

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION - 1986

SEVENTY-THIRD DAY

SAINT PAUL, MINNESOTA, THURSDAY, FEBRUARY 20, 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 Chaplain Robert Bergeson, Lutheran Social Service Staff Chaplain, St. Paul Ramsey Medical Center, St. Paul, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Olson, E.; Schoenfeld and Zaffke were excused.

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

dispensed with and that the Journal be approved as corrected by the Chief Clerk. The motion prevailed.

REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 1635, 1730, 1762, 1819, 1853, 1860, 1940, 2044, 1820, 1886, 1978, 1984, 2035, 2081, 2082, 1850 and 1969 and S. F. Nos. 1600 and 31 have been placed in the members' files.

S. F. No. 1600 and H. F. No. 1757, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Dempsey moved that S. F. No. 1600 be substituted for H. F. No. 1757 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1574 and H. F. No. 1819, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

McPherson moved that S. F. No. 1574 be substituted for H. F. No. 1819 and that the House File be indefinitely postponed. The motion prevailed.

REPORTS OF STANDING COMMITTEES

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 1766, A bill for an act relating to education; reducing certain education aids appropriations in fiscal year 1987; setting the formula allowance and basic maintenance mill rate amounts for the 1987-1988 school year; providing for restoration of education aids if state revenues increase; making technical corrections; amending Minnesota Statutes 1984, sections 124.32, subdivision 1c; 124A.02, subdivision 15; and 364.09; Minnesota Statutes 1985 Supplement, sections 124.225, subdivision 7b; 124.245, subdivision 1; 124A.02, subdivision 9; 124A.03, subdivision 1a; 129C.10, subdivision 5; and 298.28, subdivision 1; Laws 1985, First Special Session chapter 12, article 1, section 36, subdivision 3; article 2, section 15, subdivision 2; article 3, section 28, subdivision 10; article 4, section 11, subdivision 6; article 5, section 8; and section 10, subdivisions 2 and 4; article 6, section 28, subdivisions 11, 17, and 20; article 8, section 62, subdivisions 2, 3, 4, 6, 8, 9, 13, 14, 15, and 17; section 63, subdivisions 2 and 3; and section 64, subdivision 2; and article 9, section 3, subdivisions 2 and 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"ARTICLE 1

ELEMENTARY AND SECONDARY EDUCATION AIDS

Section 1. Minnesota Statutes 1985 Supplement, section 124.225, subdivision 7b, is amended to read:

Subd. 7b. [INFLATION FACTORS.] The adjusted authorized predicted cost per FTE determined for a district under subdivision 7a for the base year shall be increased by 10.3 percent to determine the district's aid entitlement per FTE for the 1984-1985 school year, by 8.9 percent to determine the district's aid entitlement per FTE for the 1985-1986 school year, and by (6.7) 6.0 percent to determine the district's aid entitlement per FTE for the 1986-1987 school year.

Sec. 2. Minnesota Statutes 1985 Supplement, section 124.245, subdivision 1, is amended to read:

Subdivision 1. [BASIC COMPUTATION.] (a) Each year the state shall pay a school district the difference by which an amount equal to \$90 per pupil unit in that school year or, in districts where the number of actual pupil units has increased from the prior year, \$95 per pupil unit in that school year, exceeds the amount raised by seven mills times the adjusted assessed valuation of the taxable property in the district for the preceding year. To qualify for aid pursuant to this subdivision in any school year, a district must (HAVE LEVIED SEVEN EARC MILLS FOR USE FOR CAPITAL EXPENDITURES IN THAT YEAR) *levy* pursuant to section 275.125, subdivision 11a *for use in that year*.

(b) The aid under clause (a) for any district which operates an approved secondary vocational education program or an approved senior secondary industrial arts program shall be computed using a dollar amount per pupil unit which is \$5 higher than the amount specified in clause (a).

(c) If the sum of a district's capital expenditure levy under section 275.125, subdivision 11a, attributable to any school year and its capital expenditure equalization aid, if any, under this subdivision for that school year exceeds \$90 per pupil unit or, in districts where the number of actual pupil units has increased from the prior year, \$95 per pupil unit, the amount of the excess may be expended only for the purpose of capital expenditures for equipment for secondary vocational education programs or senior secondary industrial arts programs.

