

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION - 1986

SIXTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, FEBRUARY 5, 1986

The House of Representatives convened at 2:00 p.m. and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Reverend Ken Beck, Lake Harriet United Methodist Church, Minneapolis, Minnesota.

The roll was called and the following members were present:

Anderson, G.	Erickson	Kvam	Pappas	Skoglund
Anderson, R.	Fjoslien	Levi	Pauly	Solberg
Backlund	Forsythe	Long	Peterson	Sparby
Battaglia	Frederick	Marsh	Piepho	Stanisus
Beard	Frederickson	McDonald	Piper	Staten
Becklin	Frerichs	McEachern	Poppenhagen	Sviggum
Begich	Greenfield	McKasy	Price	Thiede
Bennett	Gruenes	McLaughlin	Quinn	Thorson
Bishop	Gutknecht	McPherson	Quist	Tjornhom
Blatz	Halberg	Metzen	Redalen	Tomlinson
Boerboom	Hartinger	Miller	Rees	Tompkins
Boo	Hartle	Minne	Rest	Tunheim
Brandl	Haukoos	Munger	Rice	Uphus
Brown	Heap	Murphy	Richter	Valan
Burger	Himle	Nelson, D.	Riveness	Valento
Carlson, D.	Jacobs	Nelson, K.	Rodosovich	Vanasek
Carlson, J.	Jaros	Neuenschwander	Rose	Vellenga
Carlson, L.	Jennings, L.	Norton	Sarna	Voss
Clark	Johnson	O'Connor	Schafer	Waltman
Clausnitzer	Kahn	Ogren	Scheid	Welle
Cohen	Kalis	Olsen, S.	Schoenfeld	Wynia
Dempsey	Kelly	Olson, E.	Schreiber	Zaffke
DenOuden	Kiffmeyer	Omann	Seaberg	Spk. Jennings, D.
Dimler	Knickerbocker	Onnen	Segal	
Dyke	Knuth	Osthoff	Shaver	
Elioff	Kostohryz	Otis	Sherman	
Ellingson	Krueger	Ozment	Simoneau	

A quorum was present.

Brinkman, Lieder and Wenzel were excused.

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

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. No. 1816 have been placed in the members' files.

REPORTS OF STANDING COMMITTEES

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1699, A bill for an act relating to licenses; requiring operators of campgrounds and mobile home parks to procure a license; amending Minnesota Statutes 1984, section 157.03.

Reported the same back with the following amendments:

Page 1, line 19, delete "*mobile*" and insert "*manufactured*"

Page 1, line 22, delete "*mobile*" and insert "*manufactured*"

Page 1, line 25, delete "*mobile*" and insert "*manufactured*"

Amend the title as follows:

Page 1, line 3, delete "*mobile*" and insert "*manufactured*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 1725, A bill for an act relating to taxation; income; repealing the suspension of inflation adjustments; repealing Minnesota Statutes 1985 Supplement, section 290.06, subdivision 2f.

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

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 1761, A bill for an act relating to commerce; prohibiting certain mortgage foreclosure and foreclosure sales for one year; prohibiting repossession, foreclosure, and foreclosure

sales of certain personal property for one year; providing for an application to the court to allow repossession, foreclosure, and foreclosure sale; prohibiting actions for deficiency judgments; providing for the parties to compromise.

Reported the same back with the following amendments:

Page 1, line 14, delete "and" and insert a comma

Page 1, line 14, after "business" insert ", and home"

Page 2, after line 19, insert:

"Subd. 7. [MORTGAGES AND SECURITY INTERESTS OF HOMESTEAD PROPERTY.] Sections 1 to 4 apply to all mortgages and security interests in real and personal property consisting of or located on homestead property as defined in Minnesota Statutes, section 510.01, if the mortgages or security interests are held by a lender or agency listed in subdivisions 1 to 5."

Page 3, after line 2, insert:

"(d) Personal property of a homestead referred to in section 2, subdivision 7, may not be repossessed nor may security interests in such personal property be foreclosed, for a period of one year after sections 1 to 4 become effective unless the debtor agrees in writing, or by court order under section 4."

Page 3, line 6, after "6," insert "or real or personal property of a homestead referred to in section 2, subdivision 7,"

Without further recommendation.

The report was adopted.

Bennett from the Committee on Commerce and Economic Development to which was referred:

H. F. No. 1773, A bill for an act relating to consumer protection; regulating the labeling, advertising, and distribution of smokeless tobacco products; proposing coding for new law in Minnesota Statutes, chapter 325F.

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

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 1775, A bill for an act relating to agriculture; establishing a family farm advocate program; providing for "buy-down" of interest rates on certain farm loans; re-allocating certain wage subsidy money; providing for mediation of certain agricultural loan disputes; changing certain income and property tax provisions; appropriating money; amending Minnesota Statutes 1984, sections 41.57, by adding a subdivision; 279.01, as amended; 290.08, by adding a subdivision; 290.09, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 268.-6751, subdivision 1; 268.676, subdivision 1; 290.01, subdivisions 20a and 20b; 290.491; proposing coding for new law in Minnesota Statutes, chapter 17.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Article 1

Section 1. [PURPOSE.]

In order to help farmers obtain credit for continuing operation of existing farms, the family farm advocate program shall provide state money to independent contractors proficient in credit application processes. The family farm advocate program may also collect private contributions to supplement state funding provided for the program.

Sec. 2. [17.85] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purposes of this article, the terms defined in this section have the meanings given.

Subd. 2. [ADVOCATE.] "Advocate" means a person who has received final approval from the council and the commissioner to provide services to the family farm advocate program, and who has executed a valid contract with the commissioner for those services.

Subd. 3. [AGREEMENT.] "Agreement" means an assistance agreement executed between assisted farm operators and individual advocate contractors which, at a minimum, clearly specifies the limits of professional competence of the contractor and the legal significance of the relationship between the two parties.

Subd. 4. [APPLICANT.] "Applicant" means a natural person contracting with the department of agriculture as a farm advocate.

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of agriculture.

Subd. 6. [CONTRACT.] "Contract" means an agreement between the commissioner and an individual advocate contractor which outlines duties, terms of compensation, and ethical guidelines to be followed by the contractor.

Subd. 7. [COUNCIL.] "Council" means the family farm advisory council established in section 41.54.

Sec. 3. [17.852] [ADMINISTRATION AND RULES.]

Subdivision 1. [ADMINISTRATOR.] The family farm advocate program shall be administered by the commissioner.

Subd. 2. [RULES.] The commissioner may adopt rules, including emergency rules, necessary for the efficient administration of this article.

Subd. 3. [REPORTS.] On or before January 1 of each year, the commissioner shall submit a report to the legislature, as provided in section 3.195, concerning the actions of the commissioner relating to this article, including, but not limited to, the number and amount of donations received, number and identity of farm families served, and success rates based on random follow-up activities.

Sec. 4. [17.853] [CONTRACTOR ELIGIBILITY.]

An applicant may be approved if:

(1) the applicant is a resident of the state of Minnesota; and

(2) the applicant has sufficient education, training, or experience in the type of farming for which the applicant intends to offer advice, or the applicant has participated in a farm management program approved by the commissioner for at least five years prior to the date of application.

Sec. 5. [17.854] [PROCEDURE.]

Any person wishing to become an advocate may apply to the commissioner on the appropriate forms. The commissioner shall prescribe a screening process to determine eligibility. The commissioner may approve any application which has been approved by the council if the criteria in section 4 have been met.

Sec. 6. [17.856] [CONTRACTOR DUTIES.]

Advocates shall perform the following duties:

(1) *accept telephone referrals from telephone "hotline" services if requested to do so by the commissioner;*

(2) *inform farmers about the policies, practices, and procedures of the farmers home administration, production credit association, federal land bank, commercial banks, and other lenders, and about legal issues, but only in a form approved by the attorney general's office;*

(3) *upon request from farmers, assist with the preparation of farmers home administration loan applications and other financial and farm management documents required by lenders;*

(4) *prepare and submit monthly reports as requested by the commissioner;*

(5) *participate in advocate training activities conducted or sanctioned by the department of agriculture; and*

(6) *within the limits of section 7, attend meetings between farmers and their lenders, suppliers, elevators, farm management instructors, agricultural extension personnel, and others for the purpose of facilitating understanding and communication between the parties.*

Sec. 7. [17.858] [ETHICAL GUIDELINES.]

An advocate, when in the service of the department of agriculture or when performing official duties as an advocate, must not:

(1) *provide assistance which may be characterized as the unauthorized practice of law under section 481.02;*

(2) *advise a farmer to engage in activity which is criminal or fraudulent;*

(3) *advise a farmer with respect to matters involving a lending office or institution with which the advocate contractor has, or has had, a farm-related loan or account;*

(4) *enter into a business transaction with any farmer who has requested the contractor's advice;*

(5) *accept compensation in any form from a farmer who has requested the contractor's advice; and*

(6) *expressly or by implication encourage a farmer's reliance on accounting or legal skills which are not warranted by that contractor's formal education.*

A violation of this must result in a denial of compensation for the activities in question or termination of the contractual relationship, depending on the nature of the violation.

Sec. 8. [17.86] [INSURANCE.]

The commissioner shall obtain insurance coverage as needed to protect the department of agriculture from tort or professional malpractice claims arising out of the family farm advocate program.

Sec. 9. [17.862] [COMPENSATION.]

Subdivision 1. [RATE.] The state shall pay each advocate \$5 per hour from appropriated funds or from funds donated to the program within the limits of the amount available. Any available donated funds exceeding the compensation match requirement may be expended for any activity consistent with the purposes of this article.

Subd. 2. [MAXIMUM HOURS.] Advocates may claim compensation for a maximum of 20 hours per week, plus expenses.

Subd. 3. [TRAVEL EXPENSES.] The state shall reimburse each advocate for travel expenses actually and necessarily incurred by the contractor in the performance of specified duties. Travel expenses shall be reimbursed at the rate of \$.27 per mile.

Subd. 4. [OUT-OF-STATE TRAVEL.] No compensation or travel expenses may be made for out-of-state travel.

Subd. 5. [INVOICES.] Payment must be made after an advocate has presented invoices for services performed in the form prescribed by the commissioner.

Subd. 6. [LIMITATION.] No compensation or travel expenses may be paid for activities in which an advocate has engaged in the promotion of any partisan political cause, or has otherwise contributed to political organizational or fundraising activities in any capacity exceeding those specified in section 6.

Sec. 10. [17.864] [DISCRIMINATION PROHIBITED.]

In carrying out their respective duties under this article, the council and the commissioner shall not discriminate between contractor applicants because of race, color, creed, religion, national origin, sex, marital status, disability, or political or ideological persuasion.

In carrying out their contractual and statutory duties under this article, advocates shall not discriminate between farmers requesting assistance because of race, color, creed, religion, national origin, sex, marital status, disability, or political or ideological persuasion.

Sec. 11. [17.866] [CONTRIBUTIONS.]

The commissioner may accept contributions to the program, and may expend the contributions in any manner which is consistent both with the wishes of the donor and the purposes of this article.

Sec. 12. [APPROPRIATIONS.]

There is appropriated from the general fund to the commissioner of agriculture \$356,000 for the biennium ending June 30, 1987, for the purposes of this article.

Article 2

Section 1. [CITATION.]

This article may be cited as the "Minnesota Farm Relief Act of 1986."

Sec. 2. [FINDINGS; PUBLIC PURPOSE.]

