by the local unit of government and conducted (PURSUANT TO) *under* section 349.26, and a person

may manufacture, sell or offer for sale a gambling device to the organization, and *pari-mutuel* betting on horse racing may be conducted under chapter 240.

Sec. 39. [609.762] [FORFEITURE OF GAMBLING DEVICES, PRIZES AND PROCEEDS.]

Subdivision 1. [FORFEITURE.] *The following are subject to forfeiture:*

(a) *Devices used or intended for use, including those defined in section 349.30, subdivision 2, as a gambling device, except as authorized in section 349.11 to 349.23 and 349.40;*

(b) *All moneys, materials, and other property used or intended for use as payment to participate in gambling or a prize or receipt for gambling;*

(c) *Books, records, and research products and materials, including formulas, microfilm, tapes, and data used or intended for use in gambling; and*

(d) *Property used or intended to be used to illegally influence the outcome of a horse race.*

Subd. 2. [SEIZURE.] *Property subject to forfeiture under subdivision 1 may be seized by any law enforcement agency upon process issued by any court having jurisdiction over the property. Seizure without process may be made if:*

(a) *the seizure is incident to an arrest or a search under a search warrant;*

(b) *the property subject to seizure has been the subject of a prior judgment in favor of the state in a criminal injunction or forfeiture proceeding; or*

(c) *the law enforcement agency has probable cause to believe that the property was used or is intended to be used in a gambling violation and the delay occasioned by the necessity to obtain process would result in the removal, loss, or destruction of the property.*

Subd. 3. [NOT SUBJECT TO REPLEVIN.] *Property taken or detained under subdivision 2 is not subject to a replevin action, but is considered to be in the custody of the law enforcement agency subject only to the orders and decrees of the court having jurisdiction over the forfeiture proceedings.*

Subd. 4. [PROCEDURES.] *Property must be forfeited after a conviction for a gambling violation according to the following procedure:*

(a) *A separate complaint must be filed against the property describing it, charging its use in the specified violation, and specifying the time and place of its unlawful use;*

(b) *If the person charged with a gambling offense is acquitted, the court shall dismiss the complaint and order the property returned to the persons legally entitled to it; and*

(c) *If after conviction the court finds the property, or any part of it, was used in violation as specified in the complaint, it shall order that the property be sold or retained by the law enforcement agency for official use. Proceeds from the sale of forfeited property may be retained for official use and shared equally between the law enforcement agency investigating the offense involved in the forfeiture and the prosecuting agency that prosecuted the offense involved in the forfeiture and handled the forfeiture proceedings.*

Subd. 5. [EXCEPTION.] Property may not be seized or forfeited under this section if the owner shows to the satisfaction of the court that he had no notice or knowledge or reason to believe that the property was used or intended to be used in violation of this section.

Sec. 40. [APPROPRIATION.]

Subdivision 1. There is appropriated from the general fund to the Minnesota racing commission, for the purposes of sections 1 to 29, the sum of \$247,000 for the year ending June 30, 1984, and \$344,300 for the year ending June 30, 1985. Notwithstanding the provisions of section 16A.28, the appropriation is available until expended.

Subd. 2. There is appropriated from the general fund to the Minnesota racing commission the sum of \$150,000 to carry out the purposes of this act, to be available only with the approval of the governor after consultation with the legislative advisory commission pursuant to Minnesota Statutes, section 3.30. This appropriation is available for the year ending June 30, 1985.

Sec. 41. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to horse racing; creating a Minnesota racing commission and providing for its membership, powers, and duties; authorizing the licensing of persons to operate racetracks, conduct horse racing, engage in certain occupations, and conduct pari-mutuel betting on horse racing; prescribing taxes and license fees; establishing a Minnesota breeders fund;

defining sports bookmaking and making it a felony; clarifying what is not a lottery; providing for the forfeiture of certain gambling devices, prizes, and proceeds; providing penalties; appropriating money; amending Minnesota Statutes 1982, section 10A.09, subdivisions 1 and 5; 38.04; 340.11, by adding a subdivision; 609.75, subdivisions 1 and 3, and by adding a subdivision; 609.76; 609.761; proposing new law coded as Minnesota Statutes, chapter 240, proposing new law coded in Minnesota Statutes, chapter 609."

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

House Conferees: RICHARD KOSTOHRYZ, JAMES METZEN, TOM OSTHOFF, BOB JENSEN and ELTON REDALEN.

Senate Conferees: CLARENCE M. PURFEERST, DON FRANK, BOB LESSARD, FRITZ KNAAK and ALLAN H. SPEAR.

Kostohryz moved that the report of the Conference Committee on H. F. No. 77 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 77, A bill for an act relating to horse racing; creating a Minnesota racing commission and providing for its membership, powers, and duties; authorizing the licensing of persons to operate racetracks, conduct horse racing, engage in certain occupations, and conduct pari-mutuel betting on horse racing; prescribing taxes and license fees; establishing a Minnesota breeders fund; providing penalties; appropriating money; amending Minnesota Statutes 1982, sections 38.04; 273.76, by adding a subdivision; 609.75, subdivision 3; and 609.761; proposing new law coded as Minnesota Statutes, chapter 240.

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

The question was taken on the repassage of the bill and the roll was called. There were 88 yeas and 33 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dempsey	Himle	Larsen	Omann
Beard	Dimler	Hoffman	Levi	Osthoff
Begich	Eken	Hokr	Mann	Pauly
Bennett	Elioff	Jacobs	McEachern	Peterson
Bergstrom	Evans	Jennings	McKasy	Piepho
Berkelman	Findlay	Jensen	Metzen	Piper
Bishop	Fjoslien	Johnson	Minne	Price
Blatz	Greenfield	Kahn	Murphy	Redalen
Burger	Gustafson	Kalis	Nelson, D.	Reif
Carlson, L.	Gutknecht	Kelly	Neuenschwander	Rodosovich
Clark, J.	Halberg	Knickerbocker	Norton	Rodriguez, F.
Clawson	Haukoos	Knuth	O'Connor	Rose
Cohen	Heap	Kostohryz	Ogren	St. Onge
Coleman	Heinitz	Krueger	Olsen	Sarna

Schoenfeld	Shaver	Staten	Voss	Wigley
Schreiber	Shea	Sviggum	Waltman	Speaker Sieben
Seaberg	Solberg	Tomlinson	Welch	
Segal	Sparby	Vanasek	Welle	

Those who voted in the negative were:

Anderson, B.	Graba	Onnen	Sherman	Valento
Brandl	Gruenes	Otis	Skoglund	Velienga
Clark, K.	Kvam	Quist	Stadum	Welker
DenOuden	Long	Rice	Swanson	Wenzel
Erickson	Ludeman	Rodriguez, C.	Thiede	Zaffke
Forsythe	Marsh	Schafer	Uphus	
Frerichs	Nelson, K.	Scheid	Valan	

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 102

A bill for an act relating to agricultural and residential real estate; requiring 60 days notice of default on a real estate mortgage, notice of termination of a real estate contract for deed, and eight weeks notice of commencement of a sale and foreclosure proceeding; providing that a court may order a delay in a foreclosure sale or contract termination under certain circumstances; limiting the right to maintain actions for deficiency judgments; amending Minnesota Statutes 1982, sections 47.20, by adding a subdivision; 559.21, by adding a subdivision; proposing new law coded in Minnesota Statutes, chapter 550; proposing new law coded as Minnesota Statutes, chapter 583.

May 21, 1983

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 102, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendments and that H. F. No. 102 be further amended as follows:

Pages 1 to 2, delete section 2

Page 2, line 4, delete "3" and insert "2"

Page 2, line 14, after the period, insert *"This section does not apply to earnest money contracts, purchase agreements or exercised options."*

Page 2, after line 14, insert:

"Sec. 3. [580.031] [TEMPORARY MINIMUM NOTICE.]

Notwithstanding the provisions of any other law to the contrary, eight weeks' published notice must be given prior to the foreclosure sale of a homestead, as defined in section 5, if the notice is published for the first time after the effective date of this section and prior to May 1, 1984. The notice must contain the information specified in section 580.04. At least four weeks before the appointed time of sale, a copy of the notice must be served upon the person in possession of the mortgaged premises, if the premises are actually occupied."

Page 4, delete lines 20 to 21 and insert: *"The court may consider the following criteria in determining whether or not to order a delay in the sale or contract termination:"*

Page 4, line 23, after the semicolon insert *"and"*

Page 4, line 25, delete the semicolon and insert a period

Page 4, delete lines 26 to 31

Page 4, line 34, after the period, insert *"Section 580.07 does not apply to foreclosure sales postponed by a court pursuant to sections 4 to 15."*

Page 5, line 21, after the period, insert: *"In determining the amount of income or rental value to be paid, the court may consider the relative financial conditions and resources of the parties and the ability of the mortgagor or contract vendee to pay."*

Page 6, line 33, before the period, insert: *" , but any postponement or other relief ordered by a court continues to be valid for the period ordered by the court"*

Amend the title as follows:

Page 1, line 13, delete "550" and insert "580"

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

House Conferees: DON BERGSTROM, GORDON O. VOSS and WILLIS EKEN.

Senate Conferees: RONALD R. DICKLICH, WILLIAM P. LUTHER and LEROY A. STUMPF.

Bergstrom moved that the report of the Conference Committee on H. F. No. 102 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 102, A bill for an act relating to agricultural and residential real estate; requiring 60 days notice of default on a real estate mortgage, notice of termination of a real estate contract for deed, and eight weeks notice of commencement of a sale and foreclosure proceeding; providing that a court may order a delay in a foreclosure sale or contract termination under certain circumstances; limiting the right to maintain actions for deficiency judgments; amending Minnesota Statutes 1982, sections 47.20, by adding a subdivision; 559.21, by adding a subdivision; proposing new law coded in Minnesota Statutes, chapter 550; proposing new law coded as Minnesota Statutes, chapter 583.

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

The question was taken on the repassage of the bill and the roll was called. There were 90 yeas and 34 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Coleman	Larsen	Otis	Shea
Anderson, G.	Dempsey	Long	Pauly	Sherman
Anderson, R.	Eken	Mann	Peterson	Simoneau
Battaglia	Elioff	Marsh	Piepho	Skoglund
Beard	Ellingson	McEachern	Piper	Solberg
Begich	Graba	McKasy	Price	Sparby
Bennett	Greenfield	Metzen	Redalen	Staten
Bergstrom	Gustafson	Minne	Reif	Swanson
Berkelman	Hoffman	Munger	Rice	Tomlinson
Bishop	Jacobs	Murphy	Riveness	Valan
Blatz	Jensen	Nelson, D.	Rodosovich	Valento
Brandl	Johnson	Nelson, K.	Rodriguez, C.	Vanasek
Burger	Kahn	Neuenschwander	Rodriguez, F.	Voss
Carlson, L.	Kalis	Norton	St. Onge	Welch
Clark, J.	Kelly	O'Connor	Sarna	Welle
Clark, K.	Knuth	Ogren	Schoenfeld	Wenzel
Clawson	Kostohryz	Omann	Seaberg	Wynia
Cohen	Krueger	Osthoff	Segal	Speaker Sieben

Those who voted in the negative were:

Brinkman	Frerichs	Himle	Olsen	Sviggum
DenOuden	Gruenes	Jennings	Onnen	Thiede
Dimler	Gutknecht	Knickerbocker	Quist	Uphus
Erickson	Halberg	Kvam	Schafer	Welker
Findlay	Haukoos	Levi	Scheid	Wigley
Fjoslien	Heap	Ludeman	Schreiber	Zaffke
Forsythe	Heinitz	McDonald	Shaver	

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

CONFERENCE COMMITTEE REPORT ON H. F. NO. 652

A bill for an act relating to retirement; public plans generally; providing for the fiduciary obligation of trustees; complying with federal limits on annual benefits; providing that moneys of public pension plans are for the exclusive benefit of eligible employees and their beneficiaries; amending Minnesota Statutes 1982, sections 356.61; 354A.021, by adding a subdivision; proposing new law coded in Minnesota Statutes, chapter 356.

May 21, 1983

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

The Honorable Jerome M. Hughes
President of the Senate

We, the undersigned conferees for H. F. No. 652, report that we have agreed upon the items in dispute and recommend as follows:

That the Senate recede from its amendment and that H. F. No. 652 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 3A.03, subdivision 2, is amended to read:

Subd. 2. [(REFUNDMENT) *REFUND*.] (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a member of the legislature (AND HAS LESS THAN EIGHT YEARS SERVICE AS A MEMBER OF THE LEGISLATURE AND IS NOT RECEIVING, HAS NOT RECEIVED, OR IS NOT ENTITLED TO RECEIVE ANY ALLOWANCE OR BENEFIT UNDER THIS CHAPTER) is entitled to receive upon application to the director a (REFUNDMENT) *refund* of all contributions credited to (HIS) *the member's account* (WITHOUT) *with interest* (THEREON) *at the rate of 3-1/2 percent per annum compounded annually after the third year of service.*

(2) The (REFUNDMENT) *refund* of contributions as provided in clause (1) above terminates all rights of a former member of the legislature or his *or her* survivors under this chapter. Should the former member of the legislature again be a member of the legislature after having taken a (REFUNDMENT) *refund* as provided above, he *or she* shall be considered a new member. However, (SUCH) *a new member* may reinstate the rights and credit for service forfeited, provided the new member repays all (REFUNDMENTS) *refunds* taken plus interest thereon at six percent per annum compounded annually.

(3) No person shall be required to apply for or accept a (REFUNDMENT) *refund*.

Sec. 2. Minnesota Statutes 1982, section 3A.11, subdivision 1, is amended to read:

Subdivision 1. The reserves necessary to fund the retirement allowance granted pursuant to section 3A.02 to a former legislator upon retirement (AND ANY SURVIVOR BENEFITS WHICH MAY BECOME PAYABLE,) shall be transferred by the director to the Minnesota post-retirement investment fund as of the date benefits begin to accrue in accord with section 11A.18. The amount of the transfer made hereunder shall be determined by an approved actuary as defined in section 352.01, subdivision 15, in accord with an appropriate mortality table using an interest assumption set at the rate specified in section 356.215, subdivision 4, clause (4).

Sec. 3. Minnesota Statutes 1982, section 352.01, subdivision 13, is amended to read:

Subd. 13. [SALARY.] "Salary" means any compensation paid to any employee including wages, allowances, and fees *but excluding amounts of severance pay*.

Sec. 4. Minnesota Statutes 1982, section 352B.08, subdivision 2, is amended to read:

Subd. 2. The annuity shall be paid in monthly installments equal to that portion of the average monthly salary of the member multiplied by 2-1/2 percent for each year and pro rata for completed months of service not exceeding 25 years and two percent for each year and pro rata for completed months of service in excess of 25 years. "Average monthly salary" shall mean the average of the monthly salaries for the five highest successive years of service as a member. The monthly salary for the period prior to July 2, 1969 shall be deemed to be \$600. The term "average monthly salary" shall not include any *amounts of severance pay or any reduced salary paid during the period the person is entitled to benefit payments from the workers' compensation court of appeals for temporary disability*. In lieu of the single life annuity herein provided, the member or former member with ten years or more of service may elect a joint and survivor annuity, payable to a designated beneficiary for life, adjusted to the actuarial equivalent value of the single life annuity. The joint and survivor annuity elected by a member may also provide that the elected annuity be reinstated to the single life annuity herein provided, if after drawing the elected joint and survivor annuity, the designated beneficiary dies prior to the death of the member. This reinstatement shall not be retroactive but shall be in effect for the first full month subsequent to the death of the designated beneficiary. This additional joint and survivor option with rein-

statement clause shall be adjusted to the actuarial equivalent value of a regular single life annuity.

Sec. 5. Minnesota Statutes 1982, section 352C.09, subdivision 2, is amended to read:

Subd. 2 (1) Any person who has made contributions pursuant to subdivision 1 who is no longer a constitutional officer or commissioner (AND IS NOT RECEIVING AND HAS NOT RECEIVED, OR IS NOT ENTITLED TO RECEIVE ANY ALLOWANCE OR BENEFIT UNDER THE PROVISIONS OF THIS CHAPTER) is entitled to receive upon application to the director a refund of all contributions credited to his or her account (WITHOUT) *with interest (THEREON) at the rate of 3-1/2 percent per annum compounded annually after the third year of service.*

(2) The refund of contributions as provided in clause (1) above terminates all rights of a former constitutional officer or commissioner or his or her survivors under the provisions of this chapter. Should the former constitutional officer or commissioner again hold such office after having taken a refund as provided above, he or she shall be considered a new member (FOR ALL PURPOSES AND SUCH REFUND MAY NOT BE REPAYED FOR ANY CREDIT OR BENEFIT WHATEVER) *and may reinstate the rights and credit for service forfeited provided he or she repays all refunds previously taken plus interest at six percent per annum compounded annually.*

(3) No person shall be required to apply for or accept a refund.

Sec. 6. Minnesota Statutes 1982, section 353.01, subdivision 10, is amended to read:

Subd. 10. [SALARY.] "Salary" means the periodical compensation of any public employee, before deductions for deferred compensation or supplemental retirement plans, and also means "wages" and includes net income from fees. *Fees paid to district court reporters shall not be considered a salary.* Lump sum annual leave payments and severance payments shall not be deemed to be salary. Prior to the time that all sick leave has been used, amounts paid to an employee pursuant to a disability insurance policy or program where the employer paid the premiums shall be considered salary, and after all sick leave has been used, the payment shall not be considered salary. Workers' compensation payments shall not be considered salary.

Sec. 7. Minnesota Statutes 1982, section 353.27, subdivision 9, is amended to read:

Subd. 9. [FEE OFFICERS; CONTRIBUTIONS; OBLIGATIONS OF EMPLOYERS.] Any appointed or elected officer

of a governmental subdivision who was or is a "public employee" within the meaning of section 353.01 and was or is a member of the fund and whose salary was or is paid in whole or in part from revenue derived by fees and assessments, shall pay his employee contribution in the amount, at the time, and in the manner provided in subdivisions 2 and 4. *This subdivision shall not apply to district court reporters.* The employer contribution as provided in subdivision 3, and the additional employer contribution as provided in subdivision 3a, and section 353.36, subdivision 2a, with respect to such service shall be paid by the governmental subdivision. This subdivision shall have both retroactive and prospective application as to all such members; and every employing governmental subdivision is deemed liable, retroactively and prospectively, for all employer and additional employer contributions for every such member in its employ. Delinquencies under this section shall be governed in all respects by section 353.28.

Sec. 8. Minnesota Statutes 1982, section 353.30, is amended by adding a subdivision to read:

Subd. 1b. Any person with 30 years or more of allowable service credit, who elects early retirement under subdivision 1, shall receive an annuity reduced by one-quarter of one percent for each month that the member is under age 62 at the time of retirement.

Sec. 9. Minnesota Statutes 1982, section 354A.011, subdivision 4, is amended to read:

Subd. 4. [ALLOWABLE SERVICE.] "Allowable service" means any service rendered by a member during a period in which the member receives salary from which employee contribution salary deductions are made to and credited by the teachers retirement fund association or any service rendered by a person during any period where assessments or payments in lieu of salary deductions were made if authorized by any law or provision of the association's articles of incorporation or bylaws then in effect or pursuant to section 354A.091, (354.092, 354.093, OR 354.094) 354A.092, 354A.093, or 354A.094.

Sec. 10. Minnesota Statutes 1982, section 354A.021, is amended by adding a subdivision to read:

Subd. 6. [TRUSTEES' FIDUCIARY OBLIGATION.] It is the duty of the trustees or directors of each teachers retirement fund association to administer each fund in accordance with the applicable portions of this chapter, of the articles of incorporation, and of the bylaws. They shall act as trustees with a fiduciary obligation to the state of Minnesota which created the fund, the taxpayers which aid in financing it, and the teachers who are its beneficiaries. The purpose of this subdivision is to estab-

lish each teachers retirement fund association as a trust under the laws of the state of Minnesota for all purposes related to section 401(a) of the Internal Revenue Code of the United States, including all amendments.

Sec. 11. Minnesota Statutes 1982, section 354A.11, is amended to read:

354A.11 [CERTAIN MONEYS AND CREDITS OF TEACHERS EXEMPT.]

All moneys deposited by a teacher or member or deposited by any other person or corporation, municipal or private, to the credit of a teacher or member of a teachers retirement fund association organized pursuant to this chapter, and all moneys, rights, and interests or annuities due or to become due to a teacher, member, or annuitant, or their beneficiaries, from any association shall not be assignable, shall be exempt from garnishment, attachment, and execution or sale on any final process issued from any court and every other legal process whatsoever including, but not limited to, (DIVORCE) *process to collect court awards relating to marriage dissolution*, legal separation, and child support, and shall not be subject to the estate tax provisions of this state. *This section does not make the moneys non-marital property.*

Sec. 12. Minnesota Statutes 1982, section 354A.32, is amended to read:

354A.32 [OPTIONAL RETIREMENT ANNUITIES.]

The boards of the Minneapolis and the St. Paul teachers retirement fund associations shall each establish for the coordinated program and the board of the Duluth teachers retirement fund association shall establish for the new law coordinated program an optional retirement annuity which shall take the form of a joint and survivor annuity. Each board may also in its discretion establish an optional annuity which shall take the form of an annuity payable for a period certain and for life thereafter. Each board shall also establish an optional retirement annuity which shall take the form of a guarantee that in the event of death the balance of the accumulated deductions shall be paid to a designated beneficiary. All optional forms shall be the actuarial equivalent of the normal forms provided in section 354A.31. In establishing these optional forms, the board shall obtain the written recommendation of an approved actuary and the recommendation shall be a part of the permanent records of the board.

In the event of the death of the designated beneficiary of a retired member who had elected an optional annuity, the member shall thereafter receive the unreduced amount of the earned benefit computed pursuant to 354A.31.

Sec. 13. Minnesota Statutes 1982, section 354A.35, subdivision 2, is amended to read:

Subd. 2. [DEATH WHILE ELIGIBLE TO RETIRE; SURVIVING SPOUSE OPTIONAL ANNUITY.] *The surviving spouse of any coordinated member who has attained the age of at least 55 years and has credit for at least 20 years of service or has credit for at least 30 years of service regardless of age shall be entitled to (ELECT A) joint and survivor annuity (COVERING THE SPOUSE OF THE MEMBER. IF A CO-ORDINATED MEMBER HAS ELECTED A JOINT AND SURVIVOR ANNUITY PURSUANT TO THIS SUBDIVISION AND THE MEMBER DIES PRIOR TO RETIREMENT,) coverage in the event of death of the member prior to retirement. The member's surviving spouse shall be paid a joint and survivor annuity as provided in section 354A.32 and computed pursuant to section 354A.31. The benefits shall be payable for life.*

Sec. 14. Minnesota Statutes 1982, section 356.30, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY; COMPUTATION OF ANNUITY.] (1) Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in subdivision 3, a person who has met the qualifications of clause (2) may elect to receive a retirement annuity from each fund in which the person has at least six months allowable service, based on the allowable service in each fund, subject to the provisions of clause (3).

(2) A person may receive upon retirement, in lieu of any augmentation of deferred annuities provided by laws governing the funds enumerated in subdivision 3, a retirement annuity from each fund in which the person has at least six months allowable service if

(a) the person has allowable service totaling ten or more years in any two or more of (SUCH) the enumerated funds (AND);

(b) the person has at least six months of allowable service with the last such fund earned during (HIS) the last period of employment; and

(c) the person has not begun to receive an annuity from any (SUCH FUNDS, MAY, UPON RETIREMENT, IN LIEU OF ANY AUGMENTATION OF DEFERRED ANNUITIES PROVIDED BY THE LAWS OF SUCH FUNDS, ELECT TO RECEIVE A RETIREMENT ANNUITY) enumerated fund or the person has made application for benefits from all funds within a six month period.

(3) *The retirement annuity from each fund (IN WHICH HE HAS ALLOWABLE SERVICE,) shall be based upon the allowable service in each fund, except that:*

(a) The laws governing annuities shall be the law in effect on the date of (HIS) final termination from the last public service under a covered fund (;).

(b) The "average salary" on which the annuity from each covered fund in which the employee has credit in a formula plan shall be based on the employee's highest five successive years of covered salary during (HIS) the entire service in covered funds (;).

(c) The formula percentages to be used by each fund shall be those percentages prescribed by each fund's formula as continued for the respective years of allowable service from one fund to the next, recognizing all previous allowable service with the other covered funds (; AND).