Sec. 3. Minnesota Statutes 1984, section 124.32, subdivision 1c, is amended to read:

Subd. 1c. [FOUNDATION AID FORMULA ALLOWANCE.] For purposes of this section, "foundation aid formula allowance"

shall have the meaning attributed to it in section 124A.02, subdivision 9, and "summer school revenue allowance" shall have the meaning attributed to it in section 124.201. For the purposes of computing foundation aid formula allowances pursuant to this section, each handicapped child shall be counted as prescribed in section 124.17, subdivision 1 (, CLAUSE (1) OR (2)).

Sec. 4. Minnesota Statutes 1985 Supplement, section 124A.02, subdivision 9, is amended to read:

Subd. 9. [FORMULA ALLOWANCE.] "Foundation aid formula allowance" or "formula allowance" means the amount of revenue per pupil unit used in the computation of foundation aid for a particular school year and in the computation of permissible levies for use in that school year. (THE FORMULA ALLOWANCE SHALL BE \$1,475 FOR THE 1983 PAYABLE 1984 LEVIES AND FOR FOUNDATION AID FOR THE 1984-1985 SCHOOL YEAR.) The formula allowance shall be \$1,585 for the 1984 payable 1985 levies and for foundation aid for the 1985-1986 school year. The formula allowance shall be \$1,690 for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year. *The formula allowance is \$1,690 for the 1986 payable 1987 levies and for foundation aid for the 1987-1988 school year.*

Sec. 5. Minnesota Statutes 1984, section 124A.02, subdivision 15, is amended to read:

Subd. 15. [PUPIL UNITS, ACTUAL.] "Actual pupil units" means pupil units identified in section 124.17, subdivision 1 (, CLAUSES (1) AND (2)).

Sec. 6. Minnesota Statutes 1985 Supplement, section 124A.03, subdivision 1a, is amended to read:

Subd. 1a. [ESTABLISHMENT OF BASIC MAINTENANCE MILL RATE.] (a) The commissioner of revenue shall establish the basic maintenance mill rate and certify it to the commissioner of education by August 1 of each year for levies payable in the following year. The established basic maintenance mill rate shall be a rate, rounded up to the nearest tenth of a mill, which when applied to the adjusted assessed valuation of taxable property for each school district under subdivision 1 or 3, as applicable, raises the total amount specified in this section.

(b) The basic maintenance mill rate for the 1985 payable 1986 levies and for foundation aid for the 1986-1987 school year shall be established at a rate that raises a total of \$702,000,000. *The basic maintenance mill rate for the 1986 payable 1987 levies and for foundation aid for the 1987-1988 school year shall be set at a rate that raises \$702,000,000.* The basic maintenance mill rate computed by the commissioner of revenue must not be re-

computed due to changes or corrections made in a school district's adjusted assessed valuation after the mill rate has been certified to the department of education pursuant to paragraph (a).

Sec. 7. Minnesota Statutes 1985 Supplement, section 129C.10, subdivision 5, is amended to read:

Subd. 5. [RESOURCE CENTER.] (BEGINNING IN THE 1985-1986 SCHOOL YEAR, THE RESOURCE CENTER SHALL OFFER PROGRAMS THAT ARE DIRECTED AT IMPROVING ARTS EDUCATION IN ELEMENTARY AND SECONDARY SCHOOLS THROUGHOUT THE STATE. THE PROGRAMS OFFERED SHALL INCLUDE AT LEAST SUMMER INSTITUTES OFFERED TO PUPILS IN VARIOUS REGIONS OF THE STATE, INSERVICE WORKSHOPS FOR TEACHERS, AND LEADERSHIP DEVELOPMENT PROGRAMS FOR TEACHERS.) The board shall establish a resource center advisory council composed of elementary and secondary arts educators, representatives from post-secondary educational institutions, department of education, state arts board, regional arts councils, educational cooperative service units, school district administrators, parents, and other organizations involved in arts education. The advisory council shall include representatives from a variety of arts disciplines and from various areas of the state. The advisory council shall advise the board about the activities of the center. Programs offered through the resource center shall promote and develop arts education programs offered by school districts and arts organizations and shall assist school districts and arts organizations in developing innovative programs. The board may contract with nonprofit arts organizations to provide programs through the resource center. The advisory council shall advise the board on contracts and programs related to the operation of the resource center.