The legislature finds that conditions of extreme financial distress continue to plague Minnesota farm families and rural communities that depend heavily on the agricultural economy. The legislature further finds that timely assistance from the state is appropriate and efficient, and that an investment of state funds to partially alleviate the crisis situation in rural Minnesota will ultimately result in reduced public expenditures for displaced farm families and bankrupted small businesses.

The legislature further finds that the use of money in the general fund for assistance of financially stressed farmers pursuant to this article is a valid public purpose and is necessary to protect the health, safety, and general welfare of the people of the state.

The legislature further finds that farm financial relief provided by this article must be in addition to any relief provided by the federal government.

Sec. 3. [17.87] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] As used in this article, the terms defined in this section have the meanings given unless the context in which they are used clearly indicates a different meaning.

Subd. 2. [APPROVED ADULT FARM MANAGEMENT PROGRAM.] "Approved adult farm management program" means a farm management training program designed for persons currently engaged in farming that has been approved by the commissioner under section 6, subdivision 4.

Subd. 3. [COMMISSIONER.] *"Commissioner" means the commissioner of commerce.*

Subd. 4. [ELIGIBLE BORROWER.] *"Eligible borrower" means a farmer who applies to a lender for a farm operating loan between the dates January 1, 1986, and December 30, 1986, and who meets all qualifications established in section 4 and any further qualifications that may be established in the program guidelines adopted by the commissioner under section 6, subdivision 1.*

Subd. 5. [FARM OPERATING LOAN.] *"Farm operating loan" means an original, extended, or renegotiated loan or line of credit obtained by a farmer from a lender for the purpose of financing the operations of a farm. A farm operating loan includes an open line of credit even though the maximum principal amount of the line of credit may not be drawn at any one time. A farm operating loan eligible for interest rate buy-down must have a maturity date of June 30, 1987, or earlier.*

Subd. 6. [FARMER.] *"Farmer" means a state resident or a domestic family farm corporation as defined in section 500.24, subdivision 2, operating a farm within the state.*

Subd. 7. [INTEREST RATE BUY-DOWN; BUY-DOWN.] *"Interest rate buy-down" or "buy-down" means a reduction in the effective interest rate on a farm operating loan made pursuant to this article to an eligible borrower due to partial payment of interest costs by the commissioner and partial payment of interest costs by the participating lender.*

Subd. 8. [LENDER.] *"Lender" means a bank, a credit union, or a savings and loan association chartered by the state or federal government, a unit of the farm credit system, the federal deposit insurance corporation, and other financial institutions that the commissioner deems appropriate.*

Subd. 9. [PARTICIPATING LENDER.] *"Participating lender" means a lender who has properly applied for and been granted participating lender status by the commissioner.*

Sec. 4. [17.872] [FARMER ELIGIBILITY.]

Subdivision 1. [DEBT TO ASSET RATIO.] *Only a farmer with a debt to asset ratio exceeding 50 percent at the time of application for a farm operating loan is an eligible borrower for purposes of interest rate buy-down. The debt to asset ratio of a farmer must be determined by the lender. A debt to asset ratio determined by a lender is deemed to be reasonable and accurate without further audit or substantiation.*

Subd. 2. [ASSESSMENT OF CONTINUED VIABILITY.] *Only a farmer determined by the lender to have a reasonable op-*

portunity for long term financial viability in the farmer's current farm operation is an eligible borrower. A determination of financial viability by a lender is deemed to be reasonable and accurate without further audit or substantiation.

Subd. 3. [ENROLLMENT IN ADULT FARM MANAGEMENT PROGRAM.] *To be an eligible borrower a farmer must agree to enroll in an approved adult farm management program offered not more than 50 miles from the farmer's residence if enrollment is a condition of receiving a farm operating loan from a participating lender or if review by the commissioner indicates that enrollment is appropriate for the farmer.*

Sec. 5. [17.874] [LENDER ELIGIBILITY.]

Subdivision 1. [APPLICATION FOR PARTICIPATING LENDER STATUS.] *A lender who applies to the commissioner for status as a participating lender and meets all requirements established by the commissioner must be certified as a participating lender.*

Subd. 2. [PARTIAL PAYMENT FOR ADULT FARM MANAGEMENT TRAINING.] *A participating lender must agree to pay one-half of the enrollment and tuition costs of an approved adult farm management program for an eligible borrower approved by the commissioner for interest rate buy-down. A participating lender is not required to assist with enrollment or tuition costs for a period longer than the term of the farm operating loan, and a lender is not required to assist with the enrollment and tuition costs for more than one individual for each farm operating loan.*

Sec. 6. [17.876] [RESPONSIBILITIES OF THE COMMISSIONER.]

Subdivision 1. [ADOPTION OF PROGRAM GUIDELINES.] *Within 30 days after the effective date of this article, the commissioner shall adopt and make available to any interested party guidelines for the farm operating loan interest rate buy-down program established in this article. To the maximum extent practicable, the commissioner shall adopt guidelines that coordinate the state program with any federal farm financial relief program and make benefits of the state buy-down program additive to the federal program. The commissioner may adopt program guidelines without regard to provisions of chapter 14.*

Subd. 2. [PREPARATION AND DISTRIBUTION OF LENDER PARTICIPATION FORMS.] *The commissioner shall prepare and distribute to all lenders in the state forms and instructions with which the lenders may apply for participating lender status. Only a participating lender may receive state interest rate buy-down payments.*

Subd. 3. [PREPARATION AND DISTRIBUTION OF LOAN APPLICATION FORMS.] *The commissioner shall prepare and distribute to all participating lenders forms and instructions to be used in applying for state interest rate buy-down payments.*

Subd. 4. [APPROVAL OF ADULT FARM MANAGEMENT PROGRAMS.] *The commissioner, in consultation with the commissioner of agriculture, shall prepare and distribute to all participating lenders a list of adult farm management training programs approved for eligible borrowers.*

Subd. 5. [REVIEW OF APPLICATIONS FOR BUY-DOWN PAYMENT.] *The commissioner must review within five working days of submission by a participating lender a properly completed application for buy-down payments on a farm operating loan made to a farmer. If a qualified lender does not receive written notice that the commissioner has denied buy-down payments within seven working days, the farmer is an eligible borrower and buy-down payments on the farm operating loan are approved by the commissioner.*

Subd. 6. [BUY-DOWN PAYMENTS TO PARTICIPATING LENDERS.] *The commissioner shall make interest rate buy-down payments to participating lenders as provided in this subdivision. An amount equal to half of the expected buy-down amount may be paid to the participating lender 30 days after the loan is executed by the lender. If the participating lender elects to receive the first half payment at a date later than 30 days after execution of the loan, the commissioner shall make the payment on the date requested. The balance of the buy-down payment must be paid to the participating lender not more than 30 days after the maturity of the farm operating loan.*

Sec. 7. [17.878] [FARMER APPLICATION FOR INTEREST BUY-DOWN.]

Subdivision 1. [LENDER TO PROCESS LOAN APPLICATION.] *A participating lender must receive and evaluate loan applications from any farmer who has transacted farm-related borrowing with the lender within the prior three years or from a farmer who has not previously established farm-related borrowing or whose previous lender is no longer in the business of making farm-related loans. The participating lender may use criteria beyond those in section 4 in determining whether to make a farm operating loan to a farmer.*

Sec. 8. [17.88] [APPLICATION BY PARTICIPATING LENDERS.]

In order to receive buy-down payments from the state, a participating lender must submit to the commissioner a properly completed application form for each farm operating loan eligible for state buy-down payments.

Sec. 9. [17.882] [MAXIMUM INTEREST RATE.]

To qualify for state interest rate buy-down payments, a participating lender must offer to make a farm operating loan to an eligible borrower at a rate of interest equivalent to that offered to other farmers having similar security and financial status. The commissioner may use appropriate means to verify that the operating loan interest rate available to an eligible borrower is substantially the same as that available to other borrowers.

Sec. 10. [17.884] [STATE CONTRIBUTION TO INTEREST BUY-DOWN.]

As provided in section 6, subdivision 6, the commissioner shall pay to a participating lender for the first \$100,000 of a farm operating loan made to an eligible borrower an amount equivalent to 40 percent of the contract interest to be paid during the term of the farm operating loan.

Sec. 11. [17.886] [LENDER CONTRIBUTION TO INTEREST BUY-DOWN.]

A participating lender must provide a reduction in interest rate for the first \$100,000 of a farm operating loan made to an eligible borrower in an amount equivalent to ten percent of the contract interest rate to be paid during the term of the farm operating loan.

Sec. 12. [APPROPRIATION.]

There is appropriated from the general fund to the commissioner \$22,000,000 for purposes of this article and \$75,000 for administrative expenses related to this article. This appropriation remains available until June 30, 1987.

Sec. 13. [EFFECTIVE DATE.]

This article is effective the day following final enactment.

Article 3

Section 1. Minnesota Statutes 1985 Supplement, section 268.6751, subdivision 1, is amended to read:

Subdivision 1. [WAGE SUBSIDIES.] Wage subsidy money available for fiscal year 1987 must be allocated to eligible local service units in the following manner:

(a) The commissioner shall allocate (70) 30 percent of the funds available for allocation to eligible local service units for wage subsidy programs as follows: the proportion of the wage

subsidy money available to each eligible local service unit must be based on the number of unemployed persons in the eligible local service unit for the most recent six-month period and the number of work readiness assistance cases and aid to families with dependent children cases in the eligible local service unit for the most recent six-month period.

(b) *The commissioner shall allocate 25 percent of the funds available for allocation to eligible local service units that are within distressed counties as defined in section 297A.257, subdivision 1, clause (2), for wage subsidy programs as follows: The proportion of the wage subsidy money available to each eligible local service unit must be based on the number of farmers in the distressed county divided by the distressed county population plus the percentage of unemployed persons in the local service area. Funds allocated under this clause shall be in addition to any allocations made in clause (a).*

(c) *The commissioner shall allocate 15 percent of the funds available for allocation to eligible local service units that do not qualify for eligibility in clause (b) but have at least ten percent of their workforce engaged in on-farm farming operations as follows: The proportion of the wage subsidy money available to each eligible local service unit must be based on the number of persons engaged in farming in the eligible local service unit. Funds allocated under this clause shall be in addition to any allocation made in clause (a).*

(d) Thirty percent of the money available for wage subsidy programs must be allocated at the direction and discretion of the coordinator. The commissioner shall distribute the discretionary portion of wage subsidy appropriations at the request of the coordinator. For the biennium ending June 30, 1987, up to 25 percent of the discretionary portion of the wage subsidy appropriation may be used to support the office of full productivity and opportunity and the development of an intake, referral, and inventory system. In allocating the remaining discretionary portion of the wage subsidy appropriation, the coordinator shall give priority to eligible local service units that have:

(1) high numbers of farmers who can demonstrate severe household financial need;

(2) demonstrated success in placing public assistance applicants in private sector jobs;

(3) demonstrated need beyond the allocation distributed under paragraph (a);

(4) maximized use of money through coordination with other programs and state, local, and federal agencies, and through the use of matching money from private and nonprofit sources;

(5) demonstrated need to provide special assistance in order to serve unemployed persons who incur unusual costs such as necessary relocation expenses; or

(6) areas with high unemployment rates.

Sec. 2. Minnesota Statutes 1985 Supplement, section 268.676, subdivision 1, is amended to read:

Subdivision 1. [AMONG JOB APPLICANTS.] Allocation of funds *under section 268.6751, subdivision 1, clauses (a) and (d)* among eligible job applicants within an eligible local service unit shall give priority to:

(1) applicants living in households with no other income source;

(2) applicants whose incomes and resources are less than the standards for eligibility for general assistance;

(3) applicants who are eligible for aid to families with dependent children; and

(4) applicants who live in a farm household who demonstrate severe household financial need.