(d) Allowable service in all the funds shall be combined in determining eligibility for and the application of each fund's provisions in respect to actuarial reduction in the benefit amount for retirement prior to normal retirement.

(e) The benefit amount payable for any allowable service under a nonformula plan of a covered fund shall not be affected but such service and covered salary shall be used in the above calculation.

(f) This section shall not apply to any person whose final termination from the last public service under a covered fund is prior to May 1, 1975.

(g) For the purpose of computing benefits under this section the formula percentages used by any covered fund shall in no event exceed two and one-half percent per year of service for any year of service or fraction thereof.

(h) Any period of time for which a person has credit in more than one of the covered funds shall be used only once for the purpose of determining total allowable service. (SUCH PERIOD SHALL BE USED IN THE COMPUTATION OF THE BENEFIT BY THE FUND HAVING PRIMARY AND PRINCIPAL COVERAGE PRIOR TO AND FOLLOWING THE PERIOD. HOWEVER, IF SUCH DUAL COVERAGE IS THE RESULT OF TWO PART TIME EMPLOYMENTS EACH FUND SHALL APPLY A PRO RATA FRACTION OF ITS FORMULA.)

(i) *If the period of duplicated service credit is more than six months, or the person has credit for more than six months*

with each of the funds, each fund shall apply its formula to a pro-rated service credit for the period of duplicated service based on a fraction of the salary on which deductions were paid to that fund for the period divided by the total salary on which deductions were paid to all funds for the period.

(j) If the period of duplicated service credit is less than six months, or when added to other service credit with that fund is less than six months, the service credit shall be ignored and a refund of contributions made to the person in accord with that fund's refund provisions.

Sec. 15. Minnesota Statutes 1982, section 356.301, is amended to read:

356.301 [RECOGNITION OF MULTIPLE RETIREMENT FUND COVERAGE FOR DISABILITY BENEFIT ENTITLEMENT.]

Notwithstanding any provisions to the contrary of the laws governing the funds enumerated in section 356.30, subdivision 3, in determining the length of service for the purpose of meeting the service requirement for entitlement for a disability benefit, but not for the purpose of establishing service credit for the calculation of the amount of a disability benefit, service covered by any retirement fund as defined in section (356.60, SUBDIVISION 1, CLAUSE (A)) 356.61, shall be recognized.

If the law governing any fund enumerated in section 356.30, subdivision 3 requires a specified length of allowable service under that fund since the last termination of covered employment to be eligible for a disability benefit, an employee transferring from a covered position under one fund to a covered position under another fund within a 30-day period shall be considered to have been employed continuously for the purpose of qualifying the employee for a disability benefit.

Sec. 16. Minnesota Statutes 1982, section 356.61, is amended to read:

356.61 [LIMITATION ON PUBLIC EMPLOYEE RETIREMENT ANNUITIES.]

Notwithstanding any provision of law, bylaws, articles of incorporation, retirement and disability allowance plan agreements or retirement plan contracts to the contrary, no person who has pension or retirement coverage by a public pension plan shall be entitled to receive a monthly retirement annuity or disability benefit which, at the time of commencement of the retirement annuity or disability benefit, exceeds the lesser of:

(a) the amount of the final monthly salary of the person; or

(b) one-twelfth of the amount of the annual benefit permitted by the terms of section 415 of the Internal Revenue Code with respect to a participant in a plan qualified under section 401(a) of the Internal Revenue Code, as amended through December 31, 1982.

A public pension plan is any Minnesota public pension plan or fund which provides pension or retirement coverage for public employees other than volunteer firefighters, including any plan or fund enumerated in sections 356.20, subdivision 2, or 356.30, subdivision 3, any local police or firefighter's relief association to which section 69.77 applies, or any retirement or pension plan or fund, including a supplemental retirement plan or fund, established, maintained or supported by any governmental subdivision or public body whose revenues are derived from taxation, fees, assessments or from other public sources. Final monthly salary is the hourly rate of compensation received by the person on account of the most recent public employment for the final pay period occurring prior to retirement multiplied by 174.

The figure for the monthly retirement annuity or disability benefit to be used for the calculation of this limitation shall not include any reduction or adjustment required for retirement prior to the normal retirement age or required for the election of an optional annuity.

If the figure for the monthly retirement annuity or disability benefit exceeds the limit contained in this section, the annuity or benefit payable shall be reduced appropriately.

The managing board of each public pension plan from which a retirement annuity or disability benefit is payable shall, at the time that the retirement annuity or disability benefit commences, contact all other public pension plans to determine whether or not the recipient of the retirement annuity or disability benefit is also receiving or is entitled to receive a retirement annuity or disability benefit from any other public pension plan. If a person is entitled to receive or is receiving a retirement annuity or disability benefit from more than one public pension plan, all retirement annuities or disability benefits from all public pension plans shall be totalled in determining whether or not the limitation shall apply; provided however, that the limitation shall be based on the highest final monthly salary received by the individual from any plan. Any reduction in the amount of the retirement annuity or disability benefit required pursuant to this section shall be made by the public pension plan which provided retirement coverage for the most recent period of service.

Sec. 17. Minnesota Statutes 1982, section 356.65, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, unless the context clearly indicates otherwise, the following terms shall have the meanings given to them:

(a) "Public pension fund" means any public pension plan as defined in section (356.60, SUBDIVISION 1, CLAUSE (A)) 356.61 and any Minnesota volunteer firefighters relief association which is established pursuant to chapter 424A and governed pursuant to sections 69.771 to 69.776.

(b) "Unclaimed public pension fund amounts" means any amounts representing accumulated member contributions, any outstanding unpaid annuity, service pension or other retirement benefit payments, including those made on warrants issued by the commissioner of finance, which have been issued and delivered for more than six years prior to the date of the end of the fiscal year applicable to the public pension fund, and any applicable interest to the credit of:

(1) an inactive or former member of a public pension fund who is not entitled to a defined retirement annuity and who has not applied for a refund of those amounts within five years after the last member contribution was made;

(2) a deceased inactive or former member of a public pension fund if no survivor is entitled to a survivor benefit and no survivor, designated beneficiary or legal representative of the estate has applied for a refund of those amounts within five years after the date of death of the inactive or former member.

Sec. 18. Minnesota Statutes 1982, section 422A.05, subdivision 1, is amended to read:

Subdivision 1. (EXCEPT AS OTHERWISE PROVIDED BY LAW) The members of the retirement board shall be the trustees and custodians of the several funds created by sections 422A.01 to 422A.25 and shall have exclusive control and management of these funds, and power to invest them and to hold, purchase, sell, assign, transfer, or dispose of any of the securities and investments in which any of the funds created by sections 422A.01 to 422A.25 shall have been invested as well as the proceeds of the investments, and of the money belonging to these funds.

Sec. 19. Minnesota Statutes 1982, section 422A.05, is amended by adding a subdivision to read:

Subd. 2d. Notwithstanding any law to the contrary, the retirement board, subject to the standards of subdivision 2a of this section, may transfer assets between accounts established by section 422A.06.

Sec. 20. Minnesota Statutes 1982, section 422A.23, subdivision 2, is amended to read:

Subd. 2. Upon the death of a contributing member after having been in the city service not less than 18 months but before the effective date of retirement, the board shall in lieu of the settlement hereinbefore provided pay to the surviving (DEPENDENT) spouse and/or (DEPENDENT) children of the member under the age of 18, or under the age of 22 if a full time student at an accredited school, college or university, and single, the following monthly benefit:

(a) Surviving spouse (\$150) \$325 per month, *except for benefits beginning after July 1, 1983, which shall be 80 percent of member's average salary in effect over the last six months of allowable service preceding the month in which the death occurred.*

(b) Each (DEPENDENT) *surviving* child (\$100) \$150 per month, *except for benefits beginning after July 1, 1983, which shall be ten percent of the member's average salary in effect over the last six months of allowable service preceding the month in which the death occurred.* Payments for the benefit of any (DEPENDENT) child under the age of 18 years shall be made to the surviving parent, or if there be none, to the legal guardian of such child. The maximum monthly benefit shall not exceed a total of (\$450) \$750.

Sec. 21. Minnesota Statutes 1982, section 424A.02, subdivision 1, is amended to read:

Subdivision 1. [AUTHORIZATION.] Any volunteer firefighters' relief association or volunteer firefighters' division or account of a partially salaried and partially volunteer firefighters' relief association organized and incorporated under chapter 317 and any laws of the state and directly associated with a fire department established by municipal ordinance or any separate incorporated volunteer firefighters' relief association subsidiary to and providing service pension and retirement benefit coverage for members of an independent nonprofit firefighting corporation organized under the provisions of chapter 317 and operating exclusively for fire fighting purposes, whether or not the nonprofit firefighting corporation qualifies for fire state aid pursuant to chapter 69, when its articles of incorporation or bylaws so provide, may pay out of the assets of the special fund of the volunteer firefighters' relief association or volunteer firefighters' account, a service pension to each of its members who separates from active service with the fire department or the independent nonprofit firefighting corporation, who reaches the age of 50 years and who completes at least ten years of active service as an active member of the municipal fire department to which the relief association is associated or of the independent nonprofit firefighting corporation to which

the relief association is subsidiary, and who completes at least ten years of active membership with the volunteer firefighters' relief association or volunteer firefighters' account prior to separation from active service and who complies with any additional conditions as to age, service and membership which are prescribed by the bylaws of the relief association. In the case of a member who has completed at least ten years of active service as an active member of the municipal fire department to which the relief association is associated or of the independent nonprofit firefighting corporation to which the relief association is subsidiary on the date that the volunteer firefighters' relief association is established and incorporated, the requirement that the member complete at least ten years of active membership with the volunteer firefighters' relief association or volunteer firefighters' account prior to separation from active service may be waived by the board of trustees of the relief association if the member completes at least ten years of inactive membership with the volunteer firefighters' relief association or volunteer firefighters' account prior to the payment of the service pension. During the period of inactive membership, the member shall not be entitled to receive any disability benefit coverage, shall not be entitled to receive any additional service credit towards computation of a service pension, and shall be deemed to have the status of a person entitled to a deferred service pension pursuant to subdivision 7.

No municipality or nonprofit firefighting corporation is authorized to delegate the power to take final action in setting a service pension or retirement benefit amount or level to the board of trustees of the volunteer firefighters relief association or to approve in advance a service pension or retirement benefit amount or level equal to the maximum amount or level which this chapter would allow rather than a specific dollar amount or level.

No volunteer firefighters' relief association or volunteer firefighters' division or account of a partially salaried and partially volunteer firefighters' relief association is authorized to pay a service pension or disability benefit to any former member of the relief association if that person has not separated from active service with the fire department to which the volunteer firefighters' relief association is directly associated or with the independent nonprofit firefighting corporation to which the volunteer firefighters' relief association is subsidiary.

For the purposes of this chapter, "to separate from active service" means to cease to perform fire suppression duties and to cease to supervise fire suppression duties.

Sec. 22. Minnesota Statutes 1982, section 490.124, subdivision 4, is amended to read:

Subd. 4. [DISABILITY RETIREMENT.] From and after disability retirement date, a disabled judge shall be entitled to ((A)) continuation of (HIS) *the judge's* full salary payable by the judge's employer, as if (HIS) *the judge's* office were not vacated by retirement, for a period of up to two full years, (AND (B)) *but in no event beyond the judge's mandatory retirement date.* Thereafter a disability retirement annuity computed as provided in subdivision 1 *shall be paid*, provided that (SUCH) *the* judge shall receive a minimum annuity of 25 percent of (HIS) *the judge's* final average compensation.

Sec. 23. [356.001] [PURPOSE OF PUBLIC PLANS.]

Subdivision 1. [EXCLUSIVE BENEFIT OF MEMBERS AND BENEFICIARIES.] *The public plans and funds specified in subdivision 4 are established to provide for the retirement of their members and to provide funds for the beneficiaries of members in the event of death of a member. The public plans and funds are established and shall be maintained for the exclusive benefit of the members and the beneficiaries of the members. Except as provided in subdivisions 2 and 3, no part of the moneys of the plans and funds shall revert to the plan or fund or be used for or diverted to purposes other than the exclusive benefit of the members or their beneficiaries.*

Subd. 2. [ALLOWABLE EXPENSES.] *The necessary, reasonable, and direct expenses of maintaining, protecting, and administering the public plan or fund, as authorized in the laws governing the plan or fund, shall be considered as expenditures for the exclusive benefit of the members or their beneficiaries.*

Subd. 3. [EFFECT OF AMENDMENTS OR TERMINATION.] *If a public plan or fund as defined in subdivision 4 is terminated or the plan or fund provisions are amended, no part of the moneys held in the plan or fund shall be used for or diverted to any purpose other than the exclusive benefit of the members or their beneficiaries, except as provided in this subdivision.*

If a plan or fund is terminated, all affected members have a nonforfeitable interest in their benefits accrued and funded to date. The value of the accrued benefits to be credited to the account of each affected member shall be calculated as of the date of termination and the funding ratio of the plan or fund applied to the accrued benefit of each affected member.

The board of trustees of the plan or fund shall then, as soon as administratively feasible, pay each eligible member or beneficiary on behalf of a member the amount in the member's account in a lump sum. In the case of a member whose whereabouts is unknown, the board shall notify the member at the last known address by certified mail with return receipt requested advising the member of the member's right to a pending distribution. If the member cannot be located in this manner, the board shall

establish a custodial account for the member's benefit in a federally insured bank, savings and loan association, or credit union in which the member's account balance shall be deposited. If the board receives proof of death of a member that is satisfactory to the board, the account balance shall be paid to the beneficiary of the member.

Subd. 4. [COVERED PLANS AND FUNDS.] *This section applies to all public pension and retirement plans and funds established pursuant to the laws of the state of Minnesota that receive contributions from moneys derived from taxation.*

Subd. 5. [CONSTRUCTION.] *Nothing contained in this section shall be construed to authorize, or otherwise imply, a legislative policy or intent favoring the termination of any plan or fund to which this section applies.*

Sec. 24. [AUTHORITY TO PURCHASE SERVICE CREDIT FOR PERIODS OF VOLUNTARY UNPAID LEAVES OF ABSENCE.]

Any employee in the executive branch of state government who took an unpaid leave of absence as authorized by Laws 1982, Third Special Session chapter 1, article 2, section 8, shall be entitled to service credit for the period of the leave of absence upon payment to the fund before July 1, 1984. The amount of the payment shall include the applicable employee, employer and employer additional contributions in effect for the period of leave. The payment shall be based on the member's average monthly salary upon return to service following the leave and shall be without interest. Repayment shall be accompanied by a copy of the approval of leave by the appointing authority.

The executive director of the retirement system may require additional documentation as necessary.

Sec. 25. Laws 1983, chapter 84, section 1, is amended to read:

Section 1. [PENSION COVERAGE.]

Notwithstanding Minnesota Statutes, section 353.64, subdivision 1, or any other general or special law to the contrary, a person employed by the county of Polk as a deputy sheriff, on the effective date of this act shall be deemed to have been a member of the public employees police and fire fund established by Minnesota Statutes, sections 353.63 to 353.68 and not of the Crookston police relief association for the period from (JANUARY 1, 1953) November 1, 1952 to (DECEMBER 31) January 15, 1957, when that person was employed as an officer by the Crookston police department. The amount and manner of payment shall be governed by the provisions of Laws 1982, chapter 578, article II, section 2, subdivisions 1 to 3, as amended. Any employee contributions made to the Crookston policeman's relief association shall

be transferred to the public employees police and fire fund as a portion of the employee payment. Upon receipt of the required amounts by the public employees police and fire fund, credit shall be given to the officer for service as a member for the period (FROM JANUARY 1, 1953 TO DECEMBER 31, 1957) specified.

Sec. 26. [REPEALER.]

Minnesota Statutes, sections 422A.05, subdivision 7; and 422A.23, subdivision 3; and Laws 1982, chapter 519, section 4, are repealed.

Sec. 27. [EFFECTIVE DATE; LOCAL APPROVAL.]

This act is effective the day following final enactment, subject to the following conditions. Sections 1 and 5 apply to applications for refunds filed after July 1, 1983. Section 8 and the repeal of Laws 1982, chapter 519, section 4, are retroactive to July 1, 1982. Sections 10, 16, and 23 are retroactive to January 1, 1983. Sections 18, 19, and 20 are effective upon approval by the Minneapolis city council and compliance with Minnesota Statutes, section 645.021."

Delete the title and insert:

"A bill for an act relating to public retirement funds; providing interest on refunds and removing erroneous language from the legislators plan; excluding severance pay in annuity computation and authorizing the purchase of service credit in the state retirement system for certain periods of unpaid leave; excluding severance pay in computing state patrol annuities; authorizing payment of interest on refunds to constitutional officers; excluding court reporter's fees from salary computation and reinstating retroactively an actuarial valuation reduction for certain public employees retirement association members; providing for a fiduciary obligation of trustees, clarifying the exemption of moneys from legal process, and increasing survivor benefits for first class city teachers associations; providing that moneys of public plans are for the exclusive benefit of participants; clarifying treatment of periods of duplicated public service credit; allowing certain public employees to retain service credit for disability benefit purposes upon a change in employment; conforming to federal limits on annual benefits; authorizing asset transfers between accounts and increasing survivor benefits for the Minneapolis municipal fund; clarifying the definition of separation from active service for volunteer firefighters; clarifying the period during which a disabled judge is entitled to full salary; correcting erroneous dates in a buyback authorization for a Crookston police officer; amending Minnesota Statutes 1982, sections 3A.03, subdivision 2; 3A.11, subdivision 1; 352.01, subdivision 13; 352B.08, subdivision 2; 352C.09, subdivision 2; 353.01, subdivision 10; 353.27,

subdivision 9; 353.30, by adding a subdivision; 354A.011, subdivision 4; 354A.021, by adding a subdivision; 354A.11; 354A.32; 354A.35, subdivision 2; 356.30, subdivision 1; 356.301; 356.61; 356.65, subdivision 1; 422A.05, subdivision 1; 422A.05, by adding a subdivision; 422A.23, subdivision 2; 424A.02, subdivision 1; 490.124, subdivision 4; amending Laws 1983, chapter 84, section 1; proposing new law coded in Minnesota Statutes, chapter 356; repealing Minnesota Statutes, sections 422A.05, subdivision 7; 422A.23, subdivision 3; and Laws 1982, chapter 519, section 4, are repealed."

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

House Conferees: JOHN SARNA, FRANK J. RODRIGUEZ, JAMES METZEN, JOHN T. CLAWSON and RICHARD E. WIGLEY.

Senate Conferees: COLLIN C. PETERSON, EARL W. RENNEKE, RANDOLPH W. PETERSON, DENNIS R. FREDERICKSON and DONALD M. MOE.

Sarna moved that the report of the Conference Committee on H. F. No. 652 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

H. F. No. 652, A bill for an act relating to retirement; public plans generally; providing for the fiduciary obligation of trustees; complying with federal limits on annual benefits; providing that moneys of public pension plans are for the exclusive benefit of eligible employees and their beneficiaries; amending Minnesota Statutes 1982, sections 356.61; 354A.021, by adding a subdivision; proposing new law coded in Minnesota Statutes, chapter 356.

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

The question was taken on the repassage of the bill and the roll was called. There were 102 yeas and 19 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Clark, J.	Halberg	Kostohryz	Nelson, K.
Anderson, G.	Clark, K.	Haukoos	Krueger	Neuenschwander
Anderson, R.	Clawson	Heap	Larsen	Norton
Battaglia	Coleman	Heinitz	Levi	O'Connor
Beard	Dempsey	Himle	Long	Ogren
Begich	Eken	Hoffman	Ludeman	Osthoff
Bergstrom	Elioff	Jacobs	Mann	Otis
Bishop	Ellingson	Jennings	Marsh	Pauly
Blatz	Findlay	Jensen	McEachern	Peterson
Brandl	Fjoslien	Johnson	Metzen	Piepho
Brinkman	Forsythe	Kalis	Minne	Piper
Burger	Graba	Kelly	Munger	Price
Carlson, D.	Greenfield	Knickerbocker	Murphy	Quinn
Carlson, L.	Gustafson	Knuth	Nelson, D.	Quist

Redalen	Sarna	Simoneau	Tomlinson	Wenzel
Reif	Scheid	Skoglund	Valento	Wigley
Rice	Schoenfeld	Solberg	Vanasek	Wynia
Riveness	Schreiber	Sparby	Vellenga	Speaker Sieben
Rodosovich	Seaberg	Staten	Waltman	
Rodriguez, F.	Shaver	Swiggum	Welch	
St. Onge	Sherman	Swanson	Welle	

Those who voted in the negative were:

DenOuden	Gutknecht	Olsen	Schafer	Valan
Erickson	Hokr	Omann	Stadum	Welker
Frerichs	Kvam	Onnen	Thiede	Zaffke
Gruenes	McDonald	Rose	Uphus	

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

MESSAGES FROM THE SENATE, Continued

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 473.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 473

A bill for an act relating to traffic regulations; removing restrictions on use at trial of an accused's refusal to take a chemical test; providing that a suspect be informed that refusal to take a chemical test will be used against him at trial; removing requirements for mandatory detoxification in certain instances; providing penalties; amending Minnesota Statutes 1982, sections 169.121, subdivisions 2, 3, 4, and 8; and 169.123, subdivisions 2, 3, and 4; repealing Minnesota Statutes 1982, section 169.1231.

May 20, 1983

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S. F. No. 473, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 473 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 169.121, subdivision 1, is amended to read:

Subdivision 1. [CRIME.] It is a misdemeanor for any person to drive, operate or be in physical control of any motor vehicle within this state:

- (a) When the person is under the influence of alcohol;
- (b) When the person is under the influence of a controlled substance;
- (c) When the person is under the influence of a combination of any two or more of the elements named in clauses (a) and (b); or
- (d) When the person's alcohol concentration is 0.10 or more.

The provisions of this subdivision apply, but are not limited in application, to any person who drives, operates, or is in physical control of any motor vehicle in the manner prohibited by this subdivision upon the ice of any lake, stream, or river, including but not limited to the ice of any boundary water.

(WHEN AN ACCIDENT HAS OCCURRED, A PEACE OFFICER MAY LAWFULLY ARREST A PERSON FOR VIOLATION OF THIS SECTION WITHOUT A WARRANT UPON PROBABLE CAUSE, WITHOUT REGARD TO WHETHER THE VIOLATION WAS COMMITTED IN THE OFFICER'S PRESENCE.)

Sec. 2. Minnesota Statutes 1982, section 169.121, is amended by adding a subdivision to read:

Subd. 1a. [ARREST.] When an accident has occurred, a peace officer may lawfully arrest a person for violation of subdivision 1 without a warrant upon probable cause, without regard to whether the violation was committed in the officer's presence.

When a peace officer has probable cause to believe that a person is driving or operating a motor vehicle in violation of

subdivision 1, and before a stop or arrest can be made the person escapes from the geographical limits of the officer's jurisdiction, the officer in fresh pursuit of the person may stop or arrest the person in another jurisdiction within this state and may exercise the powers and perform the duties of a peace officer under sections 169.121 and 169.123. An officer acting in fresh pursuit pursuant to this subdivision is serving in his regular line of duty as fully as though he was within his jurisdiction.

The express grant of arrest powers in this subdivision does not limit the arrest powers of peace officers pursuant to sections 626.65 to 626.70 or section 629.40 in cases of arrests for violation of subdivision 1 or any other provision of law.

Sec. 3. Minnesota Statutes 1982, section 169.121, subdivision 2, is amended to read:

Subd. 2. [EVIDENCE.] Upon the trial of any prosecution arising out of acts alleged to have been committed by any person arrested for driving, operating, or being in physical control of a motor vehicle in violation of subdivision 1, the court may admit evidence of the amount of alcohol or a controlled substance in the person's blood, breath, or urine as shown by a medical or chemical analysis (THEREOF) of it, if the test is taken voluntarily or pursuant to section 169.123.

For the purposes of this subdivision:

(a) evidence that there was at the time an alcohol concentration of 0.05 or less is prima facie evidence that the person was not under the influence of alcohol;

(b) evidence that there was at the time an alcohol concentration of more than 0.05 and less than 0.10 is relevant evidence in indicating whether or not the person was under the influence of alcohol.