Sec. 8. Minnesota Statutes 1985 Supplement, section 298.28, subdivision 1, is amended to read:

Subdivision 1. [DISTRIBUTION.] The proceeds of the taxes collected under section 298.24, except the tax collected under section 298.24, subdivision 2, shall, upon certification of the commissioner of revenue, be allocated as follows:

(1) 2.5 cents per gross ton of merchantable iron ore concentrate, hereinafter referred to as "taxable ton," to the city or town in the county in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. If the mining, quarrying, and concentration, or different steps in either thereof are carried on in more than one taxing district, the commissioner shall apportion equitably the proceeds of the part of the tax going to cities and towns among such subdivisions upon the basis of attributing 40 percent of the proceeds of the tax to the operation of mining or quarrying the taconite, and the remainder to the concentrating plant and to the processes of concentration, and with respect to each thereof

giving due consideration to the relative extent of such operations performed in each such taxing district. His order making such apportionment shall be subject to review by the tax court at the instance of any of the interested taxing districts, in the same manner as other orders of the commissioner.

(2) (a) 12.5 cents per taxable ton, less any amount distributed under clause (7), paragraph (a), and paragraph (b) of this clause, to be distributed as provided in section 298.282.

(b) An amount annually certified by the county auditor of a county containing a taconite tax relief area within which there is an organized township if, as of January 2, 1982, more than 75 percent of the assessed valuation of the township consists of iron ore. The amount will be the portion of a township's certified levy equal to the proportion of (1) the difference between 50 percent of the township's January 2, 1982, assessed value and its current assessed value to (2) the sum of its current assessed value plus the difference determined in (1). The county auditor shall extend the township's levy against the sum of the township's current assessed value plus the difference between 50 percent of its January 2, 1982, assessed value and its current assessed value. If the current assessed value of the township exceeds 50 percent of the township's January 2, 1982, assessed value, this clause shall not apply.

(3) 29 cents per taxable ton plus the increase provided in paragraph (c) to qualifying school districts to be distributed, based upon the certification of the commissioner of revenue, as follows:

(a) Six cents per taxable ton to the school districts in which the lands from which taconite was mined or quarried were located or within which the concentrate was produced. The distribution must be based on the apportionment formula prescribed in clause (1).

(b) 23 cents per taxable ton, less any amount distributed under part (d), shall be distributed to a group of school districts comprised of those school districts wherein the taconite was mined or quarried or the concentrate produced or in which there is a qualifying municipality as defined by section 273.134 in direct proportion to school district tax levies as follows: each district shall receive that portion of the total distribution which its certified levy for the prior year, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125, comprises of the sum of certified levies for the prior year for all qualifying districts, computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125. For purposes of distributions

pursuant to this part, certified levies for the prior year computed pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.12, subdivision 3a, 124A.14, subdivision 5a, and 275.125 shall not include the amount of any increased levy authorized by referendum pursuant to section 124A.03, subdivision 2.

(c) On July 15, in years prior to 1988, an amount equal to the increase derived by increasing the amount determined by clause (3)(b) in the same proportion as the increase in the steel mill products index over the base year of 1977 as provided in section 298.24, subdivision 1, clause (a), shall be distributed to any school district described in clause (3)(b) where a levy increase pursuant to section 124A.03, subdivision 2, is authorized by referendum, according to the following formula. On July 15, 1988 and subsequent years, the increase over the amount established for the prior year shall be determined according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1, paragraph (a). Each district shall receive the product of:

(i) \$150 times the pupil units identified in section 124.17, subdivision 1, (CLAUSES (1) AND (2),) enrolled in the second previous year or the 1983-1984 school year, whichever is greater, less the product of 1-3/4 mills times the district's taxable valuation in the second previous year; times

(ii) the lesser of:

(A) one, or

(B) the ratio of the amount certified pursuant to section 124A.03, subdivision 2, in the previous year, to the product of 1-3/4 mills times the district's taxable valuation in the second previous year.