Allocation of funds under section 268.6751, subdivision 1, clauses (b) and (c) among eligible job applicants within an eligible local service unit must give priority to applicants who live in a farm household who demonstrate severe household financial need.

Sec. 3. [EFFECTIVE DATE.]

The allocation formulas in section 1 are effective for all fiscal year 1987 allocations.

Article 4

Section 1. [17.89] [PROCEEDINGS.]

Subdivision 1. [COMMENCEMENT.] All proceedings for the foreclosure of a mortgage, the cancellation of a contract-for-deed, or the repossession of or collection against agricultural property having a current fair market value of more than \$5,000 must be suspended following notice of default until (1) the creditor commencing the foreclosure proceedings has engaged in mediation or otherwise has negotiated in good faith with the debtor concerning possible adjustment and refinancing, as well as payment, of the debt; (2) the creditor has offered to engage in mediation or to negotiate in good faith with the debtor, and

the debtor has refused to participate in mediation or refused to negotiate in good faith; (3) the debtor has failed to request mediation within 15 days after notice of default is given; or (4) 60 days have elapsed since notice of default was given.

Subd. 2. [CONTENTS OF NOTICE OF DEFAULT.] *A notice of default affecting a mortgage, cancellation of a contract-for-deed, or repossession against agricultural property having a fair market value of more than \$5,000 may contain an affidavit stating how the conditions of subdivision 1, clause (1) or (2) have been met. Actions initiated by a default notice containing such an affidavit may proceed without regard to the 60-day suspension period unless the debtor challenges the accuracy of the affidavit in district court.*

Subd. 3. [DEFINITION.] *For purposes of this article, "agricultural property" means real property that is principally used for farming, as defined in section 500.24, subdivision 2, paragraph (a), and any property that is used as security in financing a farm operation or used as part of a farm operation including but not limited to equipment, crops, livestock, and proceeds of the property. "Agricultural property" does not include property of farm operations of less than 60 acres, including leased property, with less than \$20,000 in gross sales of agricultural products in the preceding year.*

Sec. 2. [17.892] [EVIDENCE.]

Participation in mediation, as specified in section 3, over a period of at least 30 days creates a presumption that a creditor has negotiated in good faith as required by section 1. A creditor's request to the agricultural extension service to participate in mediation, as specified in section 3, creates a presumption that the creditor has offered to negotiate in good faith with the debtor.

Sec. 3. [17.894] [MEDIATION.]

A debtor or creditor with an interest in agricultural property may request mediation from the agricultural extension service by filing a written request with the service. A creditor may not file a request for mediation under this section unless there has been a default on the loan that would be the subject of mediation. However, a creditor need not have given official notice of default in order to request mediation.

A creditor must file a copy of its request for mediation with the debtor. A debtor may file a copy of any request for mediation with any of the debtor's other creditors. A debtor's request to the extension service must be submitted on a form supplied by the extension service, and must provide all information relevant to the relationship with the creditor asked for on the form.

The extension service shall accept each request for mediation and may appoint a mediator or a team of mediators as needed. The extension service shall notify the creditor filing the request, all other creditors named by the debtor, and the debtor, within 20 days of receiving a request for mediation, of whether or not it will appoint a mediator, and the name of the mediator if one is appointed. The mediator shall offer to meet with the creditor and debtor together within ten days of appointment. Unreasonable failure of a debtor or a creditor to meet as requested by the mediator over a period of 30 days, starting with the day on which the first meeting is scheduled, creates a presumption that a creditor or debtor is not negotiating in good faith.

The mediator shall meet with the debtor and all named creditors desiring to participate and attempt to help the parties reach an agreement. The mediator has no authority to impose an agreement on the debtor or any creditor. At the conclusion of mediation sessions the mediator shall file a written report with the extension service summarizing the results of mediation efforts and noting any failure of the debtor or any named creditor to attend a meeting when requested to attend by the mediator.

Sec. 4. [17.896] [MEDIATORS.]

The agricultural extension service shall provide mediators by contracting with qualified persons and shall assure that mediators are knowledgeable in as many as possible of the following areas: agricultural economics, legal issues related to agriculture and financial institutions, lending, and mediation. Contracts for mediation services must assure that the mediator will be available to meet with the parties at reasonable times for at least 30 days from the first mediation session.

A mediator must not:

- (1) advise a farmer to engage in a criminal or fraudulent act;*
- (2) engage in mediation involving a lending institution with which the mediator has, or has had, a farm-related loan or account;*
- (3) engage in mediation involving a farmer that the mediator has a business relationship with; or*
- (4) accept compensation in any form from a party to mediation that the mediator is engaged in.*

Contracts between the extension service and a mediator must incorporate the terms of clauses (1) to (4).

Sec. 5. [17.898] [DATA.]

All data regarding the finances of individual debtors and creditors created, collected, or maintained by the extension service or a mediator under contract to the extension service are private data or nonpublic data, as defined in chapter 13, except as to those entitled to participate in mediation meetings.

Sec. 6. [APPROPRIATION.]

\$_____ is appropriated from the general fund to the University of Minnesota agricultural extension service for purposes of this article for the biennium ending June 30, 1987.

Sec. 7. [APPROPRIATION.]

\$500,000 is appropriated from the general fund to the University of Minnesota agricultural extension service for grants-in-aid to the state office of the Farmers Home Administration to assist in upgrading the administration's FINPAC farm financial analysis hardware and software as needed to establish compatibility with FINPAC analyses prepared by county extension agents or adult farm management instructors. Grants shall not exceed 50 percent of the total costs to the new hardware and software. This appropriation is available until June 30, 1987.

Article 5

Section 1. Minnesota Statutes 1984, section 41.57, is amended by adding a subdivision to read:

Subd. 4. [ADDITIONAL INTEREST PAYMENT.] (a) The commissioner must annually pay to qualified sellers of property, financed by a family farm security loan, an amount approximately equal to the additional state income tax paid as a result of the inclusion in gross income of the interest and payment adjustment earned on a seller sponsored family farm security loan.

(b) The payment amount must be determined as follows:

(1) In order to qualify for a payment, the seller must apply to the commissioner. The application must include a copy of the seller's 1985 state income tax return and any other information that the commissioner requests to verify that the applicant is a qualified seller. The commissioner must recompute the seller's total state income tax liability that would be due if the interest and payment adjustment amounts were not includable in gross income for state income tax purposes. The commissioner may require the seller to compute these amounts as part of the application. For calendar year 1986 the amount of the payment equals the reduction in state income tax liability that would

occur if the interest and payment adjustment were not included in gross income for state tax purposes.

(2) For calendar years beginning with 1987, the additional payment amount must be determined as follows: (i) The calendar year 1986 payment must be divided by the amount of interest and payment adjustment received during calendar year 1986. (ii) The resulting quotient must be multiplied by the interest and payment adjustment received for the calendar year. (iii) The product determined under clause (ii) is the payment for the calendar year.

(c) If for a tax year after 1986 the qualified seller's taxable income has changed substantially, the commissioner may provide by rule that upon reapplication a later tax year will be used to compute the quotient under clause (b) (2) (i).

(d) The commissioner may make the payments under this subdivision in the same manner provided for the payment adjustment under subdivision 2.

(e) For purposes of this subdivision, the following terms have the meanings given:

(1) "Gross income" means gross income as defined for purposes of chapter 290.

(2) "Qualified seller" means an individual who sold farm land under a seller sponsored loan prior to July 1, 1985, and who is a resident of Minnesota during the calendar year and is subject to the payment of Minnesota income taxes.

Sec. 2. Minnesota Statutes 1985 Supplement, section 290.01, subdivision 20a, is amended to read:

Subd. 20a. [MODIFICATIONS INCREASING FEDERAL ADJUSTED GROSS INCOME.] There shall be added to federal adjusted gross income:

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

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

(3) interest income from qualified scholarship funding bonds as defined in section 103(e) of the Internal Revenue Code of 1954, if the nonprofit corporation is domiciled outside of Minnesota;

(4) exempt-interest dividends, as defined in section 852(b)(5)(A) of the Internal Revenue Code of 1954, not included in federal adjusted gross income pursuant to section 852(b)(5)(B) of the Internal Revenue Code of 1954, except for that portion of exempt-interest dividends derived from interest income on obligations of the state of Minnesota, any of its political or governmental subdivisions, any of its municipalities, or any of its governmental agencies or instrumentalities;

(5) for an estate or trust, the amount of any loss from a source outside of Minnesota which is not allowed under section 290.17 including any capital loss or net operating loss carryforwards or carrybacks resulting from the loss;

(6) to the extent deducted in computing the estate or trust's federal taxable income, interest, taxes and other expenses which are not allowed under section 290.10, clause (9) or (10); (AND)

(7) losses from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax; and

(8) *the amount of previously excluded farm capital gain required to be added to federal adjusted gross income by section 290.08, subdivision 27, paragraph (b).*

Sec. 3. Minnesota Statutes 1985 Supplement, section 290.01, subdivision 20b, is amended to read:

Subd. 20b. [MODIFICATIONS REDUCING FEDERAL ADJUSTED GROSS INCOME.] There shall be subtracted from federal adjusted gross income:

(1) interest income on obligations of any authority, commission or instrumentality of the United States to the extent includible in gross income for federal income tax purposes but exempt from state income tax under the laws of the United States;

(2) the portion of any gain, from the sale or other disposition of property having a higher adjusted basis for Minnesota income tax purposes than for federal income tax purposes, that does not exceed such difference in basis; but if such gain is considered a long-term capital gain for federal income tax purposes, the modification shall be limited to 40 per centum of the portion of the gain;

(3) losses, not otherwise reducing federal adjusted gross income assignable to Minnesota, arising from events or transactions which are assignable to Minnesota under the provisions of sections 290.17 to 290.20, including any capital loss or net operating loss carryforwards or carrybacks or out of state loss carry-

forwards resulting from the losses, and including any farm loss carryforwards or carrybacks;

(4) if included in federal adjusted gross income, the amount of any overpayment of income tax to Minnesota, or any other state, for any previous taxable year, whether the amount is received as a refund or credited to another taxable year's income tax liability;

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

(6) pension income as provided by section 290.08, subdivision 26;

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

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

(9) for an estate or trust, the amount of any income or gain which is not assignable to Minnesota under the provisions of section 290.17;

(10)(a) income from the business of mining as defined in section 290.05, subdivision 1, clause (a) which is not subject to the Minnesota income tax; (b) to the extent included in computing federal adjusted gross income, expenses and other items allocable to the business of mining or producing iron ore, the mining or production of which is subject to the occupation tax imposed by section 298.01, subdivision 1, shall be allowed as a subtraction to the extent that the expenses or other items are included in computing the modifications provided in section 290.01, subdivision 20a, clause (7) or paragraph (a) of this clause and to the extent that the expenses or other items are not deductible, capitalizable, retainable in basis, or taken into account by allowance or otherwise in computing the occupation tax. Occupation taxes imposed under chapter 298, royalty taxes imposed under chapter 299, and depletion expenses may not be subtracted under this paragraph;

(11) to the extent included in federal adjusted gross income, distributions from a qualified governmental pension plan which represent a return of designated employee contributions to the

plan and which contributions were included in gross income pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (18). The provisions of this clause shall apply before the provisions of clause (6) apply and an amount subtracted under this clause may not be subtracted under clause (6); (AND)

(12) to the extent included in federal adjusted gross income, distributions from an individual retirement account which represent a return of contributions if the contributions were included in gross income pursuant to Minnesota Statutes 1984, section 290.01, subdivision 20a, clause (17). The distribution shall be allocated first to return of contributions included in gross income until the amount of the contributions has been exhausted;

(13) capital gain derived from the sale or exchange of farm property as provided in section 290.08, subdivision 27;

(14) to the extent included in federal adjusted gross income, income derived from the sale or exchange of farm property as provided in section 290.491, paragraph (b); and

(15) to the extent included in federal adjusted gross income, income as provided by section 290.08, subdivision 28.