Evidence of the (ABSENCE OF TESTS) *refusal to take a test is admissible into evidence in a prosecution under this section (WITHOUT ANY COMMENT AND WITH A JURY INSTRUCTION, WHERE APPLICABLE, THAT THERE SHALL BE NO SPECULATION AS TO THE REASON FOR THE ABSENCE AND THAT NO INFERENCE IS TO BE DRAWN FROM THE ABSENCE) or an ordinance in conformity with it.*

For purposes of this section and section 169.123, the result of an evidentiary test administered within two hours of the alleged violation is deemed to be the alcohol concentration at the time of the violation.

The foregoing provisions do not limit the introduction of any other competent evidence bearing upon the question whether or not the person was under the influence of alcohol or a controlled substance, including tests obtained more than two hours after the alleged violation.

Sec. 4. Minnesota Statutes 1982, section 169.121, subdivision 3, is amended to read:

Subd. 3. [CRIMINAL PENALTIES.] A person who violates this section or an ordinance in conformity (THEREWITH) *with it* is guilty of a misdemeanor.

The following persons are guilty of a gross misdemeanor:

(a) A person who violates this section or an ordinance in conformity (THEREWITH) *with it* within five years of a prior conviction under this section, *section 169.129*, or an ordinance or statute from another state in conformity (THEREWITH) *with it*; and

(b) A person who violates this section or an ordinance in conformity (THEREWITH) *with it* within ten years of two or more prior convictions under this section, *section 169.129*, or an ordinance or statute from another state in conformity (THEREWITH) *with it*.

The attorney in the jurisdiction in which the violation occurred who is responsible for prosecution of misdemeanor violations of this section shall also be responsible for prosecution of gross misdemeanor violations of this section.

Sec. 5. Minnesota Statutes 1982, section 169.123, subdivision 2, is amended to read:

Subd. 2. [IMPLIED CONSENT; CONDITIONS; ELECTION AS TO TYPE OF TEST.] (a) Any person who drives, operates, or is in physical control of a motor vehicle within this state consents, subject to the provisions of this section and section 169.121, to a chemical test of his blood, breath, or urine for the purpose of determining the presence of alcohol or a controlled substance. The test shall be administered at the direction of a peace officer. The test may be required of a person when an officer has reasonable and probable grounds to believe the person was driving, operating, or in physical control of a motor vehicle in violation of section 169.121 and one of the following conditions exist: (1) the person has been lawfully placed under arrest for violation of section 169.121, or an ordinance in conformity (THEREWITH) *with it*; or (2) the person has been involved in a motor vehicle accident or collision resulting in property damage, personal injury, or death; or (3) the person has refused to take the screening test provided for by section 169.-

121, subdivision 6; or (4) the screening test was administered and recorded an alcohol concentration of 0.10 or more. No action may be taken against the person for declining to take a direct blood test, if offered, unless an alternative test was offered.

(b) At the time a chemical test specimen is requested, the person shall be informed:

(1) that if testing is refused, the person's right to drive will be revoked for a *minimum* period of six months; (AND)

(2) that if a test is taken and the results indicate that the person is under the influence of alcohol or a controlled substance, the person will be subject to criminal penalties and the person's right to drive may be revoked for a *minimum* period of 90 days; (AND)

(3) that the person has a right to consult with an attorney but that this right is limited to the extent that it cannot unreasonably delay administration of the test or the person will be deemed to have refused the test; (AND)

(4) that after submitting to testing, the person has the right to have additional tests made by a person of his own choosing; *and*

(5) *that if he refuses to take a test, the refusal will be offered into evidence against him at trial.*

Sec. 6. Minnesota Statutes 1982, section 169.123, subdivision 3, is amended to read:

Subd. 3. [MANNER OF MAKING TEST; ADDITIONAL TESTS.] Only a physician, medical technician, physician's trained mobile intensive care paramedic, registered nurse, medical technologist or laboratory assistant acting at the request of a peace officer may withdraw blood for the purpose of determining the presence of alcohol or controlled substance. This limitation does not apply to the taking of a breath or urine specimen. The person tested has the right to have a person of his own choosing administer a chemical test or tests in addition to any administered at the direction of a peace officer; provided, that the additional test specimen on behalf of the person is obtained at the place where the person is in custody, after the test administered at the direction of a peace officer, and at no expense to the state. The failure or inability to obtain an additional test or tests by a person shall not preclude the admission in evidence of the test taken at the direction of a peace officer unless the additional test was prevented or denied by the peace officer. The physician, medical technician, physician's trained mobile intensive care paramedic, medical technologist, laboratory assistant or registered nurse drawing blood at the request

of a peace officer for the purpose of determining alcohol concentration shall in no manner be liable in any civil or criminal action except for negligence in drawing the blood. The person administering a *breath* test (AT THE REQUEST AND DIRECTION OF A PEACE OFFICER) shall be fully trained in the administration of (THE) *breath* tests pursuant to *training* (STANDARDS PROMULGATED BY RULE) *given* by the commissioner of public safety.

Sec. 7. [REPEALER.]

Minnesota Statutes 1982, section 169.1231, is repealed.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 5 are effective August 1, 1983. Sections 6 and 7 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to highway traffic regulations; permitting interjurisdictional fresh pursuit of drivers suspected of driving under the influence of alcohol or a controlled substance; removing restrictions on use at trial of accused's refusal to take a chemical test; providing that a suspect be informed that refusal to take a chemical test will be used against him at trial; eliminating mandatory detoxification of intoxicated drivers; amending Minnesota Statutes 1982, sections 169.121, subdivisions 1, 2, 3, and by adding a subdivision; 169.123, subdivisions 2 and 3; repealing Minnesota Statutes 1982, section 169.1231."

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

Senate Conferees: MICHAEL O. FREEMAN, FRITZ KNAK and JIM RAMSTAD.

House Conferees: KATHLEEN VELLENGA, ROBERT E. VANASEK, JANET CLARK, TERRY DEMPSEY and BERT J. MCKASY.

Vellenga moved that the report of the Conference Committee on S. F. No. 473 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 473, A bill for an act relating to traffic regulations; removing restrictions on use at trial of an accused's refusal to take a chemical test; providing that a suspect be informed that refusal to take a chemical test will be used against him at trial; removing requirements for mandatory detoxification in certain instances; providing penalties; amending Minnesota Statutes 1982, sections 169.121, subdivisions 2, 3, 4, and 8; and 169.123, subdivisions 2, 3, and 4; repealing Minnesota Statutes 1982, section 169.1231.

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

The question was taken on the repassage of the bill and the roll was called. There were 124 yeas and 2 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Erickson	Knuth	Osthoff	Sherman
Anderson, C.	Evans	Kostohryz	Otis	Simoneau
Battaglia	Findlay	Krueger	Pauly	Skoglund
Beard	Fjoslien	Kvam	Peterson	Solberg
Begich	Forsythe	Larsen	Piepho	Sparby
Bennett	Frerichs	Long	Piper	Stadum
Bergstrom	Graba	Ludeman	Price	Staten
Berkelman	Greenfield	Mann	Quinn	Sviggun
Bishop	Gruenes	Marsh	Quist	Swanson
Blatz	Gustafson	McDonald	Redalen	Thiede
Brinkman	Gutknecht	McEachern	Reif	Tomlinson
Burger	Haukoos	McKasy	Riveness	Uphus
Carlson, D.	Heap	Metzen	Rodosovich	Valan
Carlson, L.	Heinitz	Minne	Rodriguez, C.	Valento
Clark, J.	Himle	Munger	Rodriguez, F.	Vanasek
Clark, K.	Hoffman	Murphy	Rose	Vellenga
Clawson	Hokr	Nelson, D.	St. Onge	Waltman
Cohen	Jacobs	Nelson, K.	Sarna	Welch
Coleman	Jennings	Neuenschwander	Schafer	Welker
Dempsey	Jensen	Norton	Scheid	Welle
DenOuden	Johnson	O'Connor	Schoenfeld	Wenzel
Dimler	Kahn	Ogren	Schreiber	Wigley
Eken	Kalis	Olsen	Seaberg	Zaffke
Elioff	Kelly	Omann	Segal	Speaker Sieben
Ellingson	Knickerbocker	Onnen	Shaver	

Those who voted in the negative were:

Anderson, R. Halberg

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

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 545.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 545

A bill for an act relating to welfare; changing laws relating to child support enforcement; providing for determination of paternity; providing for determination and modification of child support; amending Minnesota Statutes 1982, sections 256.74, by adding a subdivision; 256.87; 257.55, subdivision 1; 257.58; 257.59, subdivision 1; 257.60; 257.62, subdivision 1, and by adding subdivisions; 257.64, subdivision 1; 257.66, subdivisions 3 and 4; 257.69, subdivision 2; 518.10; 518.17, by adding a subdivision; 518.551, subdivisions 1, 5, and 6, and by adding subdivisions; 518.611; 518.64, subdivisions 2 and 5, and by adding a subdivision; 518.645; 518B.01, subdivisions 2 and 6; 518C.17, subdivision 1; 518C.33, subdivision 1; and 548.09; proposing new law coded in Minnesota Statutes, chapters 257, 518, and 543; repealing Minnesota Statutes 1982, sections 256.87, subdivision 2; 256.872; 256.873; 256.876; and 518.551, subdivisions 2, 3, and 4.

May 21, 1983

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S. F. No. 545, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 545 be amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 256.74, is amended by adding a subdivision to read:

Subd. 5. [ASSIGNMENT OF SUPPORT AND MAINTENANCE RIGHTS.] An applicant for assistance, or a recipient of assistance, under sections 256.72 to 256.87 is considered to have assigned to the public agency responsible for child support enforcement at the time of application all rights to child support and maintenance from any other person the applicant may have in his own behalf or in the behalf of any other family member for whom application is made. The assignment:

(1) is effective as to both current and accrued child support and maintenance obligations;

(2) takes effect upon a determination that the applicant is eligible for assistance under sections 256.72 to 256.87;

(3) *terminates when an applicant ceases to receive assistance under sections 256.72 to 256.87, except with respect to the amount of any unpaid support or maintenance obligation, or both, accrued under the assignment.*

Sec. 2. Minnesota Statutes 1982, section 256.87, is amended to read:

256.87 [CONTRIBUTION BY PARENTS (; AMENDMENTS; REPEALS).]

Subdivision 1. [ACTIONS AGAINST PARENTS FOR ASSISTANCE FURNISHED.] At any time during the continuance of assistance to a child granted under sections 256.72 to 256.87 *except as set forth below*, a parent of a child is liable for the amount of assistance furnished during the two years immediately preceding the commencement of the action which the parent is reasonably able to pay. *Provided, however, that where child support has been previously ordered, the state or county agency providing the assistance, as assignee of the obligee, shall be entitled to judgments for child support payments accruing within ten years preceding the date of the commencement of the action to collect.* The action may be ordered by the state agency or county agency and shall be brought in the name of the county by the county attorney of the county in which the assistance was granted, or by the state agency against the parent for the recovery of the amount of assistance granted, together with the costs and disbursements of the action.

Subd. 1a. [CONTINUING SUPPORT CONTRIBUTIONS.] In addition to granting the county or state agency a money judgment, the court may, upon a motion or order to show cause, order continuing support contributions by a parent found able to reimburse the county or state agency. *Except as provided in subdivision 4*, the order shall be effective (ONLY) for the period of time during which the recipient receives public assistance from (THE) any county or state agency and for 90 days thereafter the order shall require support according to chapter 518. An order for continuing contributions is reinstated without further hearing upon notice to the parent by (THE) any county or state agency that assistance is again being provided for the child of the parent under sections 256.72 to 256.87. The notice shall be in writing and shall indicate that the parent may request a hearing for modification of the amount of support or maintenance (, THE AMOUNT REQUIRED TO BE PAID, AND THE CONDITIONS UNDER WHICH INCOME WITHHOLDING CAN OCCUR. IN ANY ORDER MODIFYING THE AMOUNT OF SUPPORT OR MAINTENANCE, THE COURT MAY, IF APPROPRIATE, MAKE THE MODIFICATION RETROACTIVE TO THE DATE OF AUTOMATIC REINSTATEMENT).

Subd. 2. [NOT TO BE VESTED RIGHT.] All assistance granted under those sections shall be deemed to be granted and

to be held subject to the provisions of any amending or repealing act that may hereafter be passed. No recipient shall have any claim for compensation, or otherwise, by reason of his assistance being affected in any way by any amending or repealing act.

Subd. 3. [CONTINUING CONTRIBUTIONS TO FORMER RECIPIENT.] The order for continuing support contributions shall remain in effect following the 90 day period after public assistance granted under sections 256.72 to 256.87 is terminated if:

(a) the former recipient files an affidavit with the court within 90 days of the termination of assistance requesting that the support order remain in effect;

(b) the public authority serves written notice of the filing by mail on the parent responsible for making the support payments at that parent's last known address and notice that the parent may move the court under section 518.64 to modify the order respecting the amount of support or maintenance; and

(c) the former recipient makes an application to use the public authority's collection services.

Subd. 4. [ORDER FOR MODIFICATION.] In any order modifying the amount of support or maintenance under this section, the court may make the modification retroactive to the date public assistance was terminated or reinstated.

Subd. 5. [CHILD NOT RECEIVING ASSISTANCE.] A parent having custody of a dependent child not receiving assistance under sections 256.72 to 256.87 has a cause of action for child support against the child's absent parent. Upon an order to show cause and a motion served on the absent parent, the court shall order child support payments from the absent parent under chapter 518.

Sec. 3. [257.541] [CUSTODY AND VISITATION OF CHILDREN BORN OUTSIDE OF MARRIAGE.]

Subdivision 1. [MOTHER'S RIGHT TO CUSTODY.] The natural mother of a child born to a mother who was not married to the child's father neither when the child was born nor when the child was conceived has sole custody of the child until paternity has been established.

Subd. 2. [FATHER'S RIGHT TO VISITATION.] (a) If paternity has been acknowledged under section 257.34 and paternity has been established under sections 257.51 to 257.74, the father's rights of visitation or custody are determined under sections 518.17 and 518.175.

(b) If paternity has not been acknowledged under section 257.34 and paternity has been established under sections 257.51 to 257.74, the natural father may petition for rights of visitation or custody in a separate proceeding under section 518.156.

Sec. 4. Minnesota Statutes 1982, section 257.55, subdivision 1, is amended to read:

Subdivision 1. [PRESUMPTION.] A man is presumed to be the natural father of a child if:

(a) He and the child's natural mother are or have been married to each other and the child is born during the marriage, or within 280 days after the marriage is terminated by death, annulment, declaration of invalidity, dissolution, or divorce, or after a decree of legal separation is entered by a court;

(b) Before the child's birth, he and the child's natural mother have attempted to marry each other by a marriage solemnized in apparent compliance with law, although the attempted marriage is or could be declared void, voidable, or otherwise invalid, and,

(1) if the attempted marriage could be declared invalid only by a court, the child is born during the attempted marriage, or within 280 days after its termination by death, annulment, declaration of invalidity, dissolution or divorce; or

(2) if the attempted marriage is invalid without a court order, the child is born within 280 days after the termination of cohabitation;

(c) After the child's birth, he and the child's natural mother have married, or attempted to marry, each other by a marriage solemnized in apparent compliance with law, although the attempted marriage is or could be declared void, voidable, or otherwise invalid, and,

(1) he has acknowledged his paternity of the child in writing filed with (THE DISTRICT COURT OR) the state registrar of vital statistics;

(2) with his consent, he is named as the child's father on the child's birth certificate; or

(3) he is obligated to support the child under a written voluntary promise or by court order;

(d) While the child is under the age of majority, he receives the child into his home and openly holds out the child as his natural child; or

(e) He (ACKNOWLEDGES) and the child's natural mother acknowledge his paternity of the child in a writing signed by both of them under section 257.34 and filed with (THE DISTRICT COURT OR) the state registrar of vital statistics (, WHICH SHALL PROMPTLY INFORM THE MOTHER OF THE FILING OF THE ACKNOWLEDGMENT, AND SHE DOES NOT WITHIN A REASONABLE TIME AFTER BEING INFORMED THEREOF DISPUTE THE ACKNOWLEDGMENT IN A WRITING FILED WITH THE DISTRICT COURT OR THE STATE REGISTRAR OF VITAL STATISTICS). If another man is presumed under this clause to be the child's father, acknowledgment may be effected only with the written consent of the presumed father or after the presumption has been rebutted.

Sec. 5. Minnesota Statutes 1982, section 257.58, is amended to read:

257.58 [LIMITATION OF ACTIONS; EXCEPTIONS.]

Subdivision 1. [ACTIONS FOR CHILDREN WITHOUT A PRESUMED FATHER.] Except for (a) an action brought by or on behalf of a child whose paternity has not been determined, and (b) an action brought by the public authority responsible for child support enforcement, if a child is over three years old when he or she first receives public assistance in the state of Minnesota, an action to determine the existence of the father and child relationship as to a child who has no presumed father under section 257.55 may not be brought later than three years after the birth of the child, or later than three years after August 1, 1980, whichever is later. An action brought by or on behalf of a child whose paternity has not been determined is not barred until one year after the child reaches the age of majority. If a child is over three years old when he or she first receives public assistance in the state of Minnesota, an action brought by the public authority responsible for child support enforcement is not barred until three years after the public assistance is first provided in this state.

Subd. 2. [HEIRSHIP.] Section 257.57 and this section do not extend the time within which a right of inheritance or a right to a succession may be asserted beyond the time provided by law relating to distribution and closing of decedents' estates or to the determination of heirship, or otherwise.

Sec. 6. Minnesota Statutes 1982, section 257.59, subdivision 1, is amended to read:

Subdivision 1. [COURT JURISDICTION.] Except in Hennepin and Ramsey counties, the county court has jurisdiction of an action brought under sections 257.51 to 257.74. In Hennepin and Ramsey counties, the district court has jurisdiction of an action brought under sections 257.51 to 257.74. The action

may be joined with an action for dissolution, annulment, legal separation, custody under chapter 518, or reciprocal enforcement of support.

Sec. 7. Minnesota Statutes 1982, section 257.60, is amended to read:

257.60 [PARTIES.]

The child may be made a party to the action. If the child is a minor and is made a party, a general guardian or guardian ad litem shall be appointed by the court to represent the child. The child's mother or father may not represent the child as guardian or otherwise. (THE COURT MAY APPOINT THE COMMISSIONER OF PUBLIC WELFARE AS GUARDIAN AD LITEM FOR THE CHILD.) If the child is a minor and the case involves a compromise under section 257.64, subdivision 1 or a lump sum payment under section 257.66, subdivision 4, the child and the commissioner of public welfare shall each be made a party (AND THE COMMISSIONER OF PUBLIC WELFARE SHALL BE APPOINTED AS GUARDIAN AD LITEM) before the court approves a compromise or orders a lump sum payment. The natural mother, each man presumed to be the father under section 257.55, and each man alleged to be the natural father, shall be made parties or, if not subject to the jurisdiction of the court, shall be given notice of the action in a manner prescribed by the court and shall be given an opportunity to be heard. *A person who may bring an action under section 257.57 may be made a party to the action.* The court may align the parties.

Sec. 8. Minnesota Statutes 1982, section 257.62, subdivision 1, is amended to read:

Subdivision 1. [BLOOD TESTS REQUIRED.] The court may, and upon request of a party shall, require the child, mother, or alleged father to submit to blood tests (OR GENETIC TESTS, OR BOTH). *If the alleged father is dead, the court may, and upon request of a party shall, require the decedent's parents or brothers and sisters or both to submit to blood tests. However, in a case involving these relatives of an alleged father, who is deceased, the court may refuse to order blood tests if the court makes an express finding that submitting to the tests presents a danger to the health of one or more of these relatives that outweighs the child's interest in having the tests performed. Unless the person gives consent to the use, the results of any blood tests of the decedent's parents, brothers, or sisters may be used only to establish the right of the child to public assistance including but not limited to social security and veterans' benefits. The tests shall be performed by a qualified expert appointed by the court.*

Sec. 9. Minnesota Statutes 1982, section 257.62, is amended by adding a subdivision to read:

Subd. 6. [POSITIVE TEST RESULTS.] If the results of the blood tests indicate that the likelihood of the alleged father's paternity is more than 92 percent, upon motion the court shall order the alleged father to pay temporary child support determined according to chapter 518. The alleged father shall pay the support money into court pursuant to the rules of civil procedure to await the results of the paternity proceedings.

Sec. 10. Minnesota Statutes 1982, section 257.64, subdivision 1, is amended to read:

257.64 [PRE-TRIAL ORDERS AND RECOMMENDATIONS.]

Subdivision 1. On the basis of the information produced at the pretrial hearing, *including information as to the financial status of the parties*, the court may (, AND IF REQUESTED BY A PARTY, SHALL EVALUATE THE PROBABILITY OF DETERMINING THE EXISTENCE OR NONEXISTENCE OF THE FATHER AND CHILD RELATIONSHIP IN A TRIAL AND WHETHER A JUDICIAL DECLARATION WOULD BE IN THE BEST INTEREST OF THE CHILD. ON THE BASIS OF THE EVALUATION, AN APPROPRIATE RECOMMENDATION FOR SETTLEMENT SHALL BE MADE TO THE PARTIES, WHICH MAY INCLUDE ANY OF THE FOLLOWING):

(a) (THAT THE ACTION BE DISMISSED WITH OR WITHOUT PREJUDICE;)

((B)) *recommend that the alleged father voluntarily acknowledge his paternity of the child if the parties have agreed on a financial settlement; or*

((C)) (b) *recommend that the matter be compromised by an agreement among the alleged father, the mother, and the child, in which the father and child relationship is not determined but in which a defined economic obligation is undertaken by the alleged father in favor of the child and, if appropriate, in favor of the mother, subject to approval by the court. In reviewing the obligation undertaken by the alleged father in a compromise agreement, the court shall consider the best interest of the child, in the light of the applicable factors enumerated in section 518.17, subdivision 3, discounted by the improbability, as it appears to the court, of establishing the alleged father's paternity or nonpaternity of the child in a trial of the action. In the best interest of the child, the court may order that the alleged father's identity be kept confidential. In that case, the court may designate a person or agency to receive from the alleged father*

and disburse on behalf of the child all amounts paid by the alleged father in fulfillment of obligations imposed on him. When the child reaches 21 years of age or older he may petition the court to disclose the alleged father's identity. The court shall grant the petition if after considering the interests of all known persons involved, the court determines that disclosure of the information would be of greater benefit than nondisclosure.

Sec. 11. Minnesota Statutes 1982, section 257.66, subdivision 3, is amended to read:

Subd. 3. [JUDGMENT; ORDER.] The judgment or order shall contain provisions concerning the duty of support, the custody (AND GUARDIANSHIP) of the child, the name of the child, visitation privileges with the child, the furnishing of bond or other security for the payment of the judgment, or any other matter in the best interest of the child. *Custody and visitation and all subsequent motions related to them shall proceed and be determined under section 3.* (THESE) *The remaining matters and all subsequent motions related to them shall proceed and be determined in accordance with chapter 518.* The judgment or order may direct the appropriate party to pay all or a proportion of the reasonable expenses of the mother's pregnancy and confinement, after consideration of the relevant facts, including the relative financial means of the parents; the earning ability of each parent; and any health insurance policies held by either parent, or by a spouse or parent of the parent, which would provide benefits for the expenses incurred by the mother during her pregnancy and confinement.

Sec. 12. Minnesota Statutes 1982, section 257.66, subdivision 4, is amended to read:

Subd. 4. [STATUTE OF LIMITATIONS.] Support judgments or orders ordinarily shall be for periodic payments which may vary in amount. In the best interest of the child, a lump sum payment may be ordered in lieu of periodic payments of support. The court shall limit the parent's liability for past support of the child to the proportion of the expenses that the court deems just, which were incurred in the (IMMEDIATE PRECEDING) two years *immediately preceding the commencement of the action.*

Sec. 13. Minnesota Statutes 1982, section 257.69, subdivision 2, is amended to read:

Subd. 2. [GUARDIAN; LEGAL FEES.] The court may order (REASONABLE COUNSEL,) expert (WITNESSES,) *witness* and guardian ad litem fees (,) and other costs of the trial and pre-trial proceedings, including appropriate tests, to be paid by the parties in proportions and at times determined by the court. The court shall require a party to pay part of the fees of court-appointed counsel according to the party's ability to pay, but if counsel has been appointed the appropriate agency shall

pay the party's proportion of all other fees and costs. *The agency responsible for child support enforcement shall pay the fees and costs for blood tests in a proceeding in which it is a party, is the real party in interest, or is acting on behalf of the child. However, at the close of a proceeding in which paternity has been established under sections 257.51 to 257.74, the court shall order the adjudicated father to reimburse the public agency, if the court finds he has sufficient resources to pay the costs of the blood tests.* When a party bringing an action is represented by the county attorney, no filing fee shall be paid to the clerk of court.