If the total amount provided by clause (3)(c) is insufficient to make the payments herein required then the entitlement of \$150 per pupil unit shall be reduced uniformly so as not to exceed the funds available. Any amounts received by a qualifying school district in any fiscal year pursuant to clause (3)(c) shall not be applied to reduce foundation aids which the district is entitled to receive pursuant to section 124A.02 or the permissible levies of the district. Any amount remaining after the payments provided in this paragraph shall be paid to the commissioner of iron range resources and rehabilitation who shall deposit the same in the taconite environmental protection fund and the northeast Minnesota economic protection trust fund as provided in clause (9).

(d) There shall be distributed to any school district the amount which the school district was entitled to receive under section 298.32 in 1975.

(4) 19.5 cents per taxable ton to counties to be distributed, based upon certification by the commissioner of revenue, as follows:

(a) 15.5 cents per taxable ton shall be distributed to the county in which the taconite is mined or quarried or in which the concentrate is produced, less any amount which is to be distributed pursuant to part (b). The apportionment formula prescribed in clause (1) is the basis for the distribution.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, one cent per taxable ton of the tax distributed to the counties pursuant to part (a) and imposed on and collected from such taxpayer shall be paid to the county in which the power plant is located.

(c) Four cents per taxable ton shall be paid to the county from which the taconite was mined, quarried or concentrated to be deposited in the county road and bridge fund. If the mining, quarrying and concentrating, or separate steps in any of those processes are carried on in more than one county, the commissioner shall follow the apportionment formula prescribed in clause (1).

(5) (a) 17.75 cents per taxable ton, less any amount required to be distributed under part (b), to St. Louis county acting as the counties' fiscal agent, to be distributed as provided in sections 273.134 to 273.136.

(b) If an electric power plant owned by and providing the primary source of power for a taxpayer mining and concentrating taconite is located in a county other than the county in which the mining and the concentrating processes are conducted, .75 cent per taxable ton of the tax imposed and collected from such taxpayer shall be paid to the county and school district in which the power plant is located as follows: 25 percent to the county and 75 percent to the school district.

(6) Three cents per taxable ton shall be paid to the iron range resources and rehabilitation board for the purposes of section 298.22. The amount determined in this clause shall be increased in 1981 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1 and shall be increased in 1988 and subsequent years according to the increase in the implicit price deflator as provided in section 298.24, subdivision 1. The amount distributed pursuant to this clause shall be expended within or for the benefit of a tax relief area defined in section 273.134. No part of the fund provided in this clause may be used

to provide loans for the operation of private business unless the loan is approved by the governor and the legislative advisory commission.

(7) (a) .20 cent per taxable ton shall be paid to the range association of municipalities and schools, for the purpose of providing an areawide approach to problems which demand coordinated and cooperative actions and which are common to those areas of northeast Minnesota affected by operations involved in mining iron ore and taconite and producing concentrate therefrom, and for the purpose of promoting the general welfare and economic development of the cities, towns and school districts within the iron range area of northeast Minnesota.

(b) 1.5 cents per taxable ton shall be paid to the northeast Minnesota economic protection trust fund.

(8) the amounts determined under clauses (4)(a), (4)(c), (5), and (7)(b) shall be increased in 1979 and subsequent years prior to 1988 in the same proportion as the increase in the steel mill products index as provided in section 298.24, subdivision 1. Those amounts shall be increased in 1988 and subsequent years in the same proportion as the increase in the implicit price deflator as provided in section 298.24, subdivision 1.

(9) the proceeds of the tax imposed by section 298.24 which remain after the distributions and payments in clauses (1) to (8), as certified by the commissioner of revenue, and parts (a) and (b) of this clause have been made, together with interest earned on all money distributed under this subdivision prior to distribution, shall be divided between the taconite environmental protection fund created in section 298.223 and the northeast Minnesota economic protection trust fund created in section 298.292 as follows: Two-thirds to the taconite environmental protection fund and one-third to the northeast Minnesota economic protection trust fund. The proceeds shall be placed in the respective special accounts.

(a) There shall be distributed to each city, town, school district, and county the amount that they received under section 294.26 in calendar year 1977; provided, however, that the amount distributed in 1981 to the unorganized territory number 2 of Lake county and the town of Beaver Bay based on the between-terminal trackage of Erie Mining Company will be distributed in 1982 and subsequent years to the unorganized territory number 2 of Lake county and the towns of Beaver Bay and Stony River based on the miles of track of Erie Mining Company in each taxing district.