Sec. 4. Minnesota Statutes 1984, section 290.08, is amended by adding a subdivision to read:

Subd. 27. [CAPITAL GAINS; FARM PROPERTY.] (a) The taxpayer may exclude from gross income capital gain realized on the sale or exchange of farm property classified under section 273.13 as class 2a or 2c property. In the case of an individual, the amount of the exclusion pursuant to this subdivision is limited to the portion of the gain that is includable in the computation of federal adjusted gross income. In the case of a corporation, the amount of the exclusion is limited to the includable portion of the gain determined under section 290.16.

(b) In order to qualify for the exclusion provided by paragraph (a), the taxpayer must have invested an amount at least equal to the gain in the obligations of the federal farm credit system for a period of five years. If the taxpayer fails to meet the requirements of this paragraph in a taxable year after the year in which the exclusion was claimed the following amount must be added to gross income for the taxable year:

<i>Year Following Taxable Year Exclusion Was Allowed</i>	<i>Percentage of Exclusion to be Added</i>
<i>1</i>	<i>80 percent</i>
<i>2</i>	<i>60 percent</i>
<i>3</i>	<i>40 percent</i>
<i>4</i>	<i>20 percent</i>

Sec. 5. Minnesota Statutes 1984, section 290.08, is amended by adding a subdivision to read:

Subd. 28. [FARM DEBT DISCHARGE.] Income realized by an individual taxpayer, family farm corporation, or authorized farm corporation on the cancellation or forgiveness of a debt owed with respect to farmland is exempt from tax under this chapter, including the alternative minimum tax, if all of the following qualifications are met:

- (1) the taxpayer is a resident of Minnesota;*
- (2) the taxpayer has been engaged in farming as the primary source of income for more than 80 percent of the time elapsed since the purchase of the property with respect to which the debt has been discharged;*
- (3) immediately prior to the discharge of indebtedness, the total debt against all farmland owned by the taxpayer exceeds the taxpayer's total equity in the farmland; and*
- (4) immediately prior to the discharge of indebtedness, the taxpayer has a debt-to-asset ratio exceeding 75 percent in the case of all real and personal property.*

In the case of a family farm or authorized farm corporation, the qualifications of clauses (1) and (2) must be met by all the shareholders. For purposes of clause (4), the net debt to asset ratio must include the total debts and personal net worth of all shareholders.

In the case of an individual, this exclusion applies only to the extent the income is includable in federal adjusted gross income or in the computation of alternative minimum taxable income for purposes of the alternative minimum tax under section 290.091 and is not excluded under section 290.491. In the case of a corporation, this exclusion applies only to the extent the income is not otherwise excluded under section 290.08, subdivision 20 or under 290.491.

Sec. 6. Minnesota Statutes 1984, section 290.09, is amended by adding a subdivision to read:

Subd. 32. [INTEREST ON QUALIFYING FUEL ALCOHOL LOANS.] (a) A deduction is allowed for interest received or accrued by a lender on a qualifying fuel alcohol loan for the taxable year.

(b) For purposes of this subdivision, a "qualifying fuel alcohol loan" means a loan to an individual, partnership or corporation engaged primarily in the business of farming for the purpose of acquiring equipment or making improvements to property for

the production of ethyl alcohol from agricultural products for use as a motor vehicle fuel. The alcohol production facility must be located on the farm premises of the borrower. The maximum amount of a loan to an individual, partnership or corporation is \$100,000.

Sec. 7. Minnesota Statutes 1985 Supplement, section 290.491, is amended to read:

290.491 [TAX ON GAIN; DISCHARGE IN BANKRUPTCY.]

(a) Any tax due under this chapter on a gain realized on a forced sale pursuant to foreclosure of a mortgage or other security interest in agricultural production property, other real property, or equipment, used in a farm business that was owned and operated by the taxpayer shall be a dischargeable debt in a bankruptcy proceeding under United States Code, title 11, section 727.

(A GAIN) (b) *Income realized on a sale or exchange of agricultural production property, other real property, or equipment, used in a farm business that was owned and operated by the taxpayer shall be exempt from taxation under this chapter, if the taxpayer was insolvent at the time of the sale and the proceeds of the sale were used solely to discharge indebtedness secured by a mortgage, lien or other security interest on the property sold or if the income was realized as a result of the foreclosure of a mortgage or other security interest in the property. For purposes of this section, "insolvent" means insolvent as defined in section 108(d)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1984. This paragraph applies only to the extent that the gain is includable in federal adjusted gross income or in the computation of the alternative minimum taxable income under section 290.091 for purposes of the alternative minimum tax. In the case of an exemption based on insolvency, the amount of the exemption is limited to the excess of the taxpayer's (1) liabilities over (2) the total assets and any exclusion claimed under section 108 of the Internal Revenue Code of 1954, as amended through December 31, 1985, determined immediately before application of this paragraph.*

(c) *For purposes of this section, any tax due under this chapter specifically includes, but is not limited to, tax imposed under sections 290.02 and 290.03 on income derived from a sale or exchange, whether constituting gain, discharge of indebtedness or recapture of depreciation deductions, or the alternative minimum tax imposed under section 290.091.*

Sec. 8. [EFFECTIVE DATE.]

This article is effective for taxable years beginning after December 31, 1985.

Article 6

Section 1. Minnesota Statutes 1984, section 279.01, as amended by Laws 1985, chapter 300, section 12; and Laws 1985, first special session, chapter 14, article 4, section 82, is amended to read:

279.01 [DUE DATE; PENALTIES, INTEREST.]

Subdivision 1. *Except as provided in subdivision 3*, on May 16, of each year, with respect to property actually occupied and used as a homestead by the owner of the property, a penalty of three percent shall accrue and thereafter be charged upon all unpaid taxes on real estate on the current lists in the hands of the county treasurer, and a penalty of seven percent on nonhomestead property, except that this penalty shall not accrue until June 1 of each year on commercial use real property used for seasonal residential recreational purposes and classified as class 1c, 2c, or 6a, and on other commercial use real property classified as class 3a, provided that over 60 percent of the gross income earned by the enterprise on the class 3a property is earned during the months of May, June, July, and August. Any property owner of such class 3a property who pays the first half of the tax due on the property after May 15 and before June 1 shall attach an affidavit to his payment attesting to compliance with the income provision of this subdivision. Thereafter, for both homestead and nonhomestead property, on the 16th day of each month, up to and including October 16 following, an additional penalty of one percent for each month shall accrue and be charged on all such unpaid taxes. When the taxes against any tract or lot exceed \$50, one-half thereof may be paid prior to May 16; and, if so paid, no penalty shall attach; the remaining one-half shall be paid at any time prior to October 16 following, without penalty; but, if not so paid, then a penalty of four percent shall accrue thereon for homestead property and a penalty of four percent on nonhomestead property. Thereafter, for homestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of two percent for each month shall accrue and be charged on all such unpaid taxes. Thereafter, for nonhomestead property, on the 16th day of each month up to and including December 16 following, an additional penalty of four percent for each month shall accrue and be charged on all such unpaid taxes. If one-half of such taxes shall not be paid prior to May 16, the same may be paid at any time prior to October 16, with accrued penalties to the date of payment added, and thereupon no penalty shall attach to the remaining one-half until October 16 following; provided, also, that the same may be paid in installments as follows: One-fourth prior to March 16; one-fourth prior to May 16; one-fourth prior to August 16; and the remaining one-fourth prior to October 16, subject to the aforesaid penalties. Where the taxes delinquent after October 16 against any tract or parcel exceed \$100, upon resolution of the county board, they may be paid in installments of not less than 25 percent thereof, together with all accrued penalties and costs, up to

the next tax judgment sale, and after such payment, penalties, interest, and costs shall accrue only on the sum remaining unpaid. Any county treasurer who shall make out and deliver or countersign any receipt for any such taxes without including all of the foregoing penalties therein, shall be liable to the county for the amount of such penalties.

Subd. 2. In the case of any tax on class 1a, 1b, and 2a homestead property paid within 30 days after the due date specified in this section or after the 30 day extension as specified in subdivision 3, the county board may, with the concurrence of the county treasurer, delegate to the county treasurer the power to abate the penalty provided for late payment. Notwithstanding section 270.07, if any county board so elects, the county treasurer may abate the penalty if in his judgment the imposition of the penalty would be unjust and unreasonable.

Subd. 3. In the case of class 1b and class 2a agricultural homestead property and class 2c agricultural nonhomestead property, no penalties shall attach to the second one-half property tax payment as provided in this section if paid by November 15. Thereafter for class 1b and class 2a homestead property, on November 16 following, a penalty of six percent shall accrue and be charged on all such unpaid taxes and on December 16 following, an additional two percent shall be charged on all such unpaid taxes. Thereafter for class 2c nonhomestead property, on November 16 following, a penalty of eight percent shall accrue and be charged on all such unpaid taxes and on December 16 following, an additional four percent shall be charged on all such unpaid taxes.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective for property taxes payable in 1986 and subsequent years."

Amend the title as follows:

Page 1, line 10, delete the first "a subdivision" and insert "subdivisions"

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

The report was adopted.

Heap from the Committee on Labor-Management Relations to which was referred:

H. F. No. 1847, A bill for an act relating to unemployment compensation; altering the public policy statement; changing the taxable wage base; defining credit week; providing for em-

ployer charging; increasing the eligibility requirement; eliminating certain tax rate limitations; changing the weekly benefit amount; setting the maximum weekly benefit; providing for the duration of benefits; increasing the duration of benefits for claimants in counties with high unemployment; providing for seasonal employees; making the waiting week nonreimbursable; amending the benefit offset for severance pay; increasing the period of time and earnings necessary for requalification after disqualification; changing the definition of suitable work; transferring duties to the office of administrative hearings; amending Minnesota Statutes 1984, sections 14.03, subdivision 2; 14.53; 43A.18, subdivision 4; 179A.10, subdivision 1; 268.03; 268.04, subdivisions 25 and 29; 268.06, subdivisions 5, 8, 18, 19, and 20; 268.07, subdivisions 2 and 2a; 268.08, subdivision 3; 268.09, subdivisions 1 and 2; 268.10, subdivisions 2, 3, 4, 5, 6, and 9; 268.12, subdivisions 8, 9, 10, and 13; and 268.18, subdivisions 1 and 2; Minnesota Statutes 1985 Supplement, sections 14.48; 14.51; 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1984, section 268.04, subdivision 30.

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1699, 1725 and 1761 were read for the second 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 H. F. No. 1761 be given its third reading and be placed upon its final passage.

A roll call was requested and properly seconded.