Sec. 14. Minnesota Statutes 1982, section 518.10, is amended to read:

518.10 [REQUISITES OF PETITION.]

The petition for dissolution of marriage or legal separation shall state and allege:

- (a) The name and address of the petitioner;
- (b) The name and, if known, the address of the respondent;
- (c) The place and date of the marriage of the parties;
- (d) In the case of a petition for dissolution, that either the petitioner or the respondent or both:
 - (1) Has resided in this state for not less than 180 days immediately preceding the commencement of the proceeding, or
 - (2) Has been a member of the armed services and has been stationed in this state for not less than 180 days immediately preceding the commencement of the proceeding, or
 - (3) Has been a domiciliary of this state for not less than 180 days immediately preceding the commencement of the proceeding;
- (e) The name, age and date of birth of each *living* minor or dependent child of the parties *born before the marriage or born or adopted during the marriage and a reference to, and the expected date of birth of, a child of the parties conceived during the marriage but not born;*
- (f) Whether or not a separate proceeding for dissolution, legal separation, or custody is pending in a court in this state or elsewhere;
- (g) In the case of a petition for dissolution, that there has been an irretrievable breakdown of the marriage relationship;

(h) In the case of a petition for legal separation, that there is a need for a decree of legal separation; and

(i) Any temporary or permanent maintenance, child support, child custody, disposition of property, attorneys' fees, costs and disbursements applied for without setting forth the amounts.

The petition shall be verified by the petitioner or petitioners, and its allegations established by competent evidence.

Sec. 15. Minnesota Statutes 1982, section 518.17, is amended by adding a subdivision to read:

Subd. 5. [DEVIATION FROM GUIDELINES.] The court shall not order the noncustodial parent to pay support in an amount below the appropriate amount determined from the guidelines in section 17 for use in public assistance cases unless the court makes express findings of fact as to the reason for the lower order.

Sec. 16. Minnesota Statutes 1982, section 518.551, subdivision 1, is amended to read:

Subdivision 1. [(ORDER) PAYMENT TO PUBLIC AGENCY.] (WHENEVER AN OBLIGATION FOR SUPPORT OF A DEPENDENT CHILD OR MAINTENANCE OF A SPOUSE, OR BOTH, IN A PROCEEDING FOR DISSOLUTION OR LEGAL SEPARATION OR DETERMINATION OF PARENTAGE, HAS BEEN DETERMINED AND ORDERED BY A COURT OF THIS STATE, THAT COURT SHALL ORDER THE WITHHOLDING OF THE AMOUNT OF CHILD SUPPORT OR MAINTENANCE AS DETERMINED BY COURT ORDER, FROM THE INCOME, REGARDLESS OF SOURCE, OF THE PERSON OBLIGATED TO PAY THE SUPPORT OR MAINTENANCE. WHEN AN ORDER FOR WITHHOLDING HAS NOT PREVIOUSLY BEEN SECURED, THE OBLIGEE MAY OR THE PUBLIC AGENCY RESPONSIBLE FOR CHILD SUPPORT ENFORCEMENT SHALL MOVE THE COURT, AND THE COURT SHALL GRANT THE ORDER.)

(EACH ORDER SHALL PROVIDE THAT THE OBLIGOR'S EMPLOYER, TRUSTEE, OR OTHER PAYOR OF FUNDS SHALL WITHHOLD FROM THE OBLIGOR'S INCOME, REGARDLESS OF SOURCE, AN AMOUNT EQUAL TO THE COURT'S ORDER FOR SUPPORT OR MAINTENANCE.)

The court shall direct that all payments ordered for maintenance and support be made to the public agency responsible for child support enforcement so long as the obligee is receiving or has applied for public assistance. Amounts received by the public agency responsible for child support enforcement greater than the amount granted to the obligee shall be remitted to the obligee.

Sec. 17. Minnesota Statutes 1982, section 518.551, subdivision 5, is amended to read:

Subd. 5. [NOTICE TO PUBLIC AUTHORITY; GUIDELINES.] The petitioner shall notify the public authority of all proceedings for dissolution, legal separation, determination of parentage or for the custody of a child, if either party is receiving aid to families (OF) *with* dependent children or applies for it subsequent to the commencement of the proceeding. After receipt of the notice, (THE PUBLIC AUTHORITY SHALL RECOMMEND TO) the court (THE SUPPORT THAT IS PROPER AND ADEQUATE FOR THE CARE AND SUPPORT OF THE CHILD OR CHILDREN BEFORE THE ISSUANCE OF THE ORDER FOR JUDGMENT AND DECREE IN THE PROCEEDING.) *shall set child support by multiplying the obligor's net income by the percentage indicated by the following guidelines:*

Net Income Per Month of Obligor	Number of Children						
	1	2	3	4	5	6	7 or more
<i>\$400 and Below</i>	<i>Order based on the ability of the obligor to provide support at these income levels, or at higher levels, if the obligor has the earning ability.</i>						
<i>\$401 - 500</i>	14%	17%	20%	22%	24%	26%	28%
<i>\$501 - 550</i>	15%	18%	21%	24%	26%	28%	30%
<i>\$551 - 600</i>	16%	19%	22%	25%	28%	30%	32%
<i>\$601 - 650</i>	17%	21%	24%	27%	29%	32%	34%
<i>\$651 - 700</i>	18%	22%	25%	28%	31%	34%	36%
<i>\$701 - 750</i>	19%	23%	27%	30%	33%	36%	38%
<i>\$751 - 800</i>	20%	24%	28%	31%	35%	38%	40%
<i>\$801 - 850</i>	21%	25%	29%	33%	36%	40%	42%
<i>\$851 - 900</i>	22%	27%	31%	34%	38%	41%	44%
<i>\$901 - 950</i>	23%	28%	32%	36%	40%	43%	46%
<i>\$951 - 1000</i>	24%	29%	34%	38%	41%	45%	48%
<i>\$1001 and over</i>	25%	30%	35%	39%	43%	47%	50%

*Net Income defined as:**Total monthly
income less***(1) Federal Income Tax***(2) State Income Tax**(3) Social Security Deductions***Standard Deductions**(4) Mandatory Pension
Deductions**apply—use of tax**(5) Union Dues**tables recommended**(6) Dependent Health Insurance
Coverage**(7) Individual Health/Hospital-
ization Coverage or
Medical Expense Deductions
not to exceed \$25 a month.**(a) The child support payment guidelines take into consideration the following criteria:**(1) all earnings, income, and resources of the obligor including real and personal property;**(2) the basic living needs of the obligor;**(3) the financial needs of the child or children to be supported; and**(4) the amount of the aid to families with dependent children grant for the child or children.**(b) Debts owed to private creditors are not to be considered in establishing a support obligation.**(c) Previous support orders and maintenance orders may be considered if the obligor is paying them.**(d) Nothing shall preclude the court from receiving evidence on the above factors to determine if the guidelines should be exceeded or modified in a particular case.**(e) The above guidelines are binding in each case unless the court makes express findings of fact as to the reason for departure below the guidelines in that case in which the court orders support that so deviates from the guidelines. It may also*

increase the amount of child support by more than the guidelines without making express findings by agreement of the parties or by making further findings.

Sec. 18. Minnesota Statutes 1982, section 518.551, subdivision 6, is amended to read:

Subd. 6. [FAILURE OF NOTICE.] If the court in a dissolution, legal separation or determination of parentage proceeding, finds before issuing the order for judgment and decree, that notification has not been given to the public authority, the court shall (ORDER THAT NOTIFICATION BE MADE AND SHALL NOT ISSUE ITS ORDER FOR JUDGMENT AND DECREE UNTIL THE PUBLIC AUTHORITY HAS MADE ITS RECOMMENDATIONS) *set child support according to the guidelines in section 17. In those proceedings in which no notification has been made pursuant to this section and in which the public authority determines that the judgment is (NOT PROPER AND ADEQUATE FOR THE CARE AND SUPPORT OF THE CHILD OR CHILDREN) lower than the child support required by the guidelines in section 17, it (MAY) shall move the court for a redetermination of the support payments ordered so that the support payments comply with the guidelines.*

Sec. 19. Minnesota Statutes 1982, section 518.551, is amended by adding a subdivision to read:

Subd. 8. [HEALTH INSURANCE OR PLAN.] *The court shall also include in the requirements for each child support order a provision naming the child as a beneficiary on whatever medical, hospitalization or dental insurance or plan is available to the obligor on a group basis through his or her employer or union.*

Sec. 20. Minnesota Statutes 1982, section 518.551, is amended by adding a subdivision to read:

Subd. 9. [ASSIGNMENT OF RIGHTS; JUDGMENT.] *The public agency responsible for child support enforcement is joined as a party in each case in which rights are assigned under section 1. When arrearages are reduced to judgment, the court shall grant judgment in favor of, and in the name of, the public agency to the extent that the arrearages are assigned. The public agency may enforce a judgment entered before the assignment of rights as if the judgment were granted to it, and in its name, to the extent that the arrearages in that judgment are assigned.*

Sec. 21. Minnesota Statutes 1982, section 518.611, is amended to read:

518.611 [(ASSIGNMENTS) INCOME WITHHOLDING.]

Subdivision 1. [ORDER.] Whenever an obligation for support of a dependent child or maintenance of a spouse, or both, (IN A PROCEEDING FOR DISSOLUTION OR LEGAL SEPARATION OR DETERMINATION OF PARENTAGE, HAS BEEN) is determined and ordered by a court of this state, that court shall order the withholding of the amount of child support or maintenance as determined by court order, from the income, regardless of source, of the person obligated to pay the support or maintenance. When an order for withholding has not previously been secured, the obligee may or the public agency responsible for child support enforcement shall move the court, and the court shall grant the order.

Subd. 2. [NOTICE TO OBLIGOR OF CONDITIONS.] Each order for withholding shall provide for a conspicuous notice to the obligor that withholding may result if the obligor fails to make the maintenance or support payments, and that no withholding shall be made until the following conditions are met:

(a) The obligee or the public authority determines that the obligor is at least 30 days in arrears;

(b) The obligee or the public authority serves written notice of its determination of arrearage on the obligor at least 15 days before service of the determination and a copy of the court's order for withholding on the payor of funds;

(c) Within the 15 day period, the obligor has either failed to pay all arrearages or to move the court, under section 518.64, to modify the order respecting the amount of maintenance or support and, ex parte, to stay service on the payor of funds until the motion to modify is heard; and

(d) The obligee or the public authority serves a copy of the determination of arrearage and a copy of the court's withholding order on the payor of funds.

(e) The obligee shall also serve on the public authority a copy of the determination of arrearage, a copy of the court's withholding order and an application to use the public authority's collection services.

Subd. 3. [MODIFICATION ORDERS.] An order modifying the amount of maintenance or support, issued after the hearing on the motion to modify, shall provide that payments be made outright by withholding. *The provisions of subdivision 2 do not apply.*

Subd. 4. [EFFECT OF ORDER.] *Notwithstanding any law to the contrary,* the order is binding on the employer, trustee, or other payor of the funds upon service upon him of notice

that it has been made. The payor shall withhold from the income payable to the obligor the amount specified in the order and shall monthly or more frequently remit the amounts withheld to the public authority. Amounts received by the public authority which are in excess of public assistance expended for the party or for a child shall be remitted to the party. An employer shall not discharge or otherwise discipline an employee as a result of a wage or salary (ASSIGNMENT) withholding authorized by this section.

Subd. 5. [ARREARAGE ORDER.] Nothing in this section shall prevent the court from ordering the payor of funds to withhold amounts to satisfy the obligor's previous arrearage in child support or maintenance payments, the obligor's liability for pregnancy and confinement expenses and for blood test costs, and any service fees that may be imposed under section 518.551.

Subd. 6. [PRIORITY.] An order for withholding under this section or execution or garnishment upon a judgment for child support arrearages or preadjudicated expenses shall have priority over an attachment, execution, garnishment, or wage assignment unless otherwise ordered by the court and shall not be subject to the statutory limitations on amounts levied against the income of the obligor.

Subd. 7. [EMPLOYER EXPENSES.] An employer may deduct one dollar from the obligor-employee's remaining salary for each payment made pursuant to a withholding order under this section to cover the employer's expenses involved in the withholding.

Subd. 8. [EMPLOYER OR PAYOR NOTICE.] When a withholding order is in effect and the obligor's employment is terminated or the periodic payment terminates, the obligor's employer or the payor of funds shall notify the public agency responsible for child support enforcement of the termination within 30 days of the termination date. The notice shall include the obligor's home address and the name and address of the obligor's new employer or payor of funds, if known.

Sec. 22. Minnesota Statutes 1982, section 518.64, subdivision 2, is amended to read:

Subd. 2. [MODIFICATION.] The terms of a decree respecting maintenance or support may be modified upon a showing of one or more of the following: (1) substantially increased or decreased earnings of a party (OR); (2) substantially increased or decreased need of a party (,); (3) receipt of assistance under sections 256.72 to 256.87; or (4) a change in the cost-of-living for either party as measured by the federal bureau of statistics, any of which makes the terms unreasonable and unfair. On a motion for modification of support, the court shall take

into consideration the needs of the children and the financial circumstances of the custodial parent's spouse, if any. A modification which decreases support or maintenance may be made retroactive only upon a showing that any failure to pay in accord with the terms of the original order was not willful. A modification which increases support or maintenance shall not be made retroactive if the obligor has substantially complied with the previous order. Except for an award of the right of occupancy of the homestead, provided in section 518.63, all divisions of real and personal property provided by section 518.58 shall be final, and may be revoked or modified only where the court finds the existence of conditions that justify reopening a judgment under the laws of this state. The court may impose a lien or charge on the divided property at any time while the property, or subsequently acquired property, is owned by the parties or either of them, for the payment of maintenance or support money, or may sequester the property as is provided by section 518.24.

Sec. 23. Minnesota Statutes 1982, section 518.64, subdivision 5, is amended to read:

Subd. 5. [FORM.] The department of public welfare shall prepare and make available to courts (AND), obligors *and persons to whom child support is owed* a form to be submitted by the obligor *or the person to whom child support is owed* in support of a motion for a modification of an order pursuant to this section or section 256.87. The (RULE-MAKING) *rulemaking* provisions of chapter 14 shall not apply to the preparation of the form.

Sec. 24. [518.641] [COST-OF-LIVING ADJUSTMENTS IN CHILD SUPPORT ORDER.]

Subdivision 1. [REQUIREMENT.] *An order for child support shall provide for a biennial adjustment in the amount to be paid based on a change in the cost-of-living. The order shall specify the cost-of-living index to be applied. The court may use the consumer price index for all urban consumers, Minneapolis-St. Paul (CPI-U), the consumer price index for wage earners and clerical, Minneapolis-St. Paul (CPI-W), or another cost-of-living index published by the department of labor which it specifically finds is more appropriate. The court may specify that the housing component be excluded from the cost-of-living adjustment. Cost-of-living increases under this section shall be compounded. It may also increase the amount by more than the cost-of-living adjustment by agreement of the parties or by making further findings. The adjustment becomes effective on the first of May of the year in which it is made. A court may waive the requirement of the cost-of-living clause if it expressly finds that the obligor's occupation or income, or both, does not provide for cost-of-living adjustment or that the order for child support has a provision such as a step increase that has the*

effect of a cost-of-living clause. The commissioner of public welfare may promulgate rules under this section in accordance with the rulemaking provisions of chapter 14.

Subd. 2. [CONDITIONS.] No adjustment under this section may be made unless the order provides for it and until the following conditions are met:

(a) the obligee or public authority serves notice of its application for adjustment by mail on the obligor at the obligor's last known address at least 20 days before the effective date of the adjustment;

(b) the notice to the obligor shall inform the obligor that an adjustment in payments shall become effective on the first of May; and

(c) after receipt of notice and before the effective day of the adjustment, the obligor fails to request a hearing on the issue of whether the adjustment should take effect, and ex parte, to stay imposition of the adjustment pending outcome of the hearing.

Subd. 3. [RESULT OF HEARING.] If, at a hearing pursuant to this section, the obligor establishes an insufficient cost of living or other increase in income that prevents fulfillment of the adjusted child support obligation, the court may direct that all or part of the adjustment not take effect. If, at the hearing, the obligor does not establish this insufficient increase in income, the adjustment shall take effect as of the date it would have become effective had no hearing been requested.

Subd. 4. [FORM.] The department of public welfare shall prepare and make available to the court and obligors a form to be submitted to the department by the obligor in support of a request for hearing under this section. The rulemaking provisions of chapter 14 shall not apply to the preparation of the form.

Subd. 5. [REQUEST FOR COST-OF-LIVING CLAUSE.] A motion for enforcement or modification of an existing child support order shall include a request for a cost-of-living clause. The court may deny the request only upon an express finding that the obligor's occupation, income, or both, does not provide for a cost-of-living adjustment or that the existing child support order either has a cost-of-living clause or sets forth a step increase which has the effect of a cost-of-living adjustment.

Sec. 25. Minnesota Statutes 1982, section 518.645, is amended to read:

518.645 [FORM OF ORDER.]

Unless otherwise ordered by the court, an order for withholding of support or maintenance payments issued (PURSUANT TO SECTIONS 256.872, SUBDIVISION 1, 518.551, SUBDIVISION 1, OR 518.611, SUBDIVISION 1,) *under this chapter* shall be substantially in the following form:

IT IS ORDERED *THAT*:

1. (THAT) The sum of _____ per _____ representing child support and/or spousal maintenance, ordered by the Court, shall be withheld from the (Husband/Wife Respondent/Petitioner)'s income on _____ by (his/her) present employer or other payor of funds, _____, and any future employer or other payor of funds, and shall be remitted (AT LEAST MONTHLY) to: _____, monthly or more frequently, in accordance with the provisions of Minnesota Statutes, Chapter 518. The file number above and the (EMPLOYEE'S) Obligor's name shall be included with each remittance.

2. (THAT) The parties are notified that CHILD SUPPORT AND/OR MAINTENANCE WILL BE WITHHELD FROM INCOME ONLY AFTER ALL OF THE FOLLOWING CONDITIONS HAVE BEEN MET:

(a) _____ or the Obligea determines that the Obligor is at least thirty days in arrears in the payment of child support and/or spousal maintenance;

(b) _____ or the Obligea serves written notice on the Obligor of its determination that child support and/or maintenance payments are thirty days in arrears;

(c) Within fifteen days after service of the notice, the Obligor either fails to pay all past due payments or to move the Court, Minnesota Statutes, Section 518.64, to modify the order respecting the amount of child support and/or spousal maintenance and, ex parte, to stay service of withholding on the employer or other payor of funds until the motion to modify is heard; and

(d) Not sooner than fifteen days after service of written notice in paragraph (b) on the Obligor, _____ or the Obligea serves a copy of its determination of a thirty-day delinquency and a copy of the Court's withholding order on the employer or other payor of funds, who will then be obligated to withhold payments from income and forward the amount withheld to _____.

3. (THAT) The parties and the employer or other payor of funds are further notified that NO EMPLOYER MAY DISCHARGE, SUSPEND, OR OTHERWISE PENALIZE OR DISCIPLINE AN EMPLOYEE BECAUSE THE EMPLOYER

MUST WITHHOLD SUPPORT OR MAINTENANCE MONEY. Minnesota Statutes, (SECTIONS 256.873 AND 518.611, SUBDIVISION 4. A VIOLATION OF THIS PROVISION IS A MISDEMEANOR. MINNESOTA STATUTES,) section (256.878) 518.611.

4. (THAT, IN THE EVENT) *If the Obligee (PERFORMS SERVICE ON) serves the employer or other payor of funds under paragraph 2 (d), the Obligee shall also serve the determination and order (SHALL ALSO BE SERVED) on* , together with an application to use collection services.

5. (THAT) Service of this Order shall be

Sec. 26. Minnesota Statutes 1982, section 518B.01, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in this section, the following terms shall have the meanings given them:

(a) "Domestic abuse" means: (i) physical harm, bodily injury, assault, or the infliction of fear of imminent physical harm, bodily injury or assault, between family or household members; or (ii) criminal sexual conduct, within the meaning of sections 609.342, 609.343, 609.344, or 609.345, committed against a minor family or household member by an adult family or household member;

(b) "Family or household members" means spouses, parents and children, persons related by consanguinity, *persons who have a child in common regardless of whether they have been married or have lived together at any time*, and persons jointly residing in the same dwelling unit.

Sec. 27. Minnesota Statutes 1982, section 518B.01, subdivision 6, is amended to read:

Subd. 6. [RELIEF BY THE COURT.] Upon notice and hearing, the court may provide relief as follows:

(a) Restrain any party from committing acts of domestic abuse;

(b) Exclude the abusing party from the dwelling which the parties share or from the residence of the petitioner;

(c) On the same basis as is provided in chapter 518, award temporary custody or establish temporary visitation with regard to minor children of the parties;

(d) On the same basis as is provided in chapter 518, establish temporary support for minor children or a spouse, *and order the withholding of support from the income of the person obligated to pay the support according to chapter 518;*

(e) Provide counseling or other social services for the parties, if married, or if there are minor children;

(f) Order the abusing party to participate in treatment or counseling services;

(g) Order, in its discretion, other relief as it deems necessary for the protection of a family or household member, including orders or directives to the sheriff or constable, as provided by this section.

Any relief granted by the order for protection shall be for a fixed period not to exceed one year.

Sec. 28. Minnesota Statutes 1982, section 518C.17, subdivision 1, is amended to read:

Subdivision 1. [ISSUANCE OF ORDER.] If the responding court finds a duty of support, it may order the obligor to furnish support or reimbursement therefor and subject the property of the obligor to the order. Support orders made under sections 518C.01 to 518C.36 shall require that payments be made as the responding court directs *and the responding court shall order support payments under chapter 518.* The court and the prosecuting attorney of a county in which the obligor is present or has property have the same powers and duties to enforce the order as have those of the county in which it was first issued. If enforcement is impossible, or cannot be completed in the county in which the order was issued, the prosecuting attorney shall send a certified copy of the order to the prosecuting attorney of a county in which it appears that the proceedings to enforce the order would be effective. The prosecuting attorney to whom the certified copy of the order is forwarded shall proceed with enforcement and report the results of the proceedings to the court first issuing the order.

Sec. 29. Minnesota Statutes 1982, section 518C.33, subdivision 1, is amended to read:

Subdivision 1. [OBLIGEE AND OBLIGOR (IN DIFFERENT COUNTIES) *BOTH IN THIS STATE.*] Sections 518C.01 to 518C.36 apply if both the obligee and the obligor are in this state (BUT IN DIFFERENT COUNTIES).

Sec. 30. Minnesota Statutes 1982, section 548.09, is amended to read:

548.09 [LIEN OF JUDGMENT.]

Subd. 1. [DOCKETING; SURVIVAL OF JUDGMENT.] Every judgment requiring the payment of money, *including a judgment or decree of dissolution or separate maintenance, a determination of parentage, an order under the reciprocal enforcement of support act, or an order under section 256.87, any of which provide for installment or periodic payments of child support, spousal maintenance, or both,* shall be docketed by the clerk upon (THE) *its* entry (THEREOF, AND,). Upon a transcript of (SUCH) *the* docket being filed with the clerk in any other county, (SUCH) *the* clerk shall also docket (THE SAME) *it*. From the time of (SUCH) docketing the judgment (SHALL BE) *is* a lien, (TO) *in* the amount unpaid (THEREON), upon all real property in the county then or thereafter owned by the judgment debtor. (SUCH) *The* judgment (SHALL SURVIVE) *survives*, and the lien (THEREOF CONTINUE) *continues*, for (THE PERIOD OF) ten years (NEXT) after its entry (, AND NO LONGER).