(b) There shall be distributed to the iron range resources and rehabilitation board the amounts it received in 1977 under section 298.22.

On or before October 10 of each calendar year each producer of taconite or iron sulphides subject to taxation under section 298.24 (hereinafter called "taxpayer") shall file with the commissioner of revenue an estimate of the amount of tax which would be payable by such taxpayer under said law for such calendar year; provided such estimate shall be in an amount not less than the amount due on the mining and production of concentrates up to September 30 of said year plus the amount becoming due because of probable production between September 30 and December 31 of said year, less any credit allowable as hereinafter provided. The commissioner of revenue shall annually on or before October 10 report an estimated distribution amount to each taxing district and the officers with whom such report is so filed shall use the amount so indicated as being distributable to each taxing district in computing the permissible tax levy of such county or city in the year in which such estimate is made, and payable in the next ensuing calendar year, except that one cent per taxable ton of the amount distributed under clause (4)(c) shall not be deducted in calculating the permissible levy. In any calendar year in which a general property tax levy subject to sections 275.50 to 275.59 has been made, if the taxes distributable to any such county or city are greater than the amount estimated by the commissioner to be paid to any such county or city in such year, the excess of such distribution shall be held in a special fund by the county or city and shall not be expended until the succeeding calendar year, and shall be included in computing the permissible levies under sections 275.50 to 275.59, of such county or city payable in such year. If the amounts distributable to any such county or city after final determination by the commissioner of revenue under this section are less than the amounts by which a taxing district's levies were reduced pursuant to this section, such county or city may issue certificates of indebtedness in the amount of the shortage, and may include in its next tax levy, in excess of the limitations of sections 275.50 to 275.59 an amount sufficient to pay such certificates of indebtedness and interest thereon, or, if no certificates were issued, an amount equal to such shortage.

Sec. 9. Minnesota Statutes 1984, section 364.09, is amended to read:

364.09 [LAW ENFORCEMENT; EXCEPTION.]

This chapter shall not apply to the practice of law enforcement (OR), to eligibility for a family day care license or a family foster care license, *or to eligibility for school bus driver endorsements*. Nothing in this section shall be construed to preclude the Minnesota police and peace officers training board from recommending policies set forth in this chapter to the attorney general for adoption in his discretion to apply to law enforcement.

Sec. 10. Laws 1985, First Special Session chapter 12, article 1, section 36, subdivision 3, is amended to read:

Subd. 3. [SUMMER PROGRAMS.] For summer program aid pursuant to Minnesota Statutes, section 124A.033, subdivision 3, (AND FOR SUMMER INSTRUCTIONAL PROGRAM AID PURSUANT TO SECTION 124A.033, SUBDIVISION 3A,) there is appropriated:

\$7,878,600 1986,

(\$7,400,000) \$612,000 1987.

The appropriation for fiscal year 1986 is for aid for programs in summer 1985. The appropriation for fiscal year 1987 is for aid *only* for programs in summer 1986 *which are provided to pupils who are handicapped and who are appropriately served at level 4, 5, or 6 of the continuum of placement model described in state board rules.* Summer educational improvement aid shall not be paid after fiscal year 1986.

Sec. 11. Laws 1985, First Special Session chapter 12, article 2, section 15, subdivision 2, is amended to read:

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

\$88,993,600 1986,

(\$84,587,100) \$82,638,000 1987.

(a) The appropriation for 1986 includes \$12,284,400 for aid for fiscal year 1985 payable in fiscal year 1986 and \$76,709,200 for fiscal year 1986 payable in fiscal year 1986.

(b) The appropriation for 1987 includes \$13,536,900 for aid for fiscal year 1986 payable in fiscal year 1987 and (\$71,050,200) \$69,101,100 for fiscal year 1987 payable in fiscal year 1987.

(c) The appropriations are based on aid entitlements of \$90,246,100 for fiscal year 1986 and (\$83,588,400) \$81,295,400 for fiscal year 1987.

Sec. 12. Laws 1985, First Special Session chapter 12, article 3, section 28, subdivision 10, is amended to read:

Subd. 10. [OFFICE ON TRANSITION SERVICES.] For the interagency office on transition services there is appropriated:

\$75,000 1986,

(\$85,000) \$81,000 1987.