The question was taken on the Schoenfeld motion and the roll was called. There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bennett	Carlson, D.	Dimler	Frederick
Anderson, R.	Bishop	Carlson, L.	Dyke	Frederickson
Backlund	Blatz	Clark	Elieff	Frerichs
Battaglia	Boerboom	Clausnitzer	Ellingson	Greenfield
Beard	Boo	Cohen	Erickson	Gruenes
Becklin	Brown	Dempsey	Fjoslien	Gutknecht
Begich	Burger	DenOuden	Forsythe	Halberg

Hartinger	Marsh	Onnen	Rose	Tjornhom
Hartle	McEachern	Osthoff	Sarna	Tomlinson
Heap	McLaughlin	Otis	Schafer	Tompkins
Himle	McPherson	Ozment	Scheid	Tunheim
Jacobs	Metzen	Pauly	Schoenfeld	Uphus
Jaros	Miller	Peterson	Schreiber	Valan
Jennings, L.	Minne	Picpho	Seaberg	Valento
Johnson	Munger	Piper	Segal	Vanasek
Kahn	Murphy	Poppenhagen	Shaver	Vellenga
Kalis	Nelson, D.	Price	Sherman	Voss
Kelly	Nelson, K.	Quinn	Simoneau	Waltman
Kiffmeyer	Neuenschwander	Quist	Solberg	Welle
Knickerbocker	Norton	Redalen	Sparby	Wynia
Knuth	O'Connor	Rees	Stanius	Zaffke
Krueger	Ogren	Rest	Staten	Spk. Jennings, D.
Kvam	Olsen, S.	Richter	Sviggunn	
Levi	Olson, E.	Riveness	Thiede	
Long	Omann	Rodosovich	Thorson	

The motion prevailed.

Schoenfeld moved that the rules of the House be so far suspended that H. F. No. 1761 be given its third reading and be placed upon its final passage. The motion prevailed.

H. F. No. 1761 was reported to the House.

There being no objection the Speaker temporarily laid over H. F. No. 1761.

SECOND READING OF HOUSE BILLS, Continued

H. F. No. 1773 was read for the second time.

Elioff was excused for the remainder of today's session.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced:

Clark, Segal and Gruenes introduced:

H. F. No. 1859, A bill for an act relating to insurance; accident and health; providing group coverage for ambulatory mental health services; amending Minnesota Statutes 1984, section 62A.152.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Forsythe, Valento, Tomlinson, Stanius and McPherson introduced:

H. F. No. 1860, A bill for an act relating to metropolitan government; permitting the metropolitan mosquito control commission to issue certificates of indebtedness; amending Minnesota Statutes 1984, section 473.711, by adding a subdivision.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Carlson, L.; McLaughlin; Rest; Rose and Ellingson introduced:

H. F. No. 1861, A bill for an act relating to taxation; delaying the effective date of the repeal of the residential energy credit; amending Laws 1985, first special session chapter 14, article 1, section 61.

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

Nelson, K., and Ellingson introduced:

H. F. No. 1862, A bill for an act relating to retirement; granting an annuity increase to a certain annuitant of the public employees retirement association.

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

Seaberg, Kelly, Blatz and Marsh introduced:

H. F. No. 1863, A bill for an act relating to crimes; clarifying the crime of failing to file a tax return; creating a presumption that property acquired during the course of certain crimes are "proceeds" of the crime for purposes of forfeiture law; providing a court procedure to freeze bank funds of persons charged with certain crimes; amending Minnesota Statutes 1985 Supplement, sections 290.92, subdivision 15; and 609.531, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 609.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

Dyke and McPherson introduced:

H. F. No. 1864, A bill for an act relating to agriculture; family farm security program; providing an interest subsidy payment for certain seller sponsored loans; amending Minnesota Statutes 1984, section 41.57, by adding a subdivision.

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

Greenfield, Vellenga, Blatz, Bishop and Rest introduced:

H. F. No. 1865, A bill for an act relating to criminal procedure; providing for in camera hearings on certain evidentiary issues in criminal sexual conduct cases; amending Minnesota Statutes 1984, section 609.347, subdivision 4.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

Rodosovich introduced:

H. F. No. 1866, A bill for an act relating to individual income taxation; providing a subtraction for interest on seller sponsored family farm security loans; amending Minnesota Statutes 1985 Supplement, section 290.01, subdivision 20b.

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

Rodosovich introduced:

H. F. No. 1867, A bill for an act relating to human services; allowing counties to adopt family day care and group family day care regulations; proposing coding for new law in Minnesota Statutes, chapter 245.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Rodosovich introduced:

H. F. No. 1868, A bill for an act relating to human services; exempting certain rural providers of day care from the human services department day care rules; amending Minnesota Statutes 1984, section 245.792.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Valento, Stanius and Becklin introduced:

H. F. No. 1869, A bill for an act relating to local government units; authorizing the privatization of facilities for the treatment of wastewater and the furnishing of water; amending Minnesota Statutes 1984, section 474.02, by adding a subdivision; Minnesota Statutes 1985 Supplement, section 297A.25, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 471A.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Fjoslien, Quinn, Kostohryz, Dimler and McDonald introduced:

H. F. No. 1870, A bill for an act relating to veterans; providing for free motor vehicle license plates for former prisoners of war; amending Minnesota Statutes 1984, section 168.125.

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

Fjoslien, Kostohryz, Brinkman, Dimler and McDonald introduced:

H. F. No. 1871, A bill for an act relating to veterans; clarifying certain terms; providing for payment of compensation to certain patients and residents of state institutions; amending Minnesota Statutes 1984, section 246.151; and Minnesota Statutes 1985 Supplement, section 136C.13, subdivision 4.

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

Kiffmeyer and Dyke introduced:

H. F. No. 1872, A bill for an act relating to health; limiting recovery on medical malpractice claims; creating a patient's compensation fund; creating a residual malpractice insurance authority; establishing medical review panels; proposing coding for new law as Minnesota Statutes, chapter 147A.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Sviggum introduced:

H. F. No. 1873, A bill for an act relating to workers' compensation; regulating the obligations and administration of the special compensation fund; regulating the payment and right to benefits; compensation court of appeals; regulating attorneys' fees; providing for the administration of claims; providing penalties; amending Minnesota Statutes 1984, sections 176.041, subdivision 4; 176.081, subdivision 1; 176.101, subdivisions 2, 3f, and 3v; 176.104, subdivision 1; 176.105, subdivision 4; 176.111, subdivisions 6, 12, 15, and 20; 176.129, subdivision 8; 176.131, subdivisions 1a and 3; 176.135, subdivision 1a; 176.138; 176.179; 176.225, subdivision 1; 176.231, subdivisions 1 and 10; 176.242, subdivision 2; 176.243, subdivision 3; 176.361, subdivision 1; 176.421, subdivision 6; 176.461; 176.521, subdivision 3; 176.603; 176.611, subdivision 2; Minnesota Statutes 1985 Supplement, section 176.101, subdivision 3e; proposing coding for new law in Minnesota Statutes, chapters 79 and 176; repealing Minnesota Statutes 1984, sections 176.265; 176.431; 176.441; and 176.611, subdivisions 3 and 4.

The bill was read for the first time and referred to the Committee on Labor-Management Relations.

Sviggum, Vanasek, Redalen, Schreiber and Carlson, D., introduced:

H. F. No. 1874, A bill for an act relating to energy; providing renewable residential energy grants; appropriating money.

The bill was read for the first time and referred to the Committee on Regulated Industries and Energy.

Kelly, Rose, Knuth, O'Connor and Valento introduced:

H. F. No. 1875, A bill for an act relating to health; creating a public corporation to provide health care services and research; providing that subsidiaries govern St. Paul Ramsey Medical Center and a physicians and dentists association; proposing coding for new law as Minnesota Statutes, chapter 246A; repealing Minnesota Statutes 1984, section 383A.41, as amended.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Brandl introduced:

H. F. No. 1876, A bill for an act relating to the city of Minneapolis; permitting the city to establish a consolidated city personnel system.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Tjornhom and Brandl introduced:

H. F. No. 1877, A bill for an act relating to taxation; authorizing the commissioner of revenue to make payments of police and fire aids directly to qualified recipients; clarifying the business license clearance requirements and removing the sunset; changing the dates for payments of property tax credits to the counties; clarifying the use of mortgage registration and deed tax receipts; clarifying the power of the counties to print deed tax stamps; and authorizing the commissioner of public safety to enter into reciprocal fuel tax compacts; amending Minnesota Statutes 1984, sections 69.021, subdivisions 4, 5, 7, and 9; 69.031, subdivision 3; 270.72, subdivisions 1, 2, and 3; 273.1391, subdivision 3; and 296.17, subdivision 6, and by adding a subdivision; and Minnesota Statutes 1985 Supplement, sections 69.031, subdivision 1; 273.136; 287.12; and 287.29, subdivision 1; and Laws 1985, first special session chapter 14, article 11, section 13; repealing Minnesota Statutes 1984, sections 69.031, subdivision 4; and 270.72, subdivision 5.

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

Norton, Vanasek, Schoenfeld, Piper and Ogren introduced:

H. F. No. 1878, A bill for an act relating to taxation; individual income; eliminating the age restrictions on the pension income exclusion; modifying the income offset; amending Minnesota Statutes 1985 Supplement, section 290.08, subdivision 26.

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

Clausnitzer, McEachern, Stanius and Rodosovich introduced:

H. F. No. 1879, A bill for an act relating to health; authorizing the commissioner of commerce to adopt rules related to financial affairs of health maintenance organizations; requiring certificates of authority to be issued by the commissioner of commerce; providing for supervision of health maintenance organizations; amending Minnesota Statutes 1984, sections 62D.03; 62D.04; 62D.041, by adding a subdivision; 62D.05, by adding a subdivision; 62D.08; 62D.12, subdivision 9; 62D.14; 62D.15, subdivision 1; 62D.16; 62D.17; 62D.20; and 62D.21; repealing Minnesota Statutes 1984, section 62D.041, subdivisions 6, 7, and 8; and Minnesota Statutes 1985 Supplement, section 62D.041, subdivision 5.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Clausnitzer and Carlson, J., introduced:

H. F. No. 1880, A bill for an act relating to human services; providing for a change in medical assistance and general assistance medical care reimbursements for treatment of mental illness; providing for a utilization review system of inpatient mental health care; amending Minnesota Statutes 1985 Supplement, section 256.969, subdivision 2.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Clausnitzer introduced:

H. F. No. 1881, A bill for an act relating to the state agricultural society; prohibiting certain contract provisions; amending Minnesota Statutes 1985 Supplement, section 37.17, subdivision 1.

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

Sviggum introduced :

H. F. No. 1882, A bill for an act relating to gasoline; changing the definition of agricultural alcohol gasoline; changing the identification marking on gasoline-alcohol blends; amending Minnesota Statutes 1985 Supplement, sections 296.01, subdivision 24; and 296.22, subdivision 13.

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

Uphus, McDonald and Wenzel introduced :

H. F. No. 1883, A bill for an act relating to agriculture; clarifying the exceptions to prohibition against manufacture of food from adulterated milk or cream; amending Minnesota Statutes 1985 Supplement, section 32.21, subdivision 2.

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

Uphus introduced :

H. F. No. 1884, A bill for an act relating to taxation; rescinding the repeal of the income tax exclusion for interest earned on certain family farm security loans; amending Minnesota Statutes 1985 Supplement, sections 41.55; 290.01, subdivisions 20a and 20b; and Laws 1985, first special session chapter 14, article 1, section 59.

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

Neuenschwander introduced :

H. F. No. 1885, A bill for an act relating to retirement; employees of the Falls nursing home who are members of the public employees retirement association.

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

Frederickson, Valento, Schreiber, Knickerbocker and Stanius introduced:

H. F. No. 1886, A bill for an act relating to local government; changing the notice requirements for proposed special assessments; amending Minnesota Statutes 1984, section 429.061, subdivision 2; Minnesota Statutes 1985 Supplement, section 429.061, subdivision 1.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Knuth introduced:

H. F. No. 1887, A bill for an act relating to drivers' licenses; providing for motorized bicycle instruction permits; setting a fee; amending Minnesota Statutes 1984, sections 171.02, subdivision 3; and 171.05, by adding a subdivision.