Subd. 2. [JUDGMENT CREDITOR'S AFFIDAVIT.] No judgment, except for taxes, shall be docketed until the judgment creditor, or his agent or attorney, (SHALL HAVE) *has* filed with the clerk an affidavit, stating the full name, occupation, place of residence, and post office address of the judgment debtor, to the best of affiant's information and belief (; AND,). If (SUCH) *the* residence (BE) *is* within an incorporated place having more than 5,000 inhabitants, the street number of both his place of residence and place of business, if he (HAVE) *has* one, shall be stated.

Subd. 3. [VIOLATIONS BY CLERK.] If the clerk (SHALL VIOLATE) *violates* this provision, neither the judgment nor the docketing (THEREOF SHALL BE) *is* invalid (, BUT HE SHALL BE LIABLE TO ANY PERSON DAMAGED THEREBY IN THE SUM OF \$5).

Sec. 31. [543.20] [PERSONAL JURISDICTION IN SUPPORT ENFORCEMENT CASES AND PATERNITY SUITS.]

Subdivision 1. [SERVICE.] In addition to the methods of service of process provided in the rules of civil procedure, service of a summons, an order to show cause, or an order or judgment within this state may also be made upon an individual by delivering a copy to him or her personally at his or her place of employment. The employer shall make the individual available for the purpose of delivering a copy. No employer shall deny a process server admittance to the employer's premises for the purpose of making service under this section.

No service shall be allowed under this section unless such service is made personally on the individual.

Subd. 2. [APPLICABILITY.] Service at a place of employment applies only to: (a) summons in an action for dissolution, amendment, legal separation, or under the parentage act and under section 256.87; (b) orders to show cause under both section 256.87 and the revised uniform reciprocal enforcement of support act as well as for contempt of court for failure to pay child support; (c) petitions under the domestic abuse act; and (d) motions, orders and judgments for the payment of child support when the court orders personal service.

Subd. 3. [RETALIATION PROHIBITED.] An employer shall not discharge or otherwise discipline an employee as a result of service under this section.

Sec. 32. [REPEALER.]

Minnesota Statutes 1982, sections 256.87, subdivision 2; 256.872; 256.873; 256.876; and 518.551, subdivisions 2, 3, and 4 are repealed.

Sec. 33. [EFFECTIVE DATE.]

Sections 17, 18, and 24 are effective August 1, 1983. The rest of this act is effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to welfare; changing laws relating to child support enforcement; providing for determination of paternity; providing for determination and modification of child support; amending Minnesota Statutes 1982, sections 256.74, by adding a subdivision; 256.87, and by adding subdivisions; 257.55, subdivision 1; 257.58; 257.59, subdivision 1; 257.60; 257.62, subdivision 1, and by adding a subdivision; 257.64, subdivision 1; 257.66, subdivisions 3 and 4; 257.69, subdivision 2; 518.10; 518.17, by adding a subdivision; 518.551, subdivisions 1, 5, and 6, and by adding subdivisions; 518.611; 518.64, subdivisions 2 and 5; 518.645; 518B.01, subdivisions 2 and 6; 518C.17, subdivision 1; 518C.33, subdivision 1; and 548.09; proposing new law coded in Minnesota Statutes, chapters 257, 518, and 543; repealing Minnesota Statutes 1982, sections 256.87, subdivision 2; 256.872; 256.873; 256.876; and 518.551, subdivisions 2, 3, and 4."

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

Senate Conferees: LINDA BERGLIN, DONALD A. STORM and EMBER D. REICHGOTT.

House Conferees: JOHN E. BRANDL, ALLEN QUIST and PETER RODOSOVICH.

Brandl moved that the report of the Conference Committee on S. F. No. 545 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 545, A bill for an act relating to welfare; changing laws relating to child support enforcement; providing for determination of paternity; providing for determination and modification of child support; amending Minnesota Statutes 1982, sections 256.74, by adding a subdivision; 256.87; 257.55, subdivision 1; 257.58; 257.59, subdivision 1; 257.60; 257.62, subdivision 1, and by adding subdivisions; 257.64, subdivision 1; 257.66, subdivisions 3 and 4; 257.69, subdivision 2; 518.10; 518.17, by adding a subdivision; 518.551, subdivisions 1, 5, and 6, and by adding subdivisions; 518.611; 518.64, subdivisions 2 and 5, and by adding a subdivision; 518.645; 518B.01, subdivisions 2 and 6; 518C.17, subdivision 1; 518C.33, subdivision 1; and 548.09; proposing new law coded in Minnesota Statutes, chapters 257, 518, and 543; repealing Minnesota Statutes 1982, sections 256.87, subdivision 2; 256.872; 256.873; 256.876; and 518.551, subdivisions 2, 3, and 4.

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

The question was taken on the repassage of the bill and the roll was called. There were 125 yeas and 4 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Ellingson	Knuth	Onnen	Simoneau
Anderson, G.	Erickson	Kostohryz	Osthoff	Skoglund
Anderson, R.	Evans	Krueger	Otis	Solberg
Battaglia	Findlay	Kvam	Pauly	Sparby
Beard	Fjoslien	Larsen	Peterson	Stadum
Begich	Forsythe	Levi	Piepho	Staten
Bennett	Frerichs	Long	Piper	Sviggum
Bergstrom	Greenfield	Ludeman	Price	Swanson
Berkelman	Gruenes	Mann	Quinn	Thiede
Bishop	Gustafson	Marsh	Quist	Tomlinson
Blatz	Gutknecht	McDonald	Redalen	Tunheim
Brandl	Haukoos	McEachern	Reif	Uphus
Brinkman	Heap	McKasy	Riveness	Valan
Burger	Heinitz	Metzen	Rodosovich	Valento
Carlson, D.	Himle	Minne	Rodriguez, C.	Vanasek
Carlson, L.	Hoffman	Munger	Rodriguez, F.	Vellenga
Clark, J.	Hokr	Murphy	Rose	Waltman
Clark, K.	Jacobs	Nelson, D.	St. Onge	Welch
Clawson	Jennings	Nelson, K.	Sarna	Welker
Cohen	Jensen	Neuenschwander	Schafer	Welle
Coleman	Johnson	Norton	Scheid	Wenzel
DenOuden	Kahn	O'Connor	Schoenfeld	Wigley
Dimler	Kalis	Ogren	Segal	Wynia
Eken	Kelly	Olson	Shaver	Zaffke
Elioff	Knickerbocker	Omann	Sherman	Speaker Sieben

Those who voted in the negative were:

Dempsey	Halberg	Schreiber	Seaberg
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The bill was repassed, as amended by Conference, and its title agreed to.

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 769, A bill for an act relating to metropolitan government; extending the time for design selection for noise suppression equipment at the international airport; amending Minnesota Statutes 1982, section 473.608, subdivision 20.

PATRICK E. FLAHAVEN, Secretary of the Senate

Skoglund moved that the House refuse to concur in the Senate amendments to H. F. No. 769, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 769:

Skoglund, Heinitz and Scheid.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 591.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 591

A bill for an act relating to insurance; health and accident; prohibiting provider discrimination in insurance policies covering mental health services; amending Minnesota Statutes 1982, section 62A.152, by adding a subdivision.

May 21, 1988

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S. F. No. 591, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 591 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 62A.152, is amended by adding a subdivision to read:

Subd. 3. [PROVIDER DISCRIMINATION PROHIBITED.] All group policies and group subscriber contracts that provide benefits for mental or nervous disorder treatments in a hospital must provide direct reimbursement for those services if performed by a licensed consulting psychologist to the extent that the services and treatment are within the scope of licensed consulting psychologist licensure. The order of the physician requesting the services of the licensed consulting psychologist may be required to be submitted with the claim for payment.

This subdivision is intended to provide payment of benefits for mental or nervous disorder treatments performed by a licensed consulting psychologist in a hospital and is not intended to change or add benefits for those services provided in policies or contracts to which this subdivision applies.

Sec. 2. [EFFECTIVE DATE; APPLICATION.]

Section 1 is effective July 1, 1983 and applies to all applicable policies and contracts issued, renewed, or delivered on or after that date."

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

Senate Conferees: ERIC D. PETTY, MARILYN M. LANTRY and EARL W. RENNEKE.

House Conferees: WES SKOGLUND, JOHN BURGER and BOB ELLINGSON.

Skoglund moved that the report of the Conference Committee on S. F. No. 591 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 591, A bill for an act relating to insurance; health and accident; prohibiting provider discrimination in insurance policies covering mental health services; amending Minnesota Statutes 1982, section 62A.152, by adding a subdivision.

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

The question was taken on the repassage of the bill and the roll was called. There were 131 yeas and 0 nay as follows:

Those who voted in the affirmative were:

Anderson, B.	Erickson	Kostohryz	Peterson	Solberg
Anderson, G.	Evans	Krueger	Piepho	Sparby
Anderson, R.	Findlay	Kvam	Piper	Stadum
Battaglia	Fjoslien	Larsen	Price	Staten
Beard	Forsythe	Levi	Quinn	Swiggum
Begich	Frerichs	Ludeman	Quist	Swanson
Bennett	Graba	Mann	Redalen	Thiede
Bergstrom	Greenfield	Marsh	Reif	Tomlinson
Berkelman	Gruenes	McDonald	Rice	Tunheim
Bishop	Gustafson	McEachern	Riveness	Uphus
Blatz	Gutknecht	McKasy	Rodesovich	Valan
Brandl	Halberg	Metzen	Rodriguez, C.	Valento
Brinkman	Haukoos	Minne	Rodriguez, F.	Vanasek
Burger	Heap	Munger	Rose	Vellenga
Carlson, D.	Heinitz	Murphy	St. Onge	Waltman
Carlson, L.	Himle	Nelson, D.	Sarna	Welch
Clark, J.	Hoffman	Nelson, K.	Schafer	Welker
Clark, K.	Hokr	Neuenschwander	Scheid	Welle
Clawson	Jacobs	Norton	Schoenfeld	Wenzel
Cohen	Jennings	O'Connor	Schreiber	Wigley
Coleman	Jensen	Ogren	Seaberg	Wynia
Dempsey	Johnson	Olsen	Segal	Zaffke
DenOuden	Kahn	Omann	Shaver	Speaker Sieben
Dimler	Kalis	Onnen	Shea	
Eken	Kelly	Osthoff	Sherman	
Elioff	Knickerbocker	Otis	Simoneau	
Ellingson	Knuth	Pauly	Skoglund	

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

SPECIAL ORDERS

S. F. No. 510 was reported to the House.

Otis moved to amend S. F. No. 510, as follows:

Page 1, after line 22, insert a new section as follows:

"Sec. 2. [SEVEN COUNTY METROPOLITAN AREA EXCLUDED.]

The seven county metropolitan area is excluded from the provisions of this act."

Renumber the remaining section.

Amend the title accordingly.

A roll call was requested and properly seconded.

The question was taken on the amendment and the roll was called. There were 32 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Battaglia	Clark, J.	Greenfield	Minne	Solberg
Beard	Clark, K.	Gustafson	Murphy	Sparby
Begich	Clawson	Kahn	Nelson, D.	Staten
Bergstrom	Coleman	Kelly	Norton	Wynia
Brandl	Elioff	Knuth	Osthoff	
Brinkman	Ellingson	Krueger	Otis	
Burger	Graba	Long	Rice	

Those who voted in the negative were:

Anderson, B.	Heinitz	McEachern	Rodosovich	Svigum
Bennett	Himle	McKasy	Rodriguez, F.	Swanson
Blatz	Hoffman	Metzen	Rose	Thiede
Carlson, L.	Jacobs	Munger	St. Onge	Uphus
Cohen	Jennings	Neuenschwander	Sarna	Valan
Dempsey	Jensen	Ogren	Schafer	Valento
Dimler	Johnson	Omman	Scheid	Voss
Erickson	Kalis	Onnen	Schoenfeld	Waltman
Evans	Knickerbocker	Pauly	Schreiber	Welle
Findlay	Kvam	Peterson	Seaberg	Wenzel
Fjoslien	Larsen	Piepho	Segal	Wigley
Forsythe	Levi	Piper	Shaver	Zaffke
Frerichs	Ludeman	Quinn	Sherman	Speaker Sieben
Gruenes	Mann	Quist	Simoneau	
Gutknecht	Marsh	Redalen	Skoglund	
Haukoos	McDonald	Reif	Stadum	

The motion did not prevail and the amendment was not adopted.

Ogren moved to amend S. F. No. 510, as follows:

Page 1, line 8, before "*The*" insert "*Subdivision 1.*"

Page 1, line 10, delete "*Therefore*" and insert "*Subd. 2. Except as provided in subdivisions 3 and 4*"

Page 1, line 12, after the period insert "*Subd. 3. A statutory or home rule charter city, county, or town, pursuant to an ordinance or charter provision, may impose controls on the rents charged for residential property if there exists within the city, county, or town a significant shortage of suitable rental dwell-*

ings available to low and moderate income individuals or families. Prior to adoption of an ordinance pursuant to this subdivision, the city, county, or town shall conduct a referendum, with approval subject to a majority of those voting on the question. Subd. 4."

The motion did not prevail and the amendment was not adopted.

Long; Clark, K.; Kahn; Cohen; Kelly; Otis; Staten; Clark, J.; Solberg; Greenfield; Norton; Vellenga and Munger moved to amend S. F. No. 510, as follows:

Page 1, after line 22, insert a new section as follows:

"Sec. 2. [CITIES OF THE FIRST CLASS EXCLUDED.]

The cities of the first class are excluded from the provisions of this act."

Renumber the remaining section.

Amend the title accordingly.

A roll call was requested and properly seconded.

Staten moved to re-refer S. F. No. 510 to the Committee on Local and Urban Affairs.

A roll call was requested and properly seconded.

The question was taken on the Staten motion and the roll was called. There were 35 yeas and 84 nays as follows:

Those who voted in the affirmative were:

Beard	Elioff	Long	Otis	Shea
Begich	Ellingson	Minne	Price	Solberg
Brandl	Gustafson	Murphy	Rice	Staten
Clark, J.	Jacobs	Nelson, D.	Riveness	Tomlinson
Clark, K.	Kahn	Norton	Rodosovich	Vellenga
Cohen	Kelly	O'Connor	Rodriguez, C.	Welker
Coleman	Larsen	Ogren	St. Onge	Wynia

Those who voted in the negative were:

Anderson, B.	Carlson, L.	Findlay	Haukoos	Kalis
Anderson, G.	Clawson	Fjoslien	Heinitz	Knickerbocker
Battaglia	Dempsey	Forsythe	Himle	Knuth
Bennett	DenOuden	Frerichs	Hoffman	Kostohryz
Berkelman	Dimler	Graba	Hokr	Krueger
Blatz	Eken	Gruenes	Jennings	Kvam
Brinkman	Erickson	Gutknecht	Jensen	Levi
Burger	Evans	Halberg	Johnson	Ludeman

Mann	Omann	Rodriguez, F.	Simoneau	Valento
Marsh	Onnen	Rose	Skoglund	Voss
McDonald	Pauly	Sarna	Sparby	Waltman
McEachern	Peterson	Schafer	Stadum	Welle
McKasy	Piepho	Scheid	Sviggum	Wenzel
Metzen	Piper	Schoenfeld	Swanson	Wigley
Munger	Quist	Schreiber	Thiede	Zaffke
Neuenschwander	Redalen	Shaver	Uphus	Speaker Sieben
Olsen	Reif	Sherman	Valan	

The motion did not prevail.

The question recurred on the Long, et al., amendment and the roll was called. There were 30 yeas and 82 nays as follows:

Those who voted in the affirmative were:

Battaglia	Ellingson	Kelly	Norton	Solberg
Begich	Graba	Knuth	O'Connor	Staten
Brandl	Greenfield	Larsen	Otis	Tomlinson
Clark, J.	Gustafson	Long	Rodriguez, C.	Vellenga
Clark, K.	Jacobs	Murphy	Sarna	Voss
Cohen	Kahn	Nelson, D.	Shea	Wynia

Those who voted in the negative were:

Anderson, B.	Findlay	Kostohryz	Pauly	Stadum
Anderson, R.	Fjoslien	Krueger	Peterson	Sviggum
Beard	Forsythe	Kvam	Piepho	Swanson
Bennett	Frerichs	Levi	Piper	Thiede
Berkelman	Gruenes	Ludeman	Quist	Tunheim
Blatz	Gutknecht	Mann	Redalen	Uphus
Brinkman	Halberg	Marsh	Rodosovich	Valan
Burger	Haukoos	McDonald	Rodriguez, F.	Valento
Carlson, L.	Heinitz	McEachern	Rose	Vanasek
Clawson	Himle	McKasy	St. Onge	Waltman
Dempsey	Hoffman	Metzen	Schafer	Welle
DenOuden	Hokr	Minne	Scheid	Wenzel
Dimler	Jennings	Munger	Schoenfeld	Wigley
Eken	Jensen	Neuenschwander	Schreiber	Zaffke
Elioff	Johnson	Ogren	Sherman	
Erickson	Kalis	Omann	Skoglund	
Evans	Knickerbocker	Onnen	Sparby	

The motion did not prevail and the amendment was not adopted.

Vellenga moved to re-refer S. F. No. 510 to the Committee on Energy.

A roll call was requested and properly seconded.

The question was taken on the Vellenga motion and the roll was called. There were 34 yeas and 78 nays as follows:

Those who voted in the affirmative were:

Beard	Clark, J.	Coleman	Ellingson	Gustafson
Brandl	Clark, K.	Elioff	Greenfield	Jacobs

Kahn	Murphy	Olsen	Rodriguez, C.	Staten
Kelly	Nelson, D.	Otis	Seaberg	Tomlinson
Krueger	Norton	Piper	Shea	Vellenga
Larsen	O'Connor	Price	Solberg	Wynia
Long	Ogren	Riveness	Sparby	

Those who voted in the negative were:

Anderson, B.	Forsythe	Kvam	Redalen	Swanson
Bennett	Frerichs	Ludeman	Reif	Thiede
Berkelman	Gruenes	Mann	Rodosovich	Tunheim
Blatz	Gutknecht	Marsh	Rodriguez, F.	Uphus
Brinkman	Halberg	McDonald	Rose	Valan
Burger	Haukoos	McEachern	Sarna	Valento
Carlson, L.	Heinitz	McKasy	Schafer	Vanasek
Cohen	Himle	Metzen	Scheid	Voss
Dempsey	Hoffman	Neuenschwander	Schoenfeld	Waltman
DenOuden	Jennings	Omann	Schreiber	Welker
Dimler	Jensen	Onnen	Shaver	Wenzel
Eken	Johnson	Osthoff	Sherman	Wigley
Erickson	Kalis	Pauly	Simoneau	Zaffke
Evans	Knickerbocker	Peterson	Skoglund	Speaker Sieben
Findlay	Knuth	Piepho	Stadum	
Fjoslien	Kostohryz	Quist	Sviggum	

The motion did not prevail.

Solberg; Ogren; St. Onge; O'Connor; Greenfield; Minne; Kahn; Rodriguez, C.; Clark, K.; Begich; Elloff; Murphy and Clark, J., moved to amend S. F. No. 510, as follows:

Page 1, line 7, delete "[471.99]"

Page 1, delete lines 8 to 10

Page 1, line 11, delete "*city, county, or town*" and insert "*The city of Waseca and the county of Waseca*"

Page 1, line 11, after "*may*" insert "*not*"

Page 1, line 13, delete "*any statutory or home rule*" and insert "*the city or county of Waseca*"

Page 1, line 14, delete "*charter city, county, or town*"

Page 1, line 24, delete everything after "*effective*" and insert "*separately for the city of Waseca and the county of Waseca the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, by the respective governing body.*"

Amend the title as follows:

Page 1, line 2, delete "*housing*" and insert "*local government*"

Page 1, line 3, delete everything after "*in*" and insert "*the city and county of Waseca;*"

Page 1, delete line 4

The motion did not prevail and the amendment was not adopted.

S. F. No. 510, A bill for an act relating to housing; prohibiting certain rent control ordinances in cities, counties, and towns; proposing new law coded in Minnesota Statutes, chapter 471.

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 81 yeas and 36 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Findlay	Knickerbocker	Peterson	Stadum
Anderson, G.	Fjoslien	Knuth	Piepho	Sviggum
Anderson, R.	Forsythe	Kostohryz	Quist	Swanson
Bennett	Frerichs	Kvam	Redalen	Thiede
Berkelman	Gruenes	Levi	Reif	Tunheim
Blatz	Gutknecht	Ludeman	Riveness	Valan
Brandl	Halberg	Mann	Rodriguez, F.	Valento
Brinkman	Haukoos	Marsh	Rose	Waltman
Burger	Heap	McDonald	Sarna	Welker
Carlson, L.	Heinitz	McEachern	Schafer	Weile
Coleman	Himle	Metzen	Scheid	Wenzel
Dempsey	Hoffman	Nelson, K.	Schoenfeld	Wigley
DenOuden	Hokr	Neuenschwander	Schreiber	Zaffke
Dimler	Jennings	Omann	Sherman	
Eken	Jensen	Onnen	Simoneau	
Erickson	Johnson	Osthoff	Skoglund	
Evans	Kalis	Pauly	Sparby	

Those who voted in the negative were:

Battaglia	Graba	Long	Piper	Tomlinson
Beard	Greenfield	Minne	Rice	Voss
Begich	Gustafson	Murphy	Rodosovich	Welch
Clark, J.	Jacobs	Nelson, D.	Rodriguez, C.	Wynia
Clark, K.	Kahn	Norton	St. Onge	
Clawson	Kelly	O'Connor	Shea	
Cohen	Krueger	Ogren	Solberg	
Elioff	Larsen	Otis	Staten	

The bill was passed and its title agreed to.

There being no objection the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 1149, A bill for an act relating to liens; right of possession and liens on fabrication molds and patterns; providing a nonpossessory lien on personal property; lengthening the time limit for veterinary liens; amending Minnesota Statutes, 1982, sections 514.18; 514.19; and 514.92, subdivision 1.

The Senate has appointed as such committee Mr. Peterson, R. W.; Mrs. Lantry and Mr. Knaak.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CALL OF THE HOUSE

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

Anderson, B.	Evans	Kostohryz	Pauly	Solberg
Anderson, G.	Findlay	Krueger	Peterson	Sparby
Battaglia	Fjoslien	Kvam	Piepho	Stadum
Beard	Forsythe	Larsen	Piper	Staten
Begich	Frerichs	Levi	Price	Sviggum
Bennett	Greenfield	Ludeman	Quist	Swanson
Bergstrom	Gruenes	Mann	Redalen	Thiede
Berkelman	Gustafson	Marsh	Reif	Tomlinson
Bishop	Gutknecht	McDonald	Riveness	Tunheim
Blatz	Halberg	McEachern	Rodosovich	Uphus
Brandl	Haukoos	McKasy	Rodriguez, C.	Valan
Brinkman	Heap	Metzen	Rodriguez, F.	Valento
Burger	Heinitz	Minne	St. Onge	Voss
Clark, K.	Himle	Murphy	Sarna	Waltman
Clawson	Hoffman	Nelson, D.	Schafer	Welker
Cohen	Hokr	Nelson, K.	Schoenfeld	Welle
Colaman	Jacobs	Norton	Schreiber	Wenzel
Dempsey	Jennings	O'Connor	Seaberg	Zaffke
DenOuden	Jensen	Ogren	Segal	Speaker Sieben
Dimler	Johnson	Olsen	Shaver	
Eken	Kelly	Omann	Sherman	
Elioff	Knickerbocker	Onnen	Simoneau	
Erickson	Knuth	Osthoff	Skoglund	

Simoneau 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.

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

S. F. No. 415.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said Senate File is herewith transmitted to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

CONFERENCE COMMITTEE REPORT ON S. F. NO. 415

A bill for an act relating to state government; providing for salaries for constitutional officers, agency heads, metropolitan agency heads, and certain judicial positions; providing an expense allowance; establishing a compensation council; limiting local government salaries; prohibiting cash payments for accumulated vacation pay; expanding the authority of the commissioner of employee relations to set salaries; requiring the governor to recommend certain salaries; removing salary setting authority of certain state agencies; removing additional compensation for the career executive service; requiring the percentage of women in the career executive service to be increased; ratifying state and University of Minnesota labor agreements, compensation plans, and plans for early retirement incentives; amending Minnesota Statutes 1982, sections 3.855, subdivision 3; 3.922, subdivision 5; 15A.081, subdivisions 1, 6, and 7, and by adding a subdivision; 15A.083, subdivisions 1, 2, and 4; 43A.17, by adding subdivisions; 43A.18, subdivisions 3, 4, and 5; 43A.21, by adding a subdivision; 105.71, subdivision 2; 136.034; 136A.03; 179.741, subdivision 1; 244.09, subdivision 10; 256.482, subdivision 2; 298.22, subdivision 1; 326.241, subdivision 2; 352.03, subdivision 4; 354.06, subdivision 2; 484.68, subdivision 6; and Laws 1980, chapter 564, article XII, section 1, subdivision 3; proposing new law coded in Minnesota Statutes, chapter 15A; repealing Minnesota Statutes 1982, sections 16A.16; 136.063; and 136A.035.