Sec. 13. Laws 1985, First Special Session chapter 12, article 4, section 11, subdivision 6, is amended to read:

Subd. 6. [DEPARTMENT ASSISTANCE FOR EARLY CHILDHOOD FAMILY EDUCATION.] For the department to provide assistance to districts in planning, implementing, and evaluating early childhood family education programs there is appropriated:

\$35,000 1986,

(\$35,000) \$33,250 1987.

The department shall use the appropriation for personnel service contracts and expenses of conferences and workshops.

Sec. 14. Laws 1985, First Special Session chapter 12, article 5, section 8, is amended to read:

Sec. 8. [REPORT; 1987 LEGISLATURE.]

By February 1 of 1986 (AND 1987), the board of the school of the arts and resource center shall report to the education committees of the legislature on the activities of the board, activities of the resource center, and the planning for the school of the arts. The 1987 (REPORT SHALL INCLUDE RECOMMENDATIONS ABOUT CONTINUATION OF THE) *legislature shall examine the feasibility of funding the state school of the arts and resource center.*

Sec. 15. Laws 1985, First Special Session chapter 12, article 5, section 10, subdivision 2, is amended to read:

Subd. 2. [COMPREHENSIVE ARTS PLANNING PROGRAMS.] For comprehensive arts planning programs there is appropriated:

\$100,000 1986,

(\$100,000) \$96,875 1987.

The unencumbered balance remaining from fiscal year 1986 shall not cancel but shall be available for fiscal year 1987.

Sec. 16. Laws 1985, First Special Session chapter 12, article 5, section 10, subdivision 4, is amended to read:

Subd. 4. [SCHOOL OF THE ARTS AND RESOURCE CENTER.] For the purpose of making a grant to the Minnesota school of the arts and resource center there is appropriated:

\$491,000 1986 (,)

(\$2,170,000 1987).

The unencumbered balance remaining from fiscal year 1986 shall not cancel but shall be available for fiscal year 1987.

For fiscal (YEARS) *year* 1986 (AND 1987) a complement of 13 is authorized for the school of the arts and resource center. Of this complement, eight are in the categories of director, coordinator, and department chairs.

Sec. 17. Laws 1985, First Special Session chapter 12, article 6, section 28, subdivision 11, is amended to read:

Subd. 11. [GIFTED STUDY.] For the gifted education program study there is appropriated:

(\$35,000) \$34,125 1986.

The appropriation is available until June 30, 1987. A portion of the appropriation may be used for administrative expenses.

Sec. 18. Laws 1985, First Special Session chapter 12, article 6, section 28, subdivision 17, is amended to read:

Subd. 17. [COUNCIL ON QUALITY EDUCATION; VENTURE FUND GRANTS.] For the council on quality education venture fund grants pursuant to Minnesota Statutes, sections 129B.01 to 129B.05, there is appropriated:

\$717,700 1986,

(\$450,000) \$250,000 1987.

The appropriation for fiscal year 1986 includes \$122,400 for grants for fiscal year 1985 payable in fiscal year 1986 and \$595,300 for grants for fiscal year 1986 payable in fiscal year 1986.

The appropriation for fiscal year 1987 includes \$105,100 for grants for fiscal year 1986 payable in fiscal year 1987 and (\$344,900) \$144,900 for grants for fiscal year 1987 payable in fiscal year 1987.

Any unexpended balance remaining from the appropriations in this subdivision for 1986 shall not cancel and shall be available for the second year of the biennium.

The appropriations are based on entitlements of \$700,400 for fiscal year 1986 and (\$405,800) \$205,800 for fiscal year 1987.

The council may maintain a complement of up to three professionals and one clerical staff for fiscal year 1986 (AND TWO PROFESSIONALS AND ONE CLERICAL STAFF FOR FISCAL YEAR 1987).

Sec. 19. Laws 1985, First Special Session chapter 12, article 6, section 28, subdivision 20, is amended to read:

Subd. 20. [SECONDARY VOCATIONAL STUDENT ORGANIZATIONS.]

For aid for secondary vocational student organizations there is appropriated:

\$60,000 1986,

(\$60,000) \$57,000 1987.