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

Knuth introduced:

H. F. No. 1888, A bill for an act relating to traffic regulations; requiring damage vehicle release sticker on motor vehicle damaged in accident; amending Minnesota Statutes 1984, section 169.09, subdivisions 9, 12, and by adding a subdivision.

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

Elioff and Solberg introduced:

H. F. No. 1889, A bill for an act relating to education; requiring the state board for community colleges to develop upper division programs at the Arrowhead Community College.

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

Elioff and Battaglia introduced:

H. F. No. 1890, A bill for an act relating to retirement; Buhl police relief association; permitting the association to amend its bylaws to provide for the payment of benefits to the survivors of deceased members.

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

McEachern, Marsh, Krueger, Brown and Schoenfeld introduced:

H. F. No. 1891, A bill for an act relating to motor vehicles; providing for special license plates for Vietnam era veterans; amending Minnesota Statutes 1984, section 168.12, by adding a subdivision.

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

Bennett, Knickerbocker and Levi introduced:

H. F. No. 1892, A bill for an act relating to energy; changing the administration of the state energy code from the commissioner of energy and economic development to the commissioner of administration; amending certain provisions of the state energy code; amending Minnesota Statutes 1984, sections 16B.64, subdivision 4; and 116J.19, subdivision 8.

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

Seaberg, Levi, Bishop, Vellenga and Greenfield introduced:

H. F. No. 1893, A bill for an act relating to the juvenile court; revising and recodifying current laws governing the apprehension, detention, adjudication, and disposition of minors who commit unlawful acts or who are in need of protection or services; providing additional due process protections for minors and other parties who are subject to juvenile court jurisdiction;

placing limitations on voluntary out-of-home placements of minors; providing for substitute care review; establishing a procedure for the review of residential admissions of minors to chemical dependency and mental illness treatment programs; requiring court review in certain cases; establishing criteria for the assessment and treatment of minors; requiring licensing of treatment programs; establishing minor patients' rights; creating a state office of youth advocate and county youth advocates; imposing penalties; amending Minnesota Statutes 1984, sections 242.19, subdivision 2; 253B.04; 257.071; 259.23, subdivision 1; 260.022, subdivision 4; 260.024, subdivision 2; 260.031, subdivision 1; 260.094; 260.101; 260.103, subdivision 1; 260.121, subdivisions 1 and 2; 260.131; 260.132; 260.133, subdivision 1; 260.135, subdivisions 2 and 3; 260.141, subdivision 1; 260.145; 260.151, subdivision 1; 260.155, subdivisions 1, 3, 4, 5, and 8; 260.161, by adding a subdivision; 260.211; 260.221; 260.231, subdivision 3; 260.235; 260.251, subdivisions 1a and 4; 260.255; 260.315; 260.35; 484.70, subdivision 1; 484.73, subdivision 2; and 524.5-505; and Minnesota Statutes 1985 Supplement, sections 260.121, subdivision 3; 260.133, subdivision 2; 260.135, subdivision 1; 260.155, subdivision 4a; 260.156; 260.161, subdivision 2; and 260.36; proposing coding for new law as Minnesota Statutes, chapters 260A and 260B; repealing Minnesota Statutes 1984, sections 260.011, subdivision 1; 260.015, subdivisions 1, 2, 3, 4, 5, 6, 7, 8, 9, 11, 12, 13, 14, 16, 17, 18, 19, 20, 21, 23, 24, and 25; 260.024, subdivision 1; 260.111; 260.115; 260.135, subdivision 5; 260.151, subdivision 2; 260.155, subdivisions 2 and 7; 260.165; 260.171, subdivisions 1, 2, 3, 5, 5a, and 6; 260.172, subdivisions 1, 2, and 3; 260.173; 260.181; 260.185; 260.191, subdivisions 1a, 1b, 1c, 2, 3, and 4; 260.192; 260.193; 260.194; 260.195; 260.261; 260.281; 260.291; and 260.301; Minnesota Statutes 1985 Supplement, sections 260.111, subdivision 2; 260.015, subdivisions 10 and 22; 260.171, subdivision 4; 260.172, subdivisions 2a, 2b, and 4; and 260.191, subdivisions 1, 1d, and 2a.

The bill was read for the first time and referred to the Committee on Crime and Family Law.

Becklin; Johnson; Jennings, L.; Knuth and Valento introduced:

H. F. No. 1894, A bill for an act relating to environment; providing terms and conditions for the administration of wastewater treatment plant construction grants and loans; appropriating money; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; proposing coding for new law in Minnesota Statutes, chapters 115 and 116.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Voss, Quinn, Backlund and Simoneau introduced:

H. F. No. 1895, A bill for an act relating to Anoka county; directing the department of energy and economic development to refund a bond deposit; appropriating money.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Nelson, K.; McLaughlin; Tjornhom; Rice and Pauly introduced:

H. F. No. 1896, A bill for an act relating to vital statistics; authorizing Minneapolis and Hennepin county to merge their registration districts; amending Minnesota Statutes 1984, section 144.214, subdivision 1.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Bennett; Sarna; Jennings, D.; Thorson and Solberg introduced:

H. F. No. 1897, A bill for an act relating to commerce; motor fuel franchises; extending the temporary prohibition on certain building alterations that eliminate service bays; amending Laws 1984, chapter 444, section 4.

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

Knuth introduced:

H. F. No. 1898, A bill for an act relating to real property; expanding class of persons who may receive duplicate certificate of title to registered land at direction of examiner of titles; providing that size of registered land drawings conform to uniform size for other plats; amending Minnesota Statutes 1984, section 508.44, subdivision 2; and Minnesota Statutes 1985 Supplement, section 508.47, subdivision 4.

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

Rees introduced :

H. F. No. 1899, A bill for an act relating to state government; eliminating joint liability in tort for the state and municipalities; amending Minnesota Statutes 1984, section 604.02, by adding a subdivision.

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

Poppenhagen, Hartle, Metzen and Kalis introduced :

H. F. No. 1900, A bill for an act relating to insurance; changing certain incorporation requirements for domestic insurance corporations; amending Minnesota Statutes 1984, section 60A.07, subdivision 1.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Johnson introduced :

H. F. No. 1901, A bill for an act relating to commerce; exempting certain dredge material from requirements for state permits; proposing coding for new law in Minnesota Statutes, chapter 105.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Ellingson, Rest and Carlson, L., introduced :

H. F. No. 1902, A bill for an act relating to natural resources; establishing a youth conservation corps to promote employment of youths and young adults; appropriating money; proposing coding for new law as Minnesota Statutes, chapter 84D.

The bill was read for the first time and referred to the Committee on Environment and Natural Resources.

Shaver introduced:

H. F. No. 1903, A bill for an act relating to local government; authorizing local units of government to reimburse homeowners' associations for the cost of maintaining certain roadways; proposing coding for new law in Minnesota Statutes, chapter 471.

The bill was read for the first time and referred to the Committee on Local and Urban Affairs.

Richter introduced:

H. F. No. 1904, A bill for an act relating to independent school district No. 820, Sebeka; allowing a fund transfer.

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

Osthoff, Price, Rest, Scheid and Jennings, L., introduced:

H. F. No. 1905, A bill for an act relating to education; providing for a tuition exemption for veterans; amending Minnesota Statutes 1985 Supplement, section 135A.04; repealing Minnesota Statutes 1985 Supplement, section 136C.13, subdivisions 3 and 4.

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

Minne introduced:

H. F. No. 1906, A bill for an act relating to retirement; public employees retirement association; expanding conditions under which members of the association may purchase prior service credit; amending Minnesota Statutes 1984, section 353.36, subdivision 2.

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

Backlund; Battaglia; Knuth; Anderson, R., and McPherson introduced:

H. F. No. 1907, A bill for an act relating to insurance; accident and health; providing group coverage for residents who are not otherwise eligible to obtain this coverage; proposing coding for new law in Minnesota Statutes, chapter 60A.

The bill was read for the first time and referred to the Committee on Financial Institutions and Insurance.

Riveness, Piepho, Skoglund and Welle introduced:

H. F. No. 1908, A bill for an act relating to health; requiring planning for services for persons with brain impairment; establishing a statewide clearinghouse for caregiver information; reconvening the task force on needs for persons with brain impairment; amending Minnesota Statutes 1984, sections 145.912, by adding a subdivision; 145.92, subdivision 1; Minnesota Statutes 1985 Supplement, sections 256.01, subdivision 2; and 256E.03, subdivision 2.

The bill was read for the first time and referred to the Committee on Health and Human Services.

Piepho, Bishop, O'Connor and Ogren introduced:

H. F. No. 1909, A bill for an act relating to utilities; prohibiting utilities from conducting energy-related activities in competition with business except in circumstances that will ensure fair competition; authorizing and directing the public utilities commission to adopt rules; imposing penalties; proposing coding for new law as Minnesota Statutes, chapter 216C.

The bill was read for the first time and referred to the Committee on Regulated Industries and Energy.

Kostohryz, Redalen and Omann introduced:

H. F. No. 1910, A bill for an act relating to horse racing; prohibiting certain betting practices; prescribing penalties; amending Minnesota Statutes 1984, sections 240.25, subdivision 2; and 240.26, subdivisions 1 and 2.

The bill was read for the first time and referred to the Committee on Regulated Industries and Energy.

HOUSE ADVISORIES

The following House Advisory was introduced:

Ozment; Miller; Bishop; Jennings, D., and Kelly introduced:

H. A. No. 71, A proposal to study the state building code in relation to state buildings.

The advisory was referred to the Committee on Governmental Operations.

MOTIONS AND RESOLUTIONS

Bishop moved that the name of Skoglund be added as an author on H. F. No. 1301. The motion prevailed.

Fjoslien moved that the name of Clark be added as an author on H. F. No. 1599. The motion prevailed.

Ogren moved that the name of Krueger be added as an author on H. F. No. 1694. The motion prevailed.

Clausnitzer moved that the name of Kiffmeyer be added as an author on H. F. No. 1700. The motion prevailed.

Olsen, S., moved that the name of Metzen be stricken as an author and the name of Segal be added as an author on H. F. No. 1704. The motion prevailed.

Stanis moved that the name of Olsen, S., be added as an author on H. F. No. 1706. The motion prevailed.

Blatz moved that the name of Tjornhom be added as an author on H. F. No. 1708. The motion prevailed.

Cohen moved that the name of Skoglund be added as an author on H. F. No. 1713. The motion prevailed.

Richter moved that the names of Clausnitzer and Waltman be added as authors on H. F. No. 1726. The motion prevailed.

Blatz moved that the name of Valento be added as an author on H. F. No. 1732. The motion prevailed.

Simoneau moved that the name of Segal be added as an author on H. F. No. 1734. The motion prevailed.

Pappas moved that the names of Kelly, Clark, Metzen and Segal be added as authors on H. F. No. 1736. The motion prevailed.

Vellenga moved that the name of Scheid be added as an author on H. F. No. 1743. The motion prevailed.

Quist moved that the name of Kiffmeyer be added as an author on H. F. No. 1744. The motion prevailed.

Schafer moved that the names of Carlson, D., and Gutknecht be added as authors on H. F. No. 1745. The motion prevailed.

Dempsey moved that the names of Redalen and Dyke be added as authors on H. F. No. 1759. The motion prevailed.

Blatz moved that the names of Kvam, Voss and McKasy be added as authors on H. F. No. 1764. The motion prevailed.