May 20, 1983

The Honorable Jerome M. Hughes
President of the Senate

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

We, the undersigned conferees for S. F. No. 415, report that we have agreed upon the items in dispute and recommend as follows:

That the House recede from its amendments and that S. F. No. 415 be further amended as follows:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1982, section 3.305, is amended to read:

**3.305 [LEGISLATIVE COORDINATING COMMISSION;
BUDGET REVIEW.]**

The administrative budget request of any statutory commission the majority of whose members are members of the legislature shall be submitted to the legislative coordinating commission for review and comment prior to submission to the finance committee of the senate and the appropriations committee of the house of representatives. No such commission shall employ additional personnel (OR INCREASE THE COMPENSATION OF ANY EMPLOYEE) without first having received the recommendation of the legislative coordinating commission. *The commission shall establish the compensation of all employees of any statutory commission, except classified employees of the legislative audit commission, the majority of whose members are members of the legislature.*

Sec. 2. Minnesota Statutes 1982, section 3.855, subdivision 3, is amended to read:

Subd. 3. [OTHER DUTIES.] In addition to the duties specified in subdivision 2, the commission shall perform the following:

(a) Review and approve, reject, or modify a plan for compensation, terms and conditions of employment prepared and submitted by the commissioner of employee relations pursuant to section 43A.18, subdivision 2 covering all state employees who are not represented by an exclusive bargaining representative and whose compensation is not provided for by chapter 43A or other law;

(b) Review and approve, reject or modify a plan for total compensation and terms and conditions of employment for employees of those positions identified as being managerial pursuant to section 43A.18, subdivision 3, whose salaries and benefits are not otherwise provided for in law or other plans established under chapter 43A (.);

(c) Review and approve, reject or modify recommendations for salaries submitted by the governor pursuant to section 43A.18, subdivision 5, covering agency head positions listed in section 15A.081;

((C)) (d) Continually monitor the state's civil service system as provided for in chapter 43A, rules of the commissioner of employee relations and the collective bargaining process as provided for in sections 179.61 to 179.76, as applied to state employees;

((D)) (e) Research and analyze the need for improvements in those statutory sections;

((E)) (f) Adopt rules not inconsistent with this section relating to the scheduling and conduct of commission business and other organizational and procedural matters;

((F) RESEARCH AND ANALYZE INSURANCE PROGRAMS CURRENTLY AVAILABLE TO TEACHERS AND OTHER PUBLIC SCHOOL EMPLOYEES IN MINNESOTA AND REPORT TO THE LEGISLATURE BY DECEMBER 1, 1982. THE REPORT SHALL INCLUDE A SUMMARY OF INSURANCE BENEFIT LEVELS AND COSTS, INCLUDING HEALTH, DENTAL, LIFE AND DISABILITY INSURANCE; DIFFERENCES IN THE COST OF PROVIDING LIKE BENEFITS IN DIFFERENT REGIONS OF THE STATE AND IN SCHOOL DISTRICTS OF DIFFERENT SIZES; AND RECOMMENDATIONS ON THE FEASIBILITY OF PROVIDING A UNIFORM COVERAGE INSURANCE PROGRAM TO ALL SCHOOL DISTRICTS IN MINNESOTA;) and

(g) Perform such other related functions as are delegated to it by the legislature.

Sec. 3. Minnesota Statutes 1982, section 3.922, subdivision 5, is amended to read:

Subd. 5. [OFFICERS, PERSONNEL.] The board shall annually elect a chairman and such other officers as it may deem necessary. The chairman shall have the authority to appoint subcommittees necessary to fulfill the duties of the board. It shall also employ, and prescribe the duties of such clerks, employees, and agents as it deems necessary. *The compensation of the executive director of the board shall be as provided by section 43A.18.* The chairman shall be an ex-officio member of the state board of human rights. The appropriations and other funds of this board are subject to the provisions of chapter 16. The board shall maintain its primary office in Bemidji and shall also maintain personnel and office space in St. Paul.

Sec. 4. Minnesota Statutes 1982, section 15A.081, subdivision 1, is amended to read:

Subdivision 1. The (FOLLOWING SALARIES OR SALARY RANGES ARE PROVIDED FOR THE BELOW LISTED EMPLOYEES IN THE EXECUTIVE BRANCH OF GOVERN-

MENT) governor shall set the salary rate within the ranges listed below for positions specified in this subdivision, upon approval of the legislative commission on employee relations and the legislature as provided by section 43A.18, subdivisions 2 and 5:

	(SALARY OR RANGE		
	EFFECTIVE EFFECTIVE EFFECTIVE		
	JULY 1,	JULY 1,	JULY 1,
	1979	1980	1981)
(ADMINISTRATION, DEPARTMENT OF COMMISSIONER)	(\$44,000)	(\$47,000)	
(ADMINISTRATIVE HEARINGS OFFICE CHIEF HEARING EXAMINER)	(38,000)	(40,000)	
(AGRICULTURE, DEPARTMENT OF COMMISSIONER)	(38,000)	(40,000)	
(COMMERCE, DEPARTMENT OF COMMISSIONER OF BANKS)	(34,000)	(36,500)	
(COMMISSIONER OF INSURANCE)	(34,000)	(36,500)	
(COMMISSIONER OF SECURITIES AND REAL ESTATE)	(34,000)	(36,500)	
(DIRECTOR OF CONSUMER SERVICES)	(28,000)	(30,000)	
(COMMUNITY COLLEGE SYSTEM CHANCELLOR)	(44,000)	(46,000)	
(CORRECTIONS, DEPARTMENT OF COMMISSIONER)	(42,000)	(45,000)	
(OMBUDSMAN)	(33,000)	(35,000)	

(ECONOMIC
SECURITY,
DEPARTMENT OF
COMMISSIONER) (43,000) (45,000)

(EDUCATION,
DEPARTMENT OF
COMMISSIONER) (43,000) (45,000)

(ENERGY,
PLANNING AND
DEVELOPMENT
DEPARTMENT OF
COMMISSIONER) (46,000)

(FINANCE,
DEPARTMENT OF
COMMISSIONER) (48,000) (50,000)

(HEALTH,
DEPARTMENT OF
COMMISSIONER) (47,000) (49,000)

(HIGHER
EDUCATION
COORDINATING
BOARD
EXECUTIVE
DIRECTOR) (40,000) (42,000)

(HOUSING
FINANCE AGENCY
EXECUTIVE
DIRECTOR) (39,000) (41,000)

(HUMAN RIGHTS,
DEPARTMENT OF
COMMISSIONER) (31,000) (33,000)

(INDIAN AFFAIRS
BOARD
EXECUTIVE
DIRECTOR) (27,000) (29,000)

(IRON RANGE
RESOURCES AND
REHABILITATION
BOARD
COMMISSIONER) (30,000) (31,000)

(LABOR AND
INDUSTRY,
DEPARTMENT OF
COMMISSIONER) (38,000) (40,000)

(JUDGE OF THE
WORKERS'
COMPENSATION
COURT OF
APPEALS) (38,000) (40,000)

(MEDIATION
SERVICES,
BUREAU OF
DIRECTOR) (36,000) (38,000)

(NATURAL
RESOURCES,
DEPARTMENT OF
COMMISSIONER) (44,000) (47,000)

(PERSONNEL,
DEPARTMENT OF
COMMISSIONER) (44,000) (47,000)

(POLLUTION
CONTROL AGENCY
DIRECTOR) (38,000) (40,000)

(PUBLIC SAFETY,
DEPARTMENT OF
COMMISSIONER) (38,000) (41,000)

(PUBLIC
SERVICE,
DEPARTMENT OF
COMMISSIONER,
PUBLIC UTILITIES
COMMISSION) (34,000) (36,000)

(DIRECTOR) (34,000) (36,000)

(PUBLIC
WELFARE,
DEPARTMENT OF
COMMISSIONER) (44,000) (48,000)

(REVENUE,
DEPARTMENT OF
COMMISSIONER) (44,000) (47,000)

(STATE
UNIVERSITY
SYSTEM
CHANCELLOR) (44,000) (46,000)

(TRANSPORTATION,
DEPARTMENT OF
COMMISSIONER) (44,000) (48,000)

(TRANSPORTATION,
REGULATION
BOARD,
BOARD MEMBER) (32,000)

(VETERANS
AFFAIRS,
DEPARTMENT OF
COMMISSIONER) (31,000) (33,000)

Salary Range
Effective
July 1, 1983

Commissioner of education; \$57,500-\$70,000

Commissioner of finance;

Commissioner of transportation;

Commissioner of public welfare;

Chancellor, community college system;

Chancellor, state university system;

Director, vocational technical education;

Executive director, state board of investment;

Commissioner of administration; \$50,000-\$60,000

Commissioner of agriculture;

Commissioner of commerce;

Commissioner of corrections;

Commissioner of economic security;

Commissioner of employee relations;

Commissioner of energy and economic development;

Commissioner of health;

Commissioner of labor and industry;

Commissioner of natural resources;

Commissioner of revenue;

Commissioner of public safety;

Chief hearing examiner; office of administrative hearings;

Director, pollution control agency;

Director, state planning agency;

Executive director, higher education coordinating board;

Executive director, housing finance agency;

Executive director, teacher's retirement association;

Executive director, state retirement system;

Commissioner of human rights; **\$40,000-\$52,500**

Director, department of public service;

Commissioner of veterans' affairs;

Executive director, educational computing consortium;

Executive director, environmental quality board;

Director, bureau of mediation services;

Commissioner, public utilities commission;

Member, transportation regulation board;

*Chairperson, waste management board;
Director, zoological gardens.*

Sec. 5. Minnesota Statutes 1982, section 15A.081, subdivision 6, is amended to read:

Subd. 6. The following salaries are provided for the constitutional officers of the state:

	(EFFECTIVE JULY 1, 1979	EFFECTIVE JULY 1, 1980)	<i>Effective July 1 1983</i>
Governor	(\$62,000)	(\$66,500)	\$75,000
Attorney general	(52,500)	(56,000)	62,500
Lieutenant governor	(38,000)	(40,000)	44,000
Auditor	(34,000)	(36,000)	48,000
Secretary of state	(34,000)	(36,000)	44,000
Treasurer	(34,000)	(36,000)	44,000

The salaries of the chief deputy attorney general, deputy auditor, deputy secretary of state and deputy treasurer shall be set by their superior constitutional officer and may be up to 95 percent of the salaries of their respective superior constitutional officers.

Sec. 6. Minnesota Statutes 1982, section 15A.081, subdivision 7, is amended to read:

Subd. 7. The following salaries are provided for officers of metropolitan agencies:

	(EFFECTIVE JULY 1, 1979	EFFECTIVE JULY 1, 1980)
(CHAIRMAN, METROPOLITAN COUNCIL (PART-TIME))	(\$21,000)	(\$22,500)
((FULL-TIME))	(42,000)	(44,500)
(CHAIRMAN, METROPOLITAN AIRPORTS COMMISSION)	(10,500)	(11,500)

(CHAIRMAN,
METROPOLITAN TRANSIT
COMMISSION
(PART-TIME))

(18,000)

(19,000)

((FULL-TIME))

(36,000)

(38,000)

(CHAIRMAN,
METROPOLITAN WASTE
CONTROL COMMISSION

(16,000)

(17,000)

*Effective**Effective**July 1**July 1**1983**1984*

*Chairman, metropolitan
council*

\$47,000

\$50,000

*Chairman, metropolitan
airports commission*

14,000

16,000

*Chairman, metropolitan
transit commission*

42,000

46,000

*Chairman, metropolitan
waste control commission*

18,500

20,000

Fringe benefits for unclassified employees of the metropolitan waste control commission shall not exceed those fringe benefits received by unclassified employees of the metropolitan council.

Sec. 7. Minnesota Statutes 1982, section 15A.081, is amended by adding a subdivision to read:

Subd. 8. [EXPENSE ALLOWANCE.] Notwithstanding any law to the contrary, positions listed in subdivision 1, constitutional officers, the president of each community college, and the director of vocational-technical education are authorized an annual expense allowance not to exceed \$1,500 for necessary expenses in the normal performance of their duties for which no other reimbursement is provided. However, expense allowances for the chancellor of the state university system and the president of each state university shall be governed only by section 136.063. The expenditures under this subdivision are subject to any laws and rules relating to budgeting, allotment and encumbrance, preaudit and post audit. The commissioner of finance may promulgate rules to assure the proper expenditure of these funds, and to provide for reimbursement.

Sec. 8. [15A.082] [COMPENSATION COUNCIL.]

Subdivision 1. [CREATION.] *A compensation council is created to assist the legislature in establishing the compensation of constitutional officers, members of the Minnesota legislature, justices of the supreme court, and judges of the court of appeals, district court, county court, and county municipal court.*

Subd. 2. [MEMBERSHIP.] *The compensation council consists of 16 members: two members of the House of Representatives appointed by the speaker of the House of Representatives; two members of the Senate appointed by the majority leader of the Senate; one member of the House of Representatives appointed by the minority leader of the House of Representatives; one member of the Senate appointed by the minority leader of the Senate; two nonjudges appointed by and serving at the pleasure of the chief justice of the supreme court; and one member from each congressional district appointed by and serving at the pleasure of the governor, of whom no more than four may belong to the same political party. The compensation and removal of members appointed by the governor or the chief justice shall be as provided in section 15.059, subdivisions 3 and 4. The legislative coordinating commission shall provide the council with administrative and support services.*

Subd. 3. [SUBMISSION OF PLAN.] *By January 1, 1984, the compensation council shall submit to the speaker of the House of Representatives and the president of the Senate recommended salary plans for constitutional officers, legislators, justices of the supreme court, and judges of the court of appeals, district court, county court, and county municipal court. Unless the plans for constitutional officers and legislators are expressly modified or rejected in a bill passed by the legislature and signed by the governor, the salary plans shall take effect on January 1, 1985 if prior to that date an appropriation of funds to pay salaries as recommended in the plan is enacted. Unless the plan for judges is expressly modified or rejected in a bill passed by the legislature, the plan shall take effect on July 1, 1984, if the legislature appropriates funds to pay the salaries proposed in the plan. The salary plan for legislators shall be subject to additional terms that may be adopted according to section 3.099, subdivisions 1 and 3.*

Subd. 4. [CRITERIA.] *In making compensation recommendations, the council shall consider the amount of compensation paid in government service and the private sector to persons with similar qualifications, the amount of compensation needed to attract and retain experienced and competent persons, and the ability of the state to pay the recommended compensation. In making recommendations for legislative compensation, the council shall also consider the average length of a legislative session, the amount of work required of legislators during interim periods, and opportunities to earn income from other sources without neglecting legislative duties.*

Subd. 5. [CONFLICTS.] Salaries established by the legislature under the procedures specified in subdivision 3 shall take precedence over salaries listed in Minnesota Statutes, sections 3.099, 15A.081, and 15A.083 in the event of conflict.

Subd. 6. [EXPIRATION.] The compensation council shall expire on June 30, 1984.

Sec. 9. Minnesota Statutes 1982, section 15A.083, subdivision 1, is amended to read:

Subdivision 1. [ELECTIVE JUDICIAL OFFICERS.] The following salaries shall be paid annually to the enumerated elective judicial officers of the state:

	Effective July 1, (1979) 1983	(EFFECTIVE JULY 1, 1980)	Effective July 1, 1984
(1) Chief justice of the supreme court	(\$56,000) \$70,000	(\$59,000)	
(2) Associate justice of the supreme court	(52,500) 65,000	(56,000)	
(3) Chief judge of the court of appeals	62,500		
(4) Judge of the court of appeals	60,000		
((3)) (5) District judge, judge of county court ((LEARNED IN THE LAW),) probate court, and county municipal court	(45,000) 55,000	(48,000)	
((4) JUDGE OF A COUNTY COURT (NOT LEARNED IN THE LAW))	(29,500)	(31,500)	

Sec. 10. Minnesota Statutes 1982, section 15A.083, subdivision 2, is amended to read:

Subd. 2. [COUNTY COURT AND COUNTY MUNICIPAL JUDGES.] ((1) NOTWITHSTANDING ANY OTHER LAW TO THE CONTRARY, THE SALARY PAID TO A JUDGE OF A COUNTY COURT SHALL ALSO BE PAID TO JUDGES OF THE PROBATE COURT OF ST. LOUIS COUNTY AND TO JUDGES OF THE DULUTH MUNICIPAL COURT.)

((2) JUDGES OF THE COUNTY MUNICIPAL COURTS, AND COUNTY COURTS IN THE COUNTIES OF HENNEPIN, RAMSEY, WASHINGTON, ANOKA, SCOTT, ST. LOUIS, CARVER AND DAKOTA SHALL RECEIVE A SALARY OF \$45,000, EFFECTIVE JULY 1, 1979, AND \$48,000, EFFECTIVE JULY 1, 1980.)

((3)) If any judge (ENUMERATED IN THIS SUBDIVISION) *of the county municipal courts, and county courts in the counties of Hennepin, Ramsey, Washington, Anoka, Scott, St. Louis, Carver, and Dakota or the county or probate court in St. Louis County* dies while in office, the amount of his salary remaining unpaid for the month in which his death occurs, shall be paid to his estate.

Sec. 11. Minnesota Statutes 1982, section 15A.083, subdivision 4, is amended to read:

Subd. 4. [RANGES FOR OTHER JUDICIAL POSITIONS.] Salaries or salary ranges are provided for the following positions in the judicial branch of government. The appointing authority of any position for which a salary range has been provided shall fix the individual salary within the prescribed range, considering the qualifications and overall performance of the employee. Appointments to fill vacancies shall not be made above the midpoint of the salary range prescribed for the position unless the state court administrator has been consulted in advance and his approval obtained. Any salary increase that would adjust an employee's rate of pay beyond the midpoint of the range prescribed for the position must be approved in advance by the state court administrator. *The salaries of the district administrators of the second, fourth, and sixth judicial districts may be supplemented by the appropriate county board in an amount not to exceed \$10,000 per year. The salary of the state public defender shall be 95 percent of the salary of the attorney general.*

	Salary or Range		
	(EFFECTIVE JULY 1, 1979	EFFECTIVE JULY 1, 1980)	<i>Effective July 1, 1983</i>
(PUBLIC DEFENDER)	(\$37,500)	(\$40,000)	
District court administrator	(27,000-37,500)	(28,500-40,000)	36,000-48,000
(COUNTY ATTORNEYS COUNCIL EXECUTIVE DIRECTOR)	(22,000-32,000)	(23,500-34,000)	
Board on judicial standards executive director	(36,000)	(38,000)	32,000-44,000
State court administrator	(44,500)	(47,000)	45,500-54,000

Sec. 12. Minnesota Statutes 1982, section 43A.17, subdivision 1, is amended to read:

Subdivision 1. [SALARY LIMITS.] As used in this section, "salary" means hourly, monthly, or annual rate of pay including any lump-sum payments and cost-of-living adjustment increases but excluding payments due to overtime worked, shift or equipment differentials, work out of class as required by collective bargaining agreements or plans established pursuant to section 43A.18, and back pay on reallocation or other payments related to the hours or conditions under which work is performed rather than to the salary range or rate to which a class is assigned.

The salary, as established in section 15A.081, of the head of a state agency in the executive branch is the upper limit of compensation in the agency. The salary of the commissioner of labor and industry is the upper limit of compensation of employees in the bureau of mediation services. *However, if an agency head is assigned a salary that is lower than the current salary of another agency employee, the employee shall retain the salary, but shall not receive any increase in salary as long as the salary is above that of the agency head.* The commissioner may grant exemptions from these upper limits as provided in subdivisions 3 and 4.

Sec. 13. Minnesota Statutes 1982, section 43A.17, is amended by adding a subdivision to read:

Subd. 8. [ACCUMULATED VACATION LEAVE.] The commissioner of employee relations shall not agree to a collective bargaining agreement or recommend a compensation plan pursuant to section 43A.18, subdivisions 1, 2, 3, and 4, nor shall an arbitrator issue an award under sections 179.61 to 179.76, if the compensation plan, agreement, or award permits an employee to convert accumulated vacation leave into cash or deferred compensation before separation from state service.

Sec. 14. Minnesota Statutes 1982, section 43A.17, is amended by adding a subdivision to read:

Subd. 9. [POLITICAL SUBDIVISION SALARY LIMIT.] The salary of a person employed by a statutory or home rule charter city, county, town, school district, metropolitan or regional agency, or other political subdivision of this state, or employed pursuant to section 422A.03, may not exceed 95 percent of the salary of the governor, except as provided in this subdivision. The salary of a medical doctor occupying a position that the governing body of the political subdivision has determined requires an M.D. degree is excluded from the limitation in this subdivision. The commissioner may increase the limitation in this subdivision for a position that the commissioner has determined requires special expertise necessitating a higher salary to attract or retain a qualified person. The commissioner shall review each proposed increase giving due consideration to salary rates paid to other persons with similar responsibilities in the state. The commissioner may not increase the limitation until the commissioner has presented the proposed increase to the legislative commission on employee relations and received the commission's recommendation on it. The recommendation is advisory only.

Sec. 15. Minnesota Statutes 1982, section 43A.18, subdivision 3, is amended to read:

Subd. 3. [MANAGERIAL PLAN.] The commissioner shall identify individual positions or groups of positions in the classified and unclassified service, (EXCEPT THOSE LISTED IN SUBDIVISION 4,) in the executive branch as being managerial. The list shall not include positions listed in subdivision 4. The commissioner shall annually submit the listing of positions to the chairperson of the legislative commission on employee relations for the commission's review and comment, and shall note on each listing the changes from the prior year.

(a) The commissioner shall periodically prepare a plan for (TRAINING AND DEVELOPMENT, MOBILITY,) total compensation and terms and conditions of employment for employees

of those positions identified as being managerial and whose salaries and benefits are not otherwise provided for in law or other plans established under chapter 43A. (THE PLAN SHALL INCLUDE A CAREER EXECUTIVE SERVICE TO PROVIDE A SYSTEM FOR IDENTIFYING, DEVELOPING AND RECOGNIZING KEY INDIVIDUALS WHO OCCUPY MANAGERIAL POSITIONS IN THE CLASSIFIED SERVICE.) Before becoming effective those portions of the plan establishing compensation and terms and conditions of employment shall be reviewed and approved or modified by the legislative commission on employee relations and the legislature in the same manner as provided for the commissioner's plan in subdivision 2.

(b) Incumbents of managerial positions as identified under this subdivision shall be excluded from any bargaining units under the provisions of chapter 179.

(c) The management compensation plan shall provide methods and levels of compensation for managers that will be generally comparable to those applicable to managers in other public and private employment. Provisions of the plan shall ensure that compensation within assigned salary ranges is related to level of performance. *The plan shall also provide a procedure for establishment of a salary rate for a newly created position and a new appointee to an existing position and for progression through assigned salary ranges.* The employee benefits established under the provisions of the managerial plan may be extended to agency heads whose salaries are established in section 15A.081, subdivision 1, and to constitutional officers, judges of the workers' compensation court of appeals, and tax court judges.

((D) THE MANAGEMENT PLAN SHALL INCLUDE TOTAL COMPENSATION FOR INDIVIDUALS APPOINTED TO THE CAREER EXECUTIVE SERVICE. SALARIES ESTABLISHED UNDER THIS PLAN SHALL BE LIMITED TO 120 PERCENT OF THE MAXIMUM OF THE SALARY RANGE FOR THE EMPLOYEE'S JOB CLASSIFICATION IN THE CLASSIFIED SERVICE.)