The appropriations for fiscal years 1986 and 1987 are available for expenditure if the commissioner of education authorizes an additional \$160,000 for each of fiscal years 1986 and 1987 from the department's biennial appropriations for this purpose.

Sec. 20. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 2, is amended to read:

Subd. 2. [EDUCATIONAL EFFECTIVENESS.] For educational effectiveness programs according to sections 121.608 and 121.609 there is appropriated:

\$1,034,000 1986,

(\$781,000) \$735,625 1987.

The commissioner shall assign one additional position, from the department's existing complement, to educational effectiveness programs. The legislature intends that, beginning in fiscal year 1987, districts will pay the costs of educational effectiveness in-service for district staff.

Sec. 21. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 3, is amended to read:

Subd. 3. [ACADEMIC EXCELLENCE FOUNDATION.] For support of the academic excellence foundation according to Minnesota Statutes, section 121.612, there is appropriated:

\$89,000 1986,

(\$84,000) \$79,675 1987.

\$5,000 of the fiscal year 1986 appropriation shall be used for expenses related to the operation of the task force established in section 60, subdivision 1.

Sec. 22. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 4, is amended to read:

Subd. 4. [MANAGEMENT ASSISTANCE.] For management assistance to school districts according to section 4 there is appropriated:

\$50,000 1986,

(\$50,000) \$47,500 1987.

Sec. 23. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 6, is amended to read:

Subd. 6. [ASSESSMENT ITEM BANK.] For development and implementation of the assessment item bank according to Minnesota Statutes, section 123.742, subdivision 5, there is appropriated:

\$300,000 1986,

(\$300,000) \$285,000 1987.

Sec. 24. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 8, is amended to read:

Subd. 8. [PER ASSISTANCE.] For state assistance for planning, evaluation, and reporting, there is appropriated:

\$120,000 1986,

(\$120,000) \$114,000 1987.

\$50,000 each year shall be used for assisting districts with the assurance of mastery program. Up to \$50,000 each year shall be used to develop and maintain model learner expectations. Up to \$20,000 each year shall be used for the state curriculum advisory committee; a portion of this money may be for administration.

Sec. 25. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 9, is amended to read:

Subd. 9. [TECHNOLOGY SERVICES.] For the purposes of Minnesota Statutes, sections 129B.35, 129B.37, 129B.39, and 129B.40, there is appropriated:

\$649,000 1986,

(\$649,000) \$616,550 1987.

Sec. 26. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 13, is amended to read:

Subd. 13. [MASTERY LEARNING PROGRAM.] For the purposes of section 42, subdivisions 3 and 10 and section 59, there is appropriated:

\$160,000 1986,

(\$1,290,000) \$1,285,000 1987.

\$125,000 of the appropriation for fiscal year 1986 shall be used for a computerized mastery management system and support materials. The remaining \$35,000 in fiscal year 1986 shall be used for planning aid to districts under section 42, subdivision 3.

\$1,250,000 of the appropriation in fiscal year 1987 shall be used for mastery learning project grants. The remaining (\$40,000) \$35,000 for fiscal year 1987 may be used by the department to administer and evaluate the program.

Sec. 27. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 14, is amended to read:

Subd. 14. [SCHOOL MANAGEMENT ASSESSMENT CENTER.] For support of the school management assessment center at the University of Minnesota, there is appropriated:

\$25,900 1986,

(\$26,900) \$25,580 1987.

Sec. 28. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 15, is amended to read:

Subd. 15. [PROGRAMS OF EXCELLENCE.] For programs of excellence according to Minnesota Statutes, sections 126.60 to 126.64, there is appropriated:

\$25,000 1986,

(\$25,000) \$24,625 1987.

Of this amount, the following sums may be used for the purposes indicated in each year: (\$7,500) \$7,125 for program administration including expenses of the programs of excellence committee, according to Minnesota Statutes, section 126.60, sub-

division 3 and \$17,500 for incentive grants according to Minnesota Statutes, section 126.60, subdivision 4.

Sec. 29. Laws 1985, First Special Session chapter 12, article 8, section 62, subdivision 17, is amended to read:

Subd. 17. [INDUSTRIAL TECHNOLOGY PROGRAM.] For development of curriculum for the industrial technology program according to section 56 there is appropriated:

(\$30,000) \$29,250 1986.