Clausnitzer moved that the name of Nelson, D., be added as an author on H. F. No. 1765. The motion prevailed.

Schreiber moved that the name of Kiffmeyer be added as an author on H. F. No. 1767. The motion prevailed.

Richter moved that the names of Waltman and McDonald be added as authors on H. F. No. 1770. The motion prevailed.

Olsen, S., moved that the name of Voss be added as an author on H. F. No. 1776. The motion prevailed.

Simoneau moved that the name of Clark be added as an author on H. F. No. 1777. The motion prevailed.

Simoneau moved that the name of Clark be added as an author on H. F. No. 1778. The motion prevailed.

Sviggum moved that the name of Schafer be added as an author on H. F. No. 1809. The motion prevailed.

Tjornhom moved that the name of Blatz be added as an author on H. F. No. 1813. The motion prevailed.

Schoenfeld moved that the names of Wenzel and Redalen be added as authors on H. F. No. 1816. The motion prevailed.

McEachern moved that the name of Clark be added as an author on H. F. No. 1825. The motion prevailed.

Segal moved that the name of Clark be added as an author on H. F. No. 1834. The motion prevailed.

Bishop moved that the names of Hartinger, Valento and Clark be added as authors on H. F. No. 1835. The motion prevailed.

Dimler moved that the name of Schafer be added as an author on H. F. No. 1842. The motion prevailed.

Hartle introduced :

House Resolution No. 37, A house resolution congratulating the Owatonna Future Farmers of America Dairy Judging Team for being named the 1985 national champion.

The resolution was referred to the Committee on Rules and Legislative Administration.

Jennings, D., for the Committee on Budget, introduced :

House Resolution No. 38, A house resolution setting the maximum limit on taxes and appropriations for the biennium.

The resolution was laid over one day.

Dempsey moved that H. F. No. 1781 be recalled from the Committee on Judiciary and be re-referred to the Committee on Agriculture. The motion prevailed.

Nelson, D., moved that H. F. No. 1795 be recalled from the Committee on Transportation and be re-referred to the Committee on Crime and Family Law. The motion prevailed.

Dempsey moved that H. F. No. 1796 be recalled from the Committee on Financial Institutions and Insurance and be re-referred to the Committee on Agriculture. The motion prevailed.

Bishop moved that H. F. No. 1824 be recalled from the Committee on Rules and Legislative Administration and be re-referred to the Committee on Judiciary. The motion prevailed.

Levi 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 Second Reading of House Bills.

SECOND READING OF HOUSE BILLS

H. F. No. 1761 which was given a second reading and temporarily laid over earlier today was again reported to the House.

CALL OF THE HOUSE

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

Anderson, G.	Frederick	Marsh	Pauly	Simoneau
Anderson, R.	Frederickson	McDonald	Peterson	Skoglund
Backlund	Frerichs	McEachern	Piepho	Solberg
Battaglia	Greenfield	McKasy	Piper	Sparby
Beard	Gutknecht	McLaughlin	Poppenhagen	Stanius
Becklin	Hartinger	McPherson	Price	Staten
Begich	Hartle	Metzen	Quinn	Svigum
Bennett	Haukoos	Miller	Quist	Thiede
Boerboom	Heap	Minne	Redalen	Thorson
Boo	Himle	Munger	Rees	Tjornhom
Brandl	Jacobs	Murphy	Rest	Tomlinson
Brown	Jaros	Nelson, D.	Rice	Tompkins
Burger	Jennings, L.	Nelson, K.	Richter	Tunheim
Carlson, J.	Johnson	Neuenschwander	Riveness	Uphus
Carlson, L.	Kahn	Norton	Rodosovich	Valan
Clark	Kalis	O'Connor	Rose	Valento
Clausnitzer	Kelly	Ogren	Sarna	Vanasek
Cohen	Kiffmeyer	Olsen, S.	Schafer	Vellenga
Dempsey	Knickerbocker	Olson, E.	Scheid	Voss
Dimler	Knuth	Omann	Schoenfeld	Waltman
Dyke	Kostohryz	Onnen	Schreiber	Wynia
Ellingson	Krueger	Osthoff	Seaberg	Zaffke
Erickson	Kvam	Otis	Segal	Spk. Jennings, D.
Fjoslien	Levi	Ozment	Shaver	
Forsythe	Long	Pappas	Sherman	

Levi 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.

Piper moved to amend H. F. No. 1761, as amended by the Committee on Agriculture, as follows:

Delete everything after the enacting clause and insert:

"Section 1. [CITATION.]

Sections 1 to 6 may be cited as the "emergency agricultural relief act of 1986."

Sec. 2. [LEGISLATIVE FINDINGS.]

The legislature finds that conditions have deteriorated and thousands of farmers will have their land foreclosed and offered

at forced sales in the spring of 1986, causing agricultural land prices to fall drastically. The foreclosures and low land prices are causing and will cause extreme stress on rural financial institutions and all rural businesses, particularly those related to agricultural production, and financial panic conditions in areas that affect over one-third of the population of the state.

The legislature finds that foreclosure by advertisement will not provide a fair foreclosure process.

The legislature finds and declares existing relief is inadequate and that these conditions have resulted in a state of public economic emergency of a nature that justifies and validates court supervision of the foreclosure process, additional measures for the extension of time before foreclosure and foreclosure sales may be made, and for other relief.

Sec. 3. [APPLICATION.]

Subdivision 1. [DATE OF APPLICATION.] Sections 1 to 6 apply to the mortgages and security interests in this section that exist before February 1, 1986.

Subd. 2. [MORTGAGES HELD BY UNITED STATES.] Sections 1 to 6 apply to mortgages of agricultural production real estate held by the United States or by any agency, department, bureau, or instrumentality of the United States, as security or pledge of the mortgagor, its successors, or assigns.

Subd. 3. [MORTGAGES HELD AS SECURITY FOR PUBLIC DEBT.] Sections 1 to 6 apply to mortgages of agricultural production real estate held as security or pledge to secure payment of a public debt or to secure payment of the deposit of public funds.

Subd. 4. [MORTGAGES HELD BY LENDERS.] Sections 1 to 6 apply to all other mortgages of agricultural production real estate that are held by lenders that are in the business of lending money.

Subd. 5. [SECURITY INTERESTS IN AGRICULTURAL PERSONAL PROPERTY.] Sections 1 to 6 apply to all security interests in agricultural crops and livestock, and all personal property used for agricultural production that are held by lenders in the business of lending money.

Sec. 4. [MORATORIUM AND PROHIBITION OF DEFICIENCY JUDGMENTS.]

Subdivision 1. [MORATORIUM.] (a) Mortgages may not be foreclosed, or property sold by forced sale after foreclosure,

for one year after sections 1 to 5 become effective, except by court order under section 5.

(b) Agricultural production crops and livestock, and all personal property used for agricultural production may not be repossessed, or security interests in the personal property foreclosed, for one year after sections 1 to 5 become effective unless the debtor agrees in writing, or by court order under section 5.

Subd. 2. [DEFICIENCY JUDGMENTS.] *An action for a deficiency judgment related to a sale of real or personal agricultural property may not be started, continued, or executed after sections 1 to 5 become effective.*

Subd. 3. [PREVAILS OVER CONFLICTS.] *Sections 1 to 5 prevail over Minnesota Statutes, chapter 583 and other laws that conflict with sections 1 to 5.*

Sec. 5. [APPLICATION TO DISTRICT COURT FOR RELIEF.]

Subdivision 1. [PETITION.] *A party to a mortgage or security interest may petition for relief to the district court of the county where the foreclosure proceedings are pending, or the district court of the mortgagor's or debtor's residence. The party petitioning the court must serve a summons and verified petition on parties to the mortgage or security interest and show why the repossession, foreclosure, or sale should be made.*

Subd. 2. [RELIEF ALLOWED.] *The court may order the repossession, foreclosure, or sale to proceed under applicable law and conditions provided by the court if the parties to the mortgage or security interest have had adequate legal representation and:*

- (1) the parties to the security interest or mortgage agree;*
- (2) the mortgagor of the mortgaged real estate or the debtor of secured personal property does not have any equity in the property; or*
- (3) after considering all equitable arguments the court finds that there is no basis for the sale not to be held.*

Subd. 3. [POSTPONEMENT OF FORECLOSURE SALE AND REDEMPTION PERIOD.] *If the court orders the foreclosure and sale to proceed, the court may postpone the date of foreclosure sale and the corresponding redemption period up to one year if it finds the following:*

- (1) that the mortgagor or debtor is unable under all reasonable circumstances to make his payments; and*

(2) *that there is a reasonable prospect that postponement will enable the mortgagor or debtor to recover and continue farming into the foreseeable future.*

Subd. 4. [REDUCTION OF REDEMPTION PERIOD.] *The court may order the redemption period under Minnesota Statutes, section 580.23, to be reduced to compensate for the period of time that the sale was delayed, but the redemption period must not be less than 30 days. If the foreclosure sale is not delayed, the redemption period is as provided in Minnesota Statutes, section 580.23.*

Subd. 5. [COMPROMISES.] *If the parties to a security interest or mortgage agree in writing to a compromise settlement, a composition of the indebtedness, or both, the court has jurisdiction and may, by its order, confirm and approve the settlement, composition, or both.*

Subd. 6. [COURT MAY REVISE AND ALTER TERMS.] *A party to a mortgage or a security interest may apply to the court before the expiration of the period before the sale and present evidence that the terms set or approved by the court are not just and reasonable because circumstances have changed. The court may revise and alter the terms.*

Subd. 7. [HEARING.] *The hearing on the petition must be held within 30 days after the filing of the petition. The resulting order must be made and filed within five days after the hearing. An appeal may be made as in other civil actions.*

Sec. 6. Minnesota Statutes 1984, section 580.01, is amended to read:

580.01 [LIMITATION.]

Subject to the provisions of section 541.03, any mortgage of real estate containing a power of sale, except a mortgage of real estate used in agricultural production or a homestead, upon default being made in any condition thereof, may be foreclosed by advertisement.

Sec. 7. [REPEALER.]

Sections 1 to 5, except section 4, subdivision 2, are repealed one year after they become effective, but any postponement or other relief ordered by a court continues to be valid for the period ordered by the court.

Sec. 8. [EFFECTIVE DATE.]

Sections 1 to 7 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to agriculture; declaring a public economic emergency to exist; prohibiting mortgage foreclosure and foreclosure sales for one year; prohibiting repossession, foreclosure, and foreclosure sales of agricultural personal property for one year; providing for an application to the court to allow repossession, foreclosure, and foreclosure sale; prohibiting actions for deficiency judgments; providing for the parties to compromise; prohibiting foreclosure of agricultural property by advertisement; repealing certain provisions of the act after one year; amending Minnesota Statutes 1984, section 580.01."

A roll call was requested and properly seconded.

The question was taken on the Piper amendment and the roll was called.