((E) NO RIGHTS OR TENURE SHALL ATTACH TO A CAREER EXECUTIVE SERVICE ASSIGNMENT. AN INCUMBENT IN THE CAREER EXECUTIVE SERVICE MAY BE REMOVED FROM THE CAREER EXECUTIVE SERVICE BY THE APPOINTING AUTHORITY, PROVIDED THE ACTION IS MADE WITHOUT REGARD TO SEX, RACE, RELIGION, COLOR, CREED, MARITAL STATUS, AGE, NATIONAL ORIGIN, DISABILITY, STATUS WITH REGARD TO PUBLIC ASSISTANCE OR POLITICAL AFFILIATION. AN EMPLOYEE REMOVED FROM THE CAREER EXECUTIVE SERVICE SHALL RECEIVE COMPENSATION AT THE LEVEL FORMERLY RECEIVED PLUS ANY INCREASES THE EMPLOYEE WOULD HAVE RECEIVED

HAD THE EMPLOYEE NOT BEEN APPOINTED TO THE CAREER EXECUTIVE SERVICE.)

(AN EMPLOYEE WHO IS IN THE CAREER EXECUTIVE SERVICE ON JULY 1, 1981 AND WHOSE POSITION, AS A RESULT OF LAWS 1981, CHAPTER 210, IS NO LONGER ELIGIBLE FOR INCLUSION IN THE CAREER EXECUTIVE SERVICE IS NONETHELESS ELIGIBLE TO REMAIN A MEMBER OF THE CAREER EXECUTIVE SERVICE IN ACCORDANCE WITH THE PROVISIONS OF THIS SECTION SO LONG AS THE EMPLOYEE REMAINS IN THAT POSITION.)

Sec. 16. Minnesota Statutes 1982, section 43A.18, subdivision 4, is amended to read:

Subd. 4. [PLANS NOT ESTABLISHED BUT APPROVED BY COMMISSIONER.] Notwithstanding any other law to the contrary, total compensation for employees listed in this subdivision shall be set by appointing authorities (SUBJECT TO THE FOLLOWING LIMITATIONS:)

((A) TOTAL COMPENSATION PAID PURSUANT TO THIS SUBDIVISION SHALL BE) within the limits of compensation plans (WHICH SHALL) *that* have been approved by the commissioner before becoming effective (;).

((B)) (a) Total compensation for employees who are not covered by a collective bargaining agreement in the offices of the governor, attorney general, secretary of state, state auditor and state treasurer shall be determined by the governor, attorney general, secretary of state, state auditor and state treasurer, respectively (;).

((C) TOTAL COMPENSATION FOR UNCLASSIFIED EMPLOYEES OF THE STATE BOARD OF INVESTMENT SHALL BE DETERMINED BY THE STATE BOARD OF INVESTMENT;)

((D)) (b) Total compensation for unclassified positions pursuant to section 43A.08, subdivision 1, clause (h) and in the higher education coordinating board shall be determined by the state university board, the state board for community colleges, and the higher education coordinating board, respectively (; AND).

((E)) (c) Total compensation for classified hearing examiners in the office of administrative hearings shall be determined by the chief hearing examiner.

Sec. 17. Minnesota Statutes 1982, section 43A.18, subdivision 5, is amended to read:

Subd. 5. [GOVERNOR TO (SET) RECOMMEND CERTAIN SALARIES.] The governor shall, on or before (JANUARY 31) *July 1* of each odd numbered year, submit to the legislative commission on employee relations recommendations for salaries *within the salary range* for the positions listed in (SECTIONS) *section 15A.081, subdivision 1* (AND 15A.083). The governor may also propose additions or deletions of positions from those listed.

(a) Before submitting the recommendations, the governor shall consult with the commissioner of administration, the commissioner of finance, and the commissioner of employee relations concerning the recommendations. (BEFORE SUBMITTING RECOMMENDATIONS FOR AN EMPLOYEE IN THE OFFICE OF A CONSTITUTIONAL OFFICER, THE GOVERNOR SHALL CONSULT WITH THE CONSTITUTIONAL OFFICER CONCERNING THE RECOMMENDATIONS AND SHALL GIVE DUE CONSIDERATION TO THE ADVICE OF THE OFFICER;)

((B) EXCEPT FOR POSITIONS FOR WHICH SALARY RANGES HAVE BEEN ESTABLISHED, THE RECOMMENDATIONS SHALL CONTAIN A SPECIFIC SALARY FOR EACH POSITION LISTED IN SECTIONS 15A.081 AND 15A.083. THE GOVERNOR SHALL DETERMINE ONLY A FIXED SALARY FOR THE POSITIONS OF THE CONSTITUTIONAL OFFICERS, THE JUDGES OF THE WORKERS' COMPENSATION COURT OF APPEALS AND THE COMMISSIONER OF PUBLIC SERVICE;)

((C)) (b) In making recommendations, the governor shall consider only those criteria established in subdivision (7) 8 and shall not take into account performance of individual incumbents. The governor shall establish an objective system for quantifying knowledge, abilities, duties, responsibilities and accountabilities and in determining recommendations rate each position by this system (; AND).

(c) *Before the governor's recommended salaries take effect, the recommendations shall be reviewed and approved, rejected or modified by the legislative commission on employee relations and the legislature in the same manner as provided for the commissioner's plan in subdivision 2. The governor may also at any time propose changes in the salary rate of any positions covered by this subdivision, which shall be submitted and approved in the same manner as provided in this subdivision.*

(d) The initial salary of a head of an agency hereafter established whose salary is not specifically prescribed by law shall be fixed by the governor, after consultation with the commissioner, whose recommendation shall be advisory only, in an amount comparable to the salary of an agency head having similar duties and responsibilities.

Sec. 18. Minnesota Statutes 1982, Section 43A.21, is amended by adding a subdivision to read:

Subd. 5. [CAREER EXECUTIVE SERVICE.] (a) The commissioner shall designate persons in the classified service as eligible for inclusion in the career executive service. By January 1, 1985, at least 20 percent of the persons designated for inclusion in the career executive service must be women. By January 1, 1987, at least 40 percent of the persons designated for inclusion in the career executive service must be women. The positions shall include those that carry basic responsibilities for high level professional or scientific competence, policy determination, leadership, or the internal management and administration of a department or other major unit.

(b) The commissioner shall prepare a plan for training, development, and mobility of career executive service members consistent with applicable provisions of collective bargaining agreements. The plan need not be adopted in accordance with the rulemaking provisions of chapter 14. The career executive service plan shall not contain additional compensation for members.

(c) No rights or tenure attach to a career executive service assignment. An incumbent in the career executive service may be removed from the service by the appointing authority, provided the action is made without regard to sex, race, religion, color, creed, marital status, age, national origin, disability, or political affiliation.

(d) An employee in career executive service on July 1, 1983, who is receiving compensation at a level beyond the maximum of the assigned salary range shall continue to receive that rate of pay until the rate is within the assigned salary range.

Sec. 19. Minnesota Statutes 1982, section 105.71, subdivision 2, is amended to read:

Subd. 2. The state board may employ such technical and professional personnel and such other agents and employees, permanent or temporary, as it may require, and shall determine their qualifications (,) and duties (, AND). Compensation of employees shall be determined pursuant to chapter 43A. It shall have authority to prescribe the powers and duties of its officers and employees.

Upon request of the board for the purpose of carrying out any of its functions, the supervising officer of any state agency, or any state institution of learning, shall, insofar as it may be possible under available appropriations, and having due regard to the needs of the agency to which the request is directed, assign or detail to the state board from the staff or personnel of the agency or institution of learning, and make such special reports, surveys or studies as the state board may request.

Sec. 20. Minnesota Statutes 1982, section 136.034, is amended to read:

136.034 [STATE UNIVERSITY SYSTEM; EXECUTIVE SALARIES.]

Notwithstanding the provisions of (CHAPTERS 15A AND 43) *chapter 43A*, the state university board may establish executive salaries within the state university system, *except for the salary of the chancellor*, in accordance with a management compensation plan based on the level of responsibility and authority of various positions as well as appropriate market comparisons with similar positions in comparable public colleges and universities in the midwest.

The salary of the chancellor, *which shall be established pursuant to section 15A.081, subdivision 1*, is the upper limit of compensation for all other positions in the state university system.

The state university board shall survey compensation levels in comparable public colleges and universities in the midwest during the 1979-81 biennium and report necessary adjustments in the above level of compensation to the governor and legislature as part of its 1981-83 biennial budget request.

Sec. 21. Minnesota Statutes 1982, section 136A.03, is amended to read:

136A.03 [EXECUTIVE OFFICERS; EMPLOYEES.]

The higher education coordinating board may appoint an executive secretary or director as its principal executive officer, and such other officers and employees as it may deem necessary to carry out its duties. The executive secretary or director shall possess such powers and perform such duties as are delegated to him and shall serve in the unclassified service of the state civil service. *The salary of the executive director shall be established pursuant to section 15A.081, subdivision 1.* He shall be a person qualified by training and ability in the field of higher education or in educational administration. The board may also appoint other officers and professional employees who shall serve in the unclassified service of the state civil service and fix the salaries thereof which shall be commensurate with salaries in the classified service (, AND SHALL ALSO FIX THE SALARY OF ITS PRINCIPAL EXECUTIVE OFFICER). All other employees shall be in the classified civil service.

An officer or professional employee in the unclassified service as provided in this section is a person who has studied higher education or a related field at the graduate level or has similar experience and who is qualified for a career in some aspect of higher education and for activities in keeping with the planning

and administrative responsibilities of the board and who is appointed to assume responsibility for administration of educational programs or research in matters of higher education.

Sec. 22. Minnesota Statutes 1982, section 179.741, subdivision 1, is amended to read:

Subdivision 1. [STATE EMPLOYEES.] Subject to the provisions of section 179.742, subdivision 5, all appropriate units of state employees certified as of April 25, 1980 are abolished. The following shall be the appropriate units of executive branch state employees for the purposes of sections 179.61 to 179.76. All units shall exclude employees excluded by section 179.74, subdivision 4 and supervisory employees shall only be assigned to units 12 and 16. Unclassified employees, unless otherwise excluded, are included within the units which include the classifications to which they are assigned for purposes of compensation. No additional units of executive branch state employees shall be recognized for the purpose of meeting and negotiating.

(1) Law enforcement unit. This unit shall consist of all sworn state patrol personnel, all uniformed conservation officers, and all criminal apprehension agents.

(2) Craft, maintenance, and labor unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through (JUNE 16, 1981) *May 4, 1982*.

(3) Service unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through (JUNE 16, 1981) *May 4, 1982*.

(4) Health care non-professional unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through (JUNE 16, 1981) *May 4, 1982*.

(5) Health care professional unit. This unit shall consist of all positions which are required to be filled by registered nurses.

(6) Clerical and office unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through (JUNE 16, 1981) *May 4, 1982*.

(7) Technical unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through (JUNE 16, 1981) *May 4, 1982*.

(8) Correctional Guards unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through (JUNE 16, 1981) *May 4, 1982*.

(9) State university instructional unit. This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through (JUNE 16, 1981) *May 4, 1982*.

(10) Community college instructional unit. This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through (JUNE 16, 1981) *May 4, 1982*.

(11) State university administrative unit. This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through (JUNE 16, 1981) *May 4, 1982*.

(12) Professional engineering (SUPERVISORY) unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through (JUNE 16, 1981) *May 4, 1982*.

(13) Health treatment unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through (JUNE 16, 1981) *May 4, 1982*.

(14) General professional unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through (JUNE 16, 1981) *May 4, 1982*.

(15) Professional state residential instructional unit. This unit shall consist of those classifications assigned to this unit in the unit composition schedule adopted by the legislative com-

mission on employee relations on March 24, 1980, as amended through (JUNE 16, 1981) *May 4, 1982.*

(16) Supervisory employees unit. This unit shall consist of those positions assigned to this unit in the unit composition schedule adopted by the legislative commission on employee relations on March 24, 1980, as amended through (JUNE 16, 1981) *May 4, 1982.*

Sec. 23. Minnesota Statutes 1982, section 179.741, is amended by adding a subdivision to read:

Subd. 1a. [UNIT 12 EMPLOYEES.] Notwithstanding the changes made in the composition of unit 12 by this act, employees in unit 12 shall continue to be treated as supervisory employees for purposes of the right to strike and for purposes of interest arbitration.

Sec. 24. Minnesota Statutes 1982, section 244.09, subdivision 10, is amended to read:

Subd. 10. The commission may select and employ a research director who shall perform the duties the commission directs, including the hiring of any clerical help and other employees as the commission shall approve. The research director and other staff shall be in the unclassified service of the state and their (SALARY) *compensation* shall be established (BY THE COMMISSION) *pursuant to chapter 43A.* They shall be reimbursed for the expenses necessarily incurred in the performance of their official duties in the same manner as other state employees.

Sec. 25. Minnesota Statutes 1982, section 256.482, subdivision 2, is amended to read:

Subd. 2. [EXECUTIVE DIRECTOR; STAFF.] The council may select an executive director of the council by a vote of a majority of all council members. The executive director shall be in the unclassified service of the state and shall act as secretary to the council and shall perform such other duties as the council may require of him. The council shall approve employment of such clerical help and other employees as are necessary, upon the recommendation of the executive director. (SALARIES) *The salary* for the executive director and staff shall be established (IN THE MANNER PRESCRIBED BY CHAPTER 15A, AND) *pursuant to chapter 43A.* The executive director shall be reimbursed for all actual and necessary expenses incurred as a result of his council responsibilities.

Sec. 26. Minnesota Statutes 1982, section 298.22, subdivision 1, is amended to read:

Subdivision 1. (1) The office of commissioner of iron range resources and rehabilitation is created. The commissioner shall be appointed by the governor under the provisions of section 15.06.

(2) The commissioner may hold such other positions or appointments as are not incompatible with his duties as commissioner of iron range resources and rehabilitation. The commissioner may appoint a deputy commissioner. All expenses of the commissioner, including the payment of such assistance as may be necessary, shall be paid out of the amounts appropriated by section 298.28, subdivision 1. *The compensation of the commissioner shall be set by the legislative coordinating commission.*

(3) When the commissioner shall determine that distress and unemployment exists or may exist in the future in any county by reason of the removal of natural resources or a possibly limited use thereof in the future and the decrease in employment resulting therefrom, now or hereafter, he may use such amounts of the appropriation made to him in section 298.28, subdivision 1 as he may determine to be necessary and proper in the development of the remaining resources of said county and in the vocational training and rehabilitation of its residents. For the purposes of this section, "development of remaining resources" includes, but is not limited to, the promotion of tourism.

Sec. 27. Minnesota Statutes 1982, section 326.241, subdivision 2, is amended to read:

Subd. 2. [POWERS.] The board shall have power to:

(1) Elect its own officers;

(2) Engage and fix the compensation of (SUCH OFFICERS,) inspectors, and hire employees (AS IT MAY SEE FIT). *The salary of the executive secretary shall be established pursuant to chapter 43A.* All agents and employees other than contract inspectors shall be in the classified service *and shall be compensated pursuant to chapter 43A.* All inspectors shall hold licenses as master or journeyman electricians under section 326.242, subdivision 1(1) or subdivision 2(1), and shall give bond in an amount fixed by the board, conditioned upon the faithful performance of their duties.

(3) To pay such other expenses as it may deem necessary in the performance of its duties, including rent, supplies, and such like.

(4) To enforce the provisions of Laws 1967, Chapter 602, and provide, upon request, such additional voluntary inspections and reviews as it may deem appropriate.

(5) To issue, renew, refuse to renew, suspend and revoke licenses provided for in Laws 1967, Chapter 602.

(6) To adopt reasonable rules to carry out its duties under Laws 1967, Chapter 602 and to provide for the amount and collection of fees for inspection and other services. All rules shall be adopted in accordance with chapter 14.

Sec. 28. Minnesota Statutes 1982, section 352.03, subdivision 4, is amended to read:

Subd. 4. [DUTIES AND POWERS OF BOARD OF DIRECTORS.] It is the duty of the board and it has power to:

(1) Elect a chairman;

(2) Appoint an executive director;

((3) FIX THE COMPENSATION OF THE EXECUTIVE DIRECTOR AND THE ASSISTANT EXECUTIVE DIRECTOR;)

((4)) (3) Establish rules and regulations for the administration of the provisions of chapters 3A, 352, 352B, 352C, 352D and 490 and transaction of the business of the system, all subject to the limitations of said chapter and the law;

((5)) (4) Consider and dispose of, or take such other action as the board of directors deems appropriate concerning denials of applications for annuities or disability benefits under this chapter, and complaints of employees and others pertaining to the retirement of employees and the operation of the system;

((6)) (5) Advise the director on any matters relating to the system and the carrying out of the functions and purposes of said chapter, which advice shall be controlling; and

The director and assistant director shall be in the unclassified service but appointees may be selected from civil service lists if it is desired to do so. *The salary of the executive director shall be as provided by section 15A.081, subdivision 1. The salary of the assistant director shall be set in accordance with section 43A.18, subdivision 3.*

Sec. 29. Minnesota Statutes 1982, section 354.06, subdivision 2, is amended to read:

Subd. 2. The board shall annually elect one of its members as president. It shall elect an executive director, (AND FIX HIS SALARY AND THE) *whose salary shall be as provided by section 15A.081, subdivision 1. The salary of the assistant executive director who shall be in the unclassified service, shall be set in*

accordance with section 43A.18, subdivision 3. The executive director shall serve during the pleasure of the board and be the executive officer of the board, with such duties as the board shall prescribe. The board shall employ all other clerks and employees necessary to properly administer the fund. The cost and expense of administering the provisions of this chapter shall be paid by the fund. The executive director shall be appointed by the board on the basis of fitness, experience in the retirement field and leadership ability. The executive director shall have had at least five years of experience on the administrative staff of a major retirement system.

Sec. 30. Minnesota Statutes 1982, section 484.68, subdivision 6, is amended to read:

Subd. 6. [SALARY.] The salary of the district administrator shall be set by the state court administrator within the limits provided in section 15A.083, and shall be paid by the state. (THE SALARIES OF THE DISTRICT ADMINISTRATORS OF THE SECOND AND FOURTH JUDICIAL DISTRICTS MAY BE SUPPLEMENTED BY THE APPROPRIATE COUNTY BOARD BY AN AMOUNT NOT TO EXCEED \$10,000 PER YEAR.) If an administrator dies, the amount of his salary remaining unpaid for the month in which his death occurs shall be paid to his estate.

Sec. 31. Laws of Minnesota 1980, chapter 564, article XII, section 1, subdivision 3, is amended to read:

Subd. 3. [WASTE MANAGEMENT BOARD.] 15,718,000

This appropriation is available for the following purposes:

(a) General Operations and Management. 718,000

Approved Complement—14. These positions are in the unclassified service and their continuation is dependent upon the availability of money from appropriations in this subdivision. When these appropriations have been expended the positions shall be cancelled and the approved complement reduced accordingly. The annual salary of the full-time chairperson of the board shall be (\$45,000) *established pursuant to section 15A.081, subdivision 1.*

(b) Acquisition of Sites and Buffer Areas for Hazardous Waste Facilities 6,200,000

This appropriation is from the state waste management fund, to be spent pursuant to article II, section 3, subdivision 4. Up to \$1,200,000 is available for expenditure before June 30, 1981, for costs of staff and independent professional services needed for the selection and acquisition of sites.

(c) Waste Processing Facility Demonstration Program 8,800,000

This appropriation is from the state waste management fund, to be spent pursuant to article VI, sections 4 and 6. Up to five percent is available for administration and technical and professional services.

Sec. 32. [EDUCATION SALARIES.]

Notwithstanding Laws 1981, chapter 359, sections 4 and 5, any law enacted in the 1983 legislative session, or any other law to the contrary, the salaries of the chancellor of the state university system, the chancellor of the community college system, the director of vocational-technical education, and the executive director of the Minnesota educational computing consortium shall be established pursuant to section 15A.081, subdivision 1.

Sec. 33. [AMENDED UNIT COMPOSITION SCHEDULE.]

The unit composition schedule for state employees adopted by the legislative commission on employee relations on March 24, 1980, as amended through the effective date of this section, is amended by striking the job classifications entitled "police training course supervisor" and "police training instructor" from unit (14) and inserting those job classifications into unit (1).

Sec. 34. [STATE EMPLOYEE RATIFICATION.]

Subdivision 1. [NEGOTIATED SUPPLEMENTAL AGREEMENTS.] *The supplemental agreements negotiated between the state and the exclusive representatives of state bargaining units 1, 2, 3, 4, 5, 6, 7, 8, 9, 10, 12, 14, and 16, providing for early retirement incentives, which were given interim approval by the legislative commission on employee relations after adjournment of the 1982 legislature, are ratified.*

Subd. 2. [COMMISSIONER'S PLAN.] *The terms of the commissioner of employee relations' plan for unrepresented state employees, as amended and given interim approval by the legislative commission on employee relations after adjournment of the 1982 legislature, are ratified.*

Sec. 35. [UNIVERSITY RATIFICATION.]

Subdivision 1. [EARLY RETIREMENT.] *The supplemental labor agreements and other compensation plans approved by the board of regents, providing early retirement incentives for University of Minnesota employees, as approved by the legislative commission on employee relations after adjournment of the 1982 legislature, are ratified.*

Subd. 2. [UNREPRESENTED EMPLOYEES SALARY SUPPLEMENTS.] The salary supplements provided in the University of Minnesota regents' compensation plans, as approved by the legislative commission on employee relations after adjournment of the 1982 legislature, are approved for the following groups of unrepresented employees: Twin Cities instructional, noninstructional professional, supervisory, managerial and confidential, nursing, clerical and office, technical, outstate instructional, and graduate assistants.

Subd. 3. [DULUTH AND WASECA.] The salary supplements provided in the labor agreement between the regents of the University of Minnesota and the university education association, representing the organized faculty at the Duluth and Waseca campuses, is ratified, as approved by the legislative commission on employee relations on January 31, 1983.

Sec. 36. [REPEALER.]

Minnesota Statutes 1982, sections 16A.16, and 136A.035, are repealed.

Sec. 37. [APPROPRIATION.]

Subdivision 1. The sum of \$4,956,100 is appropriated to the commissioner of finance to pay the compensation increases provided for by this act, to be available for the fiscal year ending June 30 in the years indicated. Persons whose compensation is paid from open appropriations of dedicated receipts shall be paid from those appropriations and not from the appropriations made by this section. The commissioner of finance shall certify to the committee on finance of the senate and the committee on appropriations of the house of representatives the amount needed to be added to each appropriation account from which the compensation of a person affected by this act is paid, and then shall transfer that amount to the appropriate account.

	1984	1985
<i>(a) Executive agency heads, as provided in Minnesota Statutes, section 15.081, subdivision 1</i>		
<i>General fund</i>	<i>\$ 526,700</i>	<i>\$ 534,700</i>
<i>Trunk highway fund</i>	<i>74,800</i>	<i>75,500</i>
<i>Highway user fund</i>	<i>1,500</i>	<i>1,500</i>
<i>(b) Constitutional officers and their deputies, as provided in Minnesota Statutes, section 15A.081, subdivision 6</i>		
<i>General fund</i>	<i>76,750</i>	<i>78,250</i>

(c) *Judges and judicial positions, as provided in Minnesota Statutes, section 15A.083*
General fund

1,754,100 1,832,300

Subd. 2. There is appropriated the sum of \$6,300 to the legislative coordinating commission for the per diem and expenses of the council established in section 8 of this act.

Sec. 38. [EFFECTIVE DATE.]

Section 14 is effective the day following final enactment and applies to salaries set or changed after that date. An employee who, on the day of final enactment, is receiving a salary which is above the limit set according to section 14 shall continue to receive that salary until the salary is below the limit. Sections 17, 34, and 35 are effective the day following final enactment. Section 13 applies only to collective bargaining agreements entered into after July 1, 1983, for the 1983 to 1985 biennium and thereafter. All other sections are effective July 1, 1983."