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

There were 62 yeas and 67 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Jaros	Munger	Piper	Solberg
Battaglia	Jennings, L.	Murphy	Price	Sparby
Beard	Kahn	Nelson, D.	Quinn	Staten
Begich	Kalis	Nelson, K.	Rest	Tomlinson
Brandl	Kelly	Neuenschwander	Rice	Tunheim
Brown	Knuth	Norton	Riveness	Vanasek
Carlson, D.	Kostohryz	O'Connor	Rodosovich	Vellenga
Carlson, L.	Krueger	Ogren	Sarna	Voss
Clark	Long	Olson, E.	Scheid	Welle
Cohen	McEachern	Osthoff	Schoenfeld	Wynia
Ellingson	McLaughlin	Otis	Segal	
Greenfield	Metzen	Pappas	Simoneau	
Jacobs	Minne	Peterson	Skoglund	

Those who voted in the negative were:

Anderson, R.	Dyke	Himle	Ozment	Stanis
Backlund	Erickson	Johnson	Pauly	Swiggum
Becklin	Fjoslien	Kiffmeyer	Piepho	Thiede
Bennett	Forsythe	Knickerbocker	Poppenhagen	Thorson
Bishop	Frederick	Kvam	Quist	Tjornhom
Blatz	Frederickson	Levi	Redalen	Tompkins
Boerboom	Frerichs	Marsh	Rees	Valan
Boo	Gruenes	McDonald	Richter	Valento
Burger	Gutknecht	McKasy	Rose	Waltman
Carlson, J.	Halberg	McPherson	Schafer	Zaffke
Clausnitzer	Hartinger	Miller	Schreiber	Spk. Jennings, D.
Dempsey	Hartle	Olsen, S.	Seaberg	
DenOuden	Haukoos	Omann	Shaver	
Dimler	Heap	Onnen	Sherman	

The motion did not prevail and the amendment was not adopted.

Scheid was excused for the remainder of today's session.

Riveness moved to amend H. F. No. 1761, as amended by the Committee on Agriculture, as follows:

Delete Section 1 and insert:

"Section 1. [CITATION.]

Sections 1 to 4 may be cited as the "Emergency Agricultural Act of 1986.""

Section 2, delete subdivisions 6 and 7

Section 3, subdivision 1, delete paragraphs (c) and (d)

Section 3, delete subdivision 2, and insert:

"Subd. 2. [DEFICIENCY JUDGMENTS.] An action for or on a deficiency judgment related to a sale of real or personal agricultural production property may not be commenced, continued, or executed for one year after sections 1 to 4 become effective."

A roll call was requested and properly seconded.

The question was taken on the Riveness amendment and the roll was called.

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

There were 51 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Kalis	Nelson, K.	Price	Tomlinson
Beard	Kelly	Neuenschwander	Quinn	Tunheim
Brandl	Knuth	Norton	Rest	Vanasek
Carlson, L.	Kostohryz	O'Connor	Rice	Vellenga
Cohen	Krueger	Ogren	Riveness	Voss
Ellingson	Long	Olson, E.	Sarna	Welle
Greenfield	McEachern	Osthoff	Schoenfeld	Wynia
Jacobs	Metzen	Otis	Segal	
Jaros	Munger	Pappas	Skoglund	
Jennings, L.	Murphy	Peterson	Sparby	
Kahn	Nelson, D.	Piper	Staten	

Those who voted in the negative were:

Anderson, R.	Begich	Boerboom	Carlson, J.	DenOuden
Backlund	Bennett	Boo	Clark	Dimler
Battaglia	Bishop	Burger	Clausnitzer	Dyke
Becklin	Blatz	Carlson, D.	Dempsey	Erickson

Fjoslien	Himle	Olsen, S.	Rose	Tjornhom
Forsythe	Johnson	Omman	Schafer	Tompkins
Frederick	Kiffmeyer	Onnen	Schreiber	Uphus
Frederickson	Knickerbocker	Ozment	Seaberg	Valan
Frerichs	Kvam	Pauly	Shaver	Valento
Gruenes	Levi	Piepho	Sherman	Waltman
Gutknecht	Marsh	Poppenhagen	Simoneau	Zaffke
Halberg	McDonald	Quist	Solberg	Spk. Jennings, D.
Hartinger	McKasy	Redalen	Stanisus	
Hartle	McPherson	Rees	Swiggum	
Haukoos	Miller	Richter	Thiede	
Heap	Minne	Rodosovich	Thorson	

The motion did not prevail and the amendment was not adopted.

Ogren moved to amend H. F. No. 1761, as amended by the Committee on Agriculture, as follows:

Section 2, delete subdivision 6, and insert:

"Subd. 6. [MORTGAGES AND SECURITY INTERESTS OF SMALL BUSINESSES.] Sections 1 to 4 apply to all mortgages and security interests in real and personal property of a small business, as that term is defined in Minnesota Statutes, section 645.445, located in a county designated under Minnesota Statutes, section 297A.257, if the mortgages or security interests are held by a lender or agency listed in subdivisions 1 to 5."

Section 2, delete subdivision 7, and insert:

"Subd. 7. [MORTGAGES AND SECURITY INTERESTS OF HOMESTEAD PROPERTY.] Sections 1 to 4 apply to all mortgages and security interests in real and personal property consisting of or located on homestead property as defined in Minnesota Statutes, section 510.01, in a county designated under Minnesota Statutes, section 297A.257, if the mortgages or security interests are held by a lender or agency listed in subdivisions 1 to 5."

A roll call was requested and properly seconded.

The question was taken on the Ogren amendment and the roll was called.

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

There were 56 yeas and 70 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Begich	Carlson, L.	Greenfield	Kahn
Battaglia	Brandl	Cohen	Jaros	Kalis
Beard	Brown	Ellingson	Jennings, L.	Kelly

Knuth	Nelson, D.	Pappas	Schoenfeld	Vanasek
Kostohryz	Nelson, K.	Peterson	Segal	Vellenga
Krueger	Neuenschwander	Piper	Simoneau	Voss
Long	Norton	Price	Skoglund	Welle
McEachern	O'Connor	Quinn	Solberg	Wynia
McLaughlin	Ogren	Rest	Sparby	
Minne	Olson, E.	Rice	Staten	
Munger	Osthoff	Rodosovich	Tomlinson	
Murphy	Otis	Sarna	Tunheim	

Those who voted in the negative were:

Anderson, R.	Dimler	Heap	Onnen	Shaver
Backlund	Dyke	Himle	Ozment	Sherman
Becklin	Erickson	Johnson	Pauly	Stanius
Bennett	Fjoslien	Kiffmeyer	Piepho	Sviggum
Bishop	Forsythe	Knickerbocker	Poppenhagen	Thiede
Blatz	Frederick	Kvam	Quist	Thorson
Boerboom	Frederickson	Levi	Redalen	Tjornhom
Boo	Frerichs	Marsh	Rees	Tompkins
Burger	Gruenes	McDonald	Richter	Uphus
Carlson, D.	Gutknecht	McKasy	Riveness	Valan
Carlson, J.	Halberg	McPherson	Rose	Valento
Clausnitzer	Hartinger	Miller	Schafer	Waltman
Dempsey	Hartle	Olsen, S.	Schreiber	Zaffke
DenOuden	Haukoos	Omann	Seaberg	Spk. Jennings, D.

The motion did not prevail and the amendment was not adopted.

H. F. No. 1761, A bill for an act relating to commerce; prohibiting certain mortgage foreclosure and foreclosure sales for one year; prohibiting repossession, foreclosure, and foreclosure sales of certain personal property for one year; providing for an application to the court to allow repossession, foreclosure, and foreclosure sale; prohibiting actions for deficiency judgments; providing for the parties to compromise.

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

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

Pursuant to rule 2.5, Segal requested that she be excused from voting on H. F. No. 1761.

Segal stated her reasons for declining to vote.

Pursuant to rule 2.5, the Speaker submitted to the House the question "Shall the member, for the reasons stated, be excused from voting?" The House did not excuse Segal from voting.

POINT OF ORDER

Osthoff raised a point of order pursuant to established custom and usage of the House regarding unexcused members to vote. The Speaker ruled the point of order not well taken.

Pursuant to rule 2.5, Segal requested that she be excused from voting on H. F. No. 1761.

A roll call was requested and properly seconded.

POINT OF ORDER

Skoglund raised a point of order pursuant to rule 2.5 relating to every unexcused member to vote. The Speaker ruled the point of order not well taken.

The question recurred on the Segal request that she be excused from voting on H. F. No. 1761 and the roll was called. There were 81 yeas and 43 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Kostohryz	Pappas	Solberg
Anderson, R.	Ellingson	Krueger	Pauly	Sparby
Battaglia	Erickson	Long	Peterson	Staten
Bead	Fjoslien	McEachern	Piper	Thorson
Becklin	Forsythe	McLaughlin	Price	Tomlinson
Begich	Greenfield	Metzen	Quinn	Tompkins
Bishop	Gruenes	Minne	Rest	Tunheim
Blatz	Halberg	Murphy	Rice	Vanasek
Boo	Hartle	Nelson, D.	Richter	Vellenga
Brandl	Himle	Nelson, K.	Riveness	Voss
Brown	Jacobs	Neuenschwander	Rodosovich	Welle
Burger	Jennings, L.	Norton	Sarna	Wynia
Carlson, D.	Johnson	O'Connor	Schoenfeld	Zaffke
Carlson, J.	Kahn	Ogren	Seaberg	
Carlson, L.	Kalis	Omann	Segal	
Clark	Kelly	Osthoff	Simoneau	
Cohen	Knuth	Otis	Skoglund	

Those who voted in the negative were:

Backlund	Frerichs	Marsh	Quist	Swiggum
Bennett	Gutknecht	McDonald	Redalen	Tjornhom
Boerboom	Hartinger	McPherson	Rees	Uphus
Clausnitzer	Haukoos	Miller	Rose	Valan
Dempsey	Heap	Olsen, S.	Schafer	Valento
DenOuden	Kiffmeyer	Onnen	Schreiber	Waltman
Dimler	Knickerbocker	Ozment	Shaver	Spk. Jennings, D.
Frederick	Kvam	Piepho	Sherman	
Frederickson	Levi	Poppenhagen	Stanius	

The House excused Segal from voting.

The roll was called on the final passage of H. F. No. 1761, as amended by the Committee on Agriculture.

There were 52 yeas and 76 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Begich	Clark	Greenfield	Kalis
Battaglia	Brown	Cohen	Jaros	Kelly
Beard	Carlson, D.	Ellingson	Kahn	Knuth

Kostohryz	Nelson, D.	Pappas	Sarna	Uphus
Krueger	Neuenschwander	Peterson	Schoenfeld	Vanasek
Long	Norton	Piper	Simoneau	Vellenga
McEachern	O'Connor	Price	Solberg	Welle
McLaughlin	Ogren	Quinn	Sparby	Wynia
Minne	Olson, E.	Redalen	Staten	
Munger	Osthoff	Rice	Tomlinson	
Murphy	Otis	Rodosovich	Tunheim	

Those who voted in the negative were:

Anderson, R.	Dyke	Jennings, L.	Ozment	Stanius
Backlund	Erickson	Johnson	Pauly	Sviggum
Becklin	Fjoslien	Kiffmeyer	Piepho	Thiede
Bennett	Forsythe	Knickerbocker	Poppenhagen	Thorson
Bishop	Frederick	Kvam	Quist	Tjornhom
Blatz	Frederickson	Levi	Rees	Tompkins
Boerboom	Frerichs	Marsh	Rest	Valan
Boo	Gruenes	McDonald	Richter	Valento
Brandl	Gutknecht	McKasy	Riveness	Voss
Burger	Halberg	McPherson	Rose	Waltman
Carlson, J.	Hartinger	Metzen	Schafer	Zaffke
Carlson, L.	Hartle	Miller	Schreiber	Spk. Jennings, D.
Clausnitzer	Haukoos	Nelson, K.	Seaberg	
Dempsey	Heap	Olsen, S.	Shaver	
DenOuden	Himle	Omann	Sherman	
Dimler	Jacobs	Onnen	Skoglund	

The bill was not passed, as amended by the Committee on Agriculture.

ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 2:00 p.m., Monday, February 10, 1986. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Monday, February 10, 1986.

EDWARD A. BURDICK, Chief Clerk, House of Representatives