Delete the title and insert:

"A bill for an act relating to state government; providing for salaries for constitutional officers, agency heads, legislators, metropolitan agency heads, and certain judicial positions; providing an expense allowance; establishing a compensation council; limiting local government salaries; prohibiting cash payments for accumulated vacation pay; expanding the authority of the commissioner of employee relations to set salaries; requiring the governor to recommend certain salaries; removing salary setting authority of certain state agencies; removing additional compensation for the career executive service; requiring the percentage of women in the career executive service to be increased; ratifying state and University of Minnesota labor agreements, compensation plans, and plans for early retirement incentives; appropriating money; amending Minnesota Statutes 1982, sections 3.305; 3.855, subdivision 3; 3.922, subdivision 5; 15A.081, subdivisions 1, 6, and 7, and by adding a subdivision; 15A.083, subdivisions 1, 2, and 4; 43A.17, subdivision 1, and by adding subdivisions; 43A.18, subdivisions 3, 4, and 5; 43A.21, by adding a subdivision; 105.71, subdivision 2; 136.034; 136A.03; 179.741, subdivision 1, and by adding a subdivision; 244.09, subdivision 10; 256.482, subdivision 2; 298.22, subdivision 1; 326.241, subdivision 2; 352.03, subdivision 4; 354.06, subdivision 2; 484.68, subdivision 6; and Laws 1980, chapter 564, article XII, section 1, subdivision 3; proposing new law coded in Minnesota Statutes, chapter 15A; repealing Minnesota Statutes 1982, sections 16A.16; and 136A.035."

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

Senate Conferees: DONALD M. MOE, WILLIAM P. LUTHER, DARRIL WEGSCHIED, FRITZ KNAAK and ALLAN H. SPEAR.

House Conferees: WAYNE SIMONEAU, ROBERT E. VANASEK, WALLY SPARBY, DAVID T. BISHOP and BERT J. MCKASY.

Simoneau moved that the report of the Conference Committee on S. F. No. 415 be adopted and that the bill be repassed as amended by the Conference Committee.

Jennings moved that the House refuse to adopt the Conference Committee report on S. F. No. 415, that the bill be returned to the Conference Committee, and that the Conference Committee be instructed to remove the portion of the report relating to legislative salaries.

The Speaker ruled that the portion of the Jennings motion regarding instructions to the Conference Committee on S. F. No. 415 out of order.

The remaining portion of the Jennings motion was reported to the House as follows:

Jennings moved that the House refuse to adopt the Conference Committee report on S. F. No. 415, and that the bill be returned to the Conference Committee.

A roll call was requested and properly seconded.

The question was taken on the Jennings motion and the roll was called.

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

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

There were 51 yeas and 72 nays as follows:

Those who voted in the affirmative were:

Bennett	Gutknecht	Marsh	Schafer	Uphus
Blatz	Haukoos	McDonald	Schoenfeld	Valan
Burger	Heap	McKasy	Schreiber	Valento
Dempsey	Heinitz	Olsen	Seaberg	Waltman
DenOuden	Himle	Omann	Shaver	Welker
Dimler	Hokr	Onnen	Shea	Wenzel
Erickson	Jennings	Pauly	Sherman	Zaffke
Findlay	Johnson	Piepho	Stadum	
Fjoslien	Kvam	Quist	Sviggum	
Frerichs	Levi	Redalen	Thiede	
Gruenes	Ludeman	Reif	Tomlinson	

Those who voted in the negative were:

Anderson, B.	Coleman	Kostohryz	Osthoff	Skoglund
Anderson, G.	Eken	Krueger	Otis	Soiberg
Anderson, R.	Elioff	Larsen	Peterson	Sparby
Battaglia	Evans	Long	Price	Staten
Beard	Graba	Mann	Rice	Swanson
Begich	Greenfield	McEachern	Rivencss	Tunheim
Bergstrom	Gustafson	Metzen	Rodosovich	Vanasek
Berkelman	Halberg	Minne	Rodriguez, C.	Voss
Brandl	Hoffman	Munger	Rodriguez, F.	Welch
Brinkman	Jensen	Murphy	Rose	Welle
Carlson, L.	Kahn	Nelson, D.	St. Onge	Wynia
Clark, J.	Kalis	Nelson, K.	Sarna	Speaker Sieben
Clark, K.	Kelly	Neuenschwander	Scheid	
Clawson	Knickerbocker	Norton	Segal	
Cohen	Knuth	Ogren	Simoneau	

The motion did not prevail.

The question recurred on the Simoneau motion that the report of the Conference Committee on S. F. No. 415 be adopted and that the bill be repassed as amended by the Conference Committee. The motion prevailed.

S. F. No. 415, A bill for an act relating to state government; providing for salaries for constitutional officers, agency heads, metropolitan agency heads, and certain judicial positions; providing an expense allowance; establishing a compensation council; limiting local government salaries; prohibiting cash payments for accumulated vacation pay; expanding the authority of the commissioner of employee relations to set salaries; requiring the governor to recommend certain salaries; removing salary setting authority of certain state agencies; removing additional compensation for the career executive service; requiring the percentage of women in the career executive service to be increased; ratifying state and University of Minnesota labor agreements, compensation plans, and plans for early retirement incentives; amending Minnesota Statutes 1982, sections 3.855, subdivision 3; 3.922, subdivision 5; 15A.081, subdivisions 1, 6, and 7, and by adding a subdivision; 15A.083, subdivisions 1, 2, and 4; 43A.17, by adding subdivisions; 43A.18, subdivisions 3, 4, and 5; 43A.21, by adding a subdivision; 105.71, subdivision 2; 136.034; 136A.03; 179.741, subdivision 1; 244.09, subdivision 10; 256.482, subdivision 2; 298.22, subdivision 1; 326.241, subdivision 2; 352.03, subdivision 4; 354.06, subdivision 2; 484.68, subdivision 6; and Laws 1980, chapter 564, article XII, section 1, subdivision 3; proposing new law coded in Minnesota Statutes, chapter 15A; repealing Minnesota Statutes 1982, sections 16A.16; 136.063; and 136A.035.

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:

Pursuant to rule 2.5, Forsythe requested that she be excused from voting on the Conference Committee report on S. F. No. 415. The request was granted.

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

There were 68 yeas and 63 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Ellingson	McKasy	Quinn	Staten
Anderson, R.	Graba	Metzen	Rice	Swanson
Battaglia	Greenfield	Munger	Rodriguez, F.	Tomlinson
Beard	Gustafson	Murphy	Rose	Tunheim
Bennett	Halberg	Nelson, K.	St. Onge	Vanasek
Bishop	Hoffman	Neuenschwander	Sarna	Vellenga
Brandl	Jacobs	Norton	Scheid	Voss
Carlson, L.	Kahn	O'Connor	Schoenfeld	Welch
Clark, J.	Kelly	Ogren	Seaberg	Welle
Clark, K.	Knickerbocker	Osthoff	Segal	Wenzel
Clawson	Knuth	Otis	Simoncau	Wynia
Cohen	Larsen	Peterson	Skoglund	Speaker Sieben
Coleman	Long	Piper	Solberg	
Eken	Mann	Price	Sparby	

Those who voted in the negative were:

Anderson, B.	Findlay	Kalis	Onnen	Sherman
Begich	Fjoslien	Kostohryz	Pauly	Stadum
Bergstrom	Frerichs	Krueger	Piepho	Sviggum
Berkelman	Gruenes	Kvam	Quist	Thiede
Blatz	Gutknecht	Levi	Redalen	Uphus
Brinkman	Haukoos	Ludeman	Reif	Valan
Burger	Heap	Marsh	Riveness	Valento
Dempsey	Heinitz	McDonald	Rodosovich	Waltman
DenOuden	Himle	McEachern	Rodriguez, C.	Welker
Dimler	Hokr	Minne	Schafer	Wigley
Elioff	Jennings	Nelson, D.	Schreiber	Zaffke
Erickson	Jensen	Olsen	Shaver	
Evans	Johnson	Omänn	Shea	

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

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 769, A bill for an act relating to metropolitan government; extending the time for design selection for noise suppression equipment at the international airport; amending Minnesota Statutes 1982, section 473.608, subdivision 20.

The Senate has appointed as such committee Messrs. Freeman, Belanger and Petty.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate accedes to the request of the House for the appointment of a Conference Committee on the amendments adopted by the Senate to the following House File:

H. F. No. 1224, A bill for an act relating to occupations and professions; regulating the period of time between professional boxing contests, matches, or exhibitions; amending Minnesota Statutes 1982, section 341.115; proposing new law coded in Minnesota Statutes, chapter 341.

The Senate has appointed as such committee Messrs. Chmielewski, Solon and Wegscheid.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 77, A bill for an act relating to horse racing; creating a Minnesota racing commission and providing for its membership, powers, and duties; authorizing the licensing of persons to operate racetracks, conduct horse racing, engage in certain occupations, and conduct pari-mutuel betting on horse racing; prescribing taxes and license fees; establishing a Minnesota breeders fund; defining sports bookmaking and making it a felony; clarifying what is not a lottery; providing for the forfeiture of certain gambling devices, prizes, and proceeds; providing penalties; appropriating money; amending Minnesota Statutes 1982, section 10A.09, subdivisions 1 and 5; 38.04; 340.11, by adding a subdivision; 609.75, subdivisions 1 and 3, and by adding a subdivision; 609.76; 609.761; proposing new law coded as Minnesota Statutes, chapter 240, proposing new law coded in Minnesota Statutes, chapter 609.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 652, A bill for an act relating to public retirement funds; providing interest on refunds and removing erroneous language from the legislators plan; excluding severance pay in annuity computation and authorizing the purchase of service credit in the state retirement system for certain periods of unpaid leave; excluding severance pay in computing state patrol annuities; authorizing payment of interest on refunds to constitutional officers; excluding court reporter's fees from salary computation and reinstating retroactively an actuarial valuation reduction for certain public employees retirement association members; providing for a fiduciary obligation of trustees, clarifying the exemption of moneys from legal process, and increasing survivor benefits for first class city teachers associations; providing that moneys of public plans are for the exclusive benefit of participants; clarifying treatment of periods of duplicated public service credit; allowing certain public employees to retain service credit for disability benefit purposes upon a change in employment; conforming to federal limits on annual benefits; authorizing asset transfers between accounts and increasing survivor benefits for the Minneapolis municipal fund; clarifying the definition of separation from active service for volunteer firefighters; clarifying the period during which a disabled judge is entitled to full salary; correcting erroneous dates in a buyback authorization for a Crookston police officer; amending Minnesota Statutes 1982, sections 3A.03, subdivision 2; 3A.11, subdivision 1; 352.01, subdivision 13; 352B.08, subdivision 2; 352C.09, subdivision 2; 353.01, subdivision 10; 353.27, subdivision 9; 353.30, by adding a subdivision; 354A.011, subdivision 4; 354A.021, by adding a subdivision; 354A.11; 354A.32; 354A.35, subdivision 2; 356.30, subdivision 1; 356.301; 356.61; 356.65, subdivision 1; 422A.05, subdivision 1; 422A.05, by adding a subdivision; 422A.23, subdivision 2; 424A.02, subdivision 1; 490.124, subdivision 4; amending Laws 1983, chapter 84, section 1; proposing new law coded in Minnesota Statutes, chapter 356; repealing Minnesota Statutes, sections 422A.05, subdivision 7; 422A.23, subdivision 3; and Laws 1982, chapter 519, section 4, are repealed.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

I hereby announce that the Senate has concurred in and adopted the report of the Conference Committee on:

H. F. No. 102, A bill for an act relating to agricultural and residential real estate; requiring 60 days notice of default on a real estate mortgage, notice of termination of a real estate contract for deed, and eight weeks notice of commencement of a sale and foreclosure proceeding; providing that a court may order a delay in a foreclosure sale or contract termination under certain circumstances; limiting the right to maintain actions for deficiency judgments; amending Minnesota Statutes 1982, sections 47.20, by adding a subdivision; 559.21, by adding a subdivision; proposing new law coded in Minnesota Statutes, chapter 580; proposing new law coded as Minnesota Statutes, chapter 583.

The Senate has repassed said bill in accordance with the recommendation and report of the Conference Committee.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Brinkman was excused for the remainder of today's session.

SPECIAL ORDERS

H. F. No. 1137 was reported to the House.

Otis moved to amend H. F. No. 1137, as follows:

Page 1, line 24, after "*the*" insert "*greater of (i) the*"

Page 2, line 3, after "*hired*" insert "*, or (ii) the maximum number of full-time employees employed by the qualified employer at any time during the ten years preceding the taxable year in which the qualified employees were hired*"

Page 3, line 19, after "*estimate*" insert "*shall be*"

Page 3, line 20, after "*year*" insert a period

Page 3, line 20, delete "*shall be*" and insert "*If the resulting quotient is less than one, the adjustment factor for taxable years beginning during the succeeding calendar year shall be the quotient plus one. If the resulting quotient is more than one,*"

Page 3, line 22, after "*year*" insert "*shall be one*"

The motion prevailed and the amendment was adopted.

H. F. No. 1137, A bill for an act relating to taxation; providing an income tax credit for employers who create new permanent jobs; proposing new law coded in Minnesota Statutes, chapter 290.

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.

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

There were 106 yeas and 18 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Fjoslien	Kvam	Piper	Skoglund
Anderson, R.	Forsythe	Larsen	Price	Solberg
Battaglia	Graba	Long	Quinn	Sparby
Beard	Greenfield	Mann	Quist	Stadum
Begich	Gruenes	Marsh	Redalen	Staten
Bennett	Gustafson	McEachern	Reif	Sviggum
Bergstrom	Gutknecht	Metzen	Rice	Swanson
Berkelman	Heap	Minne	Riveness	Tomlinson
Blatz	Heinitz	Munger	Rodosovich	Tunheim
Burger	Himle	Murphy	Rodriguez, C.	Valan
Carlson, D.	Hoffman	Nelson, D.	Rodriguez, F.	Vanasek
Carlson, L.	Hokr	Nelson, K.	Rose	Vellenga
Clark, J.	Jacobs	Neuenschwander	St. Onge	Waltman
Clark, K.	Jennings	Norton	Sarna	Welch
Clawson	Jensen	O'Connor	Scheid	Welle
Cohen	Johnson	Ogren	Schoenfeld	Wenzel
Coleman	Kahn	Olsen	Schreiber	Wynia
Eken	Kalis	Omann	Seaberg	Speaker Sieben
Elioff	Knickerbocker	Osthoff	Segal	
Ellingson	Knuth	Otis	Shaver	
Evans	Kostohryz	Pauly	Sherman	
Findlay	Krueger	Peterson	Simoneau	

Those who voted in the negative were:

Anderson, G.	Erickson	Ludeman	Thiede	Wigley
Brandl	Frerichs	McDonald	Uphus	Zaffke
DenOuden	Haukoos	Piepho	Valento	
Dimler	Levi	Schafer	Welker	

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

CALL OF THE HOUSE LIFTED

Vanasek moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

S. F. No. 147 was reported to the House.

Welch, Rose, Norton and Clawson moved to amend S. F. No. 147, the unofficial engrossment, as previously amended on Thursday, May 19, 1983, as follows:

Page 1, after line 11, insert a new section as follows:

"Section 1. [3.851] [INTERIM PENSION FINANCE STUDY COMMISSION.] *Subdivision 1. The legislature finds that the financing of public employee retirement funds should receive a detailed review prior to the beginning of the 1984 legislative session.*

To accomplish this objective, there is hereby established a legislative pension finance study commission consisting of five members appointed by the speaker of the house, five members appointed by the majority leader of the senate, and the commissioner of finance.

Subd. 2. The legislative pension finance study commission shall, prior to February 1, 1984, provide the legislature with a report and recommendations for the four teachers retirement associations, the Minnesota state retirement system, the public employees retirement association, and the Minneapolis employees retirement fund which will:

1) review and select an actuarial funding method that will provide employer and employee total contributions that remain a level percent of payroll over the funding period;

2) appraise and select actuarial assumptions that reflect anticipated economic trends;

3) review alternative methods for adjusting post-retirement benefits for future retirees;

4) review the need for continuing currently legislated contributions that may be in excess of total plan costs determined using appropriate economic assumptions;

5) review alternative liability measures and select an asset target that accurately reflects liabilities of the retirement plan; and

6) review the adequacy of benefits."

Renumber the sections.

Page 2, after line 34, insert a new section to read:

"Sec. 6. [356.19] [ACTUARIAL SERVICES FOR PUBLIC PENSION FUNDS.] *Subdivision 1. [CONTRACT FOR ACTUARIAL SERVICES.] Notwithstanding any law to the contrary of the laws governing the funds enumerated in subdivi-*

sion 2, all actuarial services for the covered funds shall be provided by the actuary employed by the legislative commission on pensions and retirement. The commission actuary shall prepare the actuarial valuations and experience studies required pursuant to section 356.215, and actuarial estimates for proposed plan changes. The charge for the actuarial services shall be billed to each retirement fund by the commission actuary.

Subd. 2. [COVERED FUNDS.] The provisions of this section shall apply to the following retirement funds:

(1) *state employees retirement fund established pursuant to chapter 352;*

(2) *correctional employees retirement program, established pursuant to chapter 352;*

(3) *unclassified employees retirement plan, established pursuant to chapter 352D;*

(4) *state patrol retirement fund, established pursuant to chapter 352B;*

(5) *legislators' retirement plan, established pursuant to chapter 3A;*

(6) *elective state officers' retirement plan, established pursuant to chapter 352C;*

(7) *public employees retirement association, established pursuant to chapter 353;*

(8) *public employees police and fire fund, established pursuant to chapter 354;*

(9) *teachers retirement fund, established pursuant to chapter 354;*

(10) *Minneapolis employees retirement fund, established pursuant to chapter 422A;*

(11) *Minneapolis teachers retirement fund association, established pursuant to chapter 354A;*

(12) *St. Paul teachers retirement fund association, established pursuant to chapter 354A;*

(13) *Duluth teachers retirement fund association, established pursuant to chapter 354A."*

Renumber the sections

Page 3, line 1, delete *"enactment through June 30, 1985"* and insert, *"May 1, 1984 through April 30, 1985"*

Page 3, line 7, after the period insert:

"The unreduced early retirement benefit provided in this subdivision shall not apply unless the study commission provided for in section 1 recommends a method of financing the benefit that is enacted by the legislature."

Page 3, line 31, delete *"twice annually on January"* and insert *"on November"*

Page 3, line 32, delete *"and July 15 for the years 1984 and 1985"* and insert, *"1984 and May 15, 1985"*

Page 3, line 34, delete *"for June 30, 1983,"*

Page 3, line 35, delete, *"or December 31, 1983,"*

Page 4, line 4, before the period insert, *"except that sections 6 and 7 are effective May 1, 1984"*

Amend the title accordingly.

A roll call was requested and properly seconded.

The question was taken on the amendment and the roll was called. There were 77 yeas and 44 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Frerichs	Ludeman	Riveness	Tomlinson
Anderson, G.	Graba	Mann	Rodosovich	Tunheim
Bishop	Gruenes	Marsh	Rodriguez, C.	Uphus
Blatz	Gutknecht	McDonald	Rose	Valan
Brandl	Halberg	McKasy	Schafer	Valento
Burger	Haukoos	Nelson, D.	Schreiber	Vellenga
Carlson, D.	Heinitz	Nelson, K.	Seaberg	Waltman
Clawson	Hinle	Norton	Segal	Welch
Cohen	Jennings	Olsen	Shaver	Welker
Coleman	Johnson	Omamn	Shea	Welle
DenOuden	Kahn	Onnen	Sherman	Wynia
Dimler	Kelly	Pauly	Simoncau	Zaffke
Eken	Knuth	Peterson	Skoglund	Speaker Sieben
Ellingson	Krueger	Quinn	Stadum	
Findlay	Kvam	Quist	Staten	
Forsythe	Levi	Redalen	Sviggum	

Those who voted in the negative were:

Anderson, R.	Bergstrom	Evans	Hoffman	McEachern
Battaglia	Berkelman	Fjoslien	Jacobs	Metzen
Beard	Carlson, L.	Greenfield	Kalis	Minne
Begich	Dempsey	Gustafson	Kostohryz	Murphy
Bennett	Erickson	Heap	Larsen	Neuenschwander

O'Connor	Piepho	Rice	Schoenfeld	Voss
Ogren	Piper	Rodriguez, F.	Solberg	Wenzel
Osthoff	Price	St. Onge	Sparby	Wigley
Otis	Reif	Sarna	Swanson	

The motion prevailed and the amendment was adopted.

Jensen was excused for the remainder of today's session.

Nelson, K.; McEachern and Levi moved to amend S. F. No. 147, the unofficial engrossment, as amended, as follows:

Page 1, after line 11, insert a section to read:

"Section 1. Minnesota Statutes 1982, section 125.611, subdivision 3, is amended to read:

Subd. 3. [TEACHER APPLICATION.] A teacher meeting the requirements of subdivision 1 may apply to the school board of the employing district for a contract for termination of his services, withdrawal from active teaching service, and payment of an early retirement incentive. This application shall be submitted on or before February 1 of the school year at the end of which the teacher wishes to retire, and shall be submitted on the form established by the commissioner of education for this purpose. Any teacher who is granted an extended leave of absence pursuant to section 125.60 beginning in the 1981-1982 school year or any year thereafter is not eligible for an early retirement incentive until that teacher has been reemployed with a district for at least three years prior to making an application for an early retirement incentive. *Any teacher who is eligible and applies for a retirement annuity pursuant to section 6 of this article is not eligible to also apply for an early retirement incentive pursuant to this subdivision.*"

Renumber succeeding sections

Page 3, line 21, delete "5" and insert "6"

Page 3, line 23, delete "5" and insert "6"

Page 3, line 33, delete "5" and insert "6"

The motion prevailed and the amendment was adopted.

S. F. No. 147, A bill for an act relating to retirement; employee and employer contributions to the Minnesota state retirement system; amending Minnesota Statutes 1982, section 352.92, subdivisions 1 and 2.

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 120 yeas and 3 nays as follows:

Those who voted in the affirmative were:

Anderson, B.	Ellingson	Kostohryz	Onnen	Skoglund
Anderson, G.	Evans	Krueger	Osthoff	Solberg
Battaglia	Findlay	Kvam	Otis	Sparby
Beard	Fjoslien	Larsen	Pauly	Stadum
Begich	Forsythe	Levi	Peterson	Staten
Bennett	Frerichs	Long	Piepho	Sviggunn
Bergstrom	Graba	Ludeman	Piper	Swanson
Berkelman	Greenfield	Mann	Quinn	Thiede
Bishop	Gruenes	Marsh	Quist	Tomlinson
Blatz	Gustafson	McDonald	Redalen	Tunheim
Brandl	Gutknecht	McEachern	Reif	Uphus
Burger	Halberg	McKasy	Riveness	Valan
Carlson, D.	Haukoos	Metzen	Rodosovich	Valento
Carlson, L.	Heap	Minne	Rodriguez, C.	Vanasek
Clark, J.	Heinitz	Munger	Rose	Vellenga
Clark, K.	Himle	Murphy	St. Onge	Voss
Clawson	Hokr	Nelson, D.	Schafer	Waltman
Cohen	Jacobs	Nelson, K.	Schoenfeld	Welch
Coleman	Jennings	Neuenschwander	Schreiber	Welker
Dempsey	Johnson	Norton	Seaberg	Welle
DenOuden	Kahn	O'Connor	Segal	Wenzel
Dimler	Kelly	Ogren	Shaver	Wynia
Eken	Knickerbocker	Olsen	Sherman	Zaffke
Elioff	Knuth	Omann	Simoneau	Speaker Sieben

Those who voted in the negative were:

Erickson Hoffman Price

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

There being no objection the order of business reverted to Messages from the Senate.

MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in which amendment the concurrence of the House is respectfully requested:

H. F. No. 851, A bill for an act relating to agriculture; making certain changes in the family farm security loan program; amending Minnesota Statutes 1982, sections 15.38, by adding a subdivision; 16.02, subdivision 14; 41.52, by adding a subdivision; 41.53, subdivision 2; 41.54, subdivision 2; 41.55; 41.56, subdivisions 4, 5, and by adding subdivisions; 41.57, subdivision 2;

41.58, subdivision 1; 41.59, subdivisions 1, 2, and 3; 41.61, subdivision 1; and 48.19, by adding a subdivision.

PATRICK E. FLAHAVEN, Secretary of the Senate

Graba moved that the House refuse to concur in the Senate amendments to H. F. No. 851, that the Speaker appoint a Conference Committee of 3 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

ANNOUNCEMENT BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 851:

Graba, Kalis and Valan.

SPECIAL ORDERS

Eken moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

GENERAL ORDERS

Eken moved that the bills on General Orders for today be continued one day. The motion prevailed.

ADJOURNMENT

Eken moved that when the House adjourns today it adjourn until 10:00 a.m., Monday, May 23, 1983. The motion prevailed.

Eken moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 10:00 a.m., Monday, May 23, 1983.

EDWARD A. BURDICK, Chief Clerk, House of Representatives