The sum is available until June 30, 1987.

Sec. 30. Laws 1985, First Special Session chapter 12, article 8, section 63, subdivision 2, is amended to read:

Subd. 2. [TEACHER EXAMINATIONS.] For duties related to teacher examinations there is appropriated:

\$105,000 1986,

(\$75,000) \$70,500 1987.

\$30,000 of the fiscal year 1986 appropriation is to evaluate teaching skills of beginning teachers and \$75,000 (EACH YEAR) *in fiscal year 1986 and \$70,500 in fiscal year 1987* is for development of teacher examinations.

Sec. 31. Laws 1985, First Special Session chapter 12, article 8, section 63, subdivision 3, is amended to read:

Subd. 3. [EXEMPLARY TEACHER EDUCATION PROGRAMS.] For development of exemplary teacher education programs there is appropriated:

\$150,000 1986,

(\$150,000) \$142,500 1987.

Up to \$30,000 of this sum may be used for evaluation. The sum is available until June 30, 1987.

Sec. 32. Laws 1985, First Special Session chapter 12, article 8, section 64, subdivision 2, is amended to read:

Subd. 2. [SUMMER PROGRAM SCHOLARSHIPS.] For scholarship awards for 1986 and 1987 summer programs according to section 22, there is appropriated:

(\$500,000) \$487,500 1986.

Of this appropriation, the amount required may be used for the higher education coordinating board's costs of administering the program.

Sec. 33. Laws 1985, First Special Session chapter 12, article 9, section 3, subdivision 2, is amended to read:

Subd. 2. [BASIC SUPPORT GRANTS.] For basic support grants pursuant to sections 134.32 to 134.35 for the provision of library service there is appropriated:

\$4,923,600 1986,

(\$5,047,300) \$4,798,027 1987.

The appropriation for 1986 includes \$695,000 for aid for fiscal year 1985 payable in fiscal year 1986, and \$4,228,600 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes \$746,200 for aid for fiscal year 1986 payable in fiscal year 1987 and (\$4,301,100) \$4,051,827 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$4,974,800 for fiscal year 1986 and (\$5,060,100) \$4,810,827 for fiscal year 1987.

Sec. 34. Laws 1985, First Special Session chapter 12, article 9, section 3, subdivision 3, is amended to read:

Subd. 3. [MULTI-COUNTY, MULTI-TYPE LIBRARY SYSTEMS.] For grants pursuant to sections 134.353 and 134.354 to multi-county, multi-type library systems there is appropriated:

\$205,100 1986,

(\$213,000) \$202,548 1987.

The appropriation for 1986 includes \$30,000 for aid for fiscal year 1985 payable in fiscal year 1986, and \$175,100 for aid for fiscal year 1986 payable in fiscal year 1986.

The appropriation for 1987 includes \$30,900 for fiscal year 1986 payable in fiscal year 1987, and \$182,100 for aid for fiscal year 1987 payable in fiscal year 1987.

The appropriations are based on aid entitlements of \$206,000 for fiscal year 1986, and (\$214,200) \$203,748 for fiscal year 1987.

Sec. 35. [LEVY FORMULA AND PERMITTED USE FOR 1986 SUMMER PROGRAMS.]

Subdivision 1. [PERMITTED USE.] Any district which certified a 1985 levy payable in 1986 pursuant to Minnesota Statutes 1984, section 124A.03, subdivision 4, may use that levy revenue only for (1) summer school classes which are not a part of the regular school term in hospitals, sanatoriums, and home instruction programs, (2) inter-session classes of flexible school year programs, and (3) summer school classes in elementary and secondary schools, which are provided for pupils who are handicapped and who are appropriately served at level 4, 5, or 6 of the continuum of placement model described in state board rules.

Subd. 2. [FORMULA.] The amount of 1986 summer program levy revenue that a district may use for the purposes specified in subdivision 1 is equal to the following product:

(a) the number of summer school pupil units as defined in Minnesota Statutes 1984, section 124.201, subdivision 2, clause 1; times

(b) the foundation aid formula allowance for the 1985-1986 school year pursuant to Minnesota Statutes 1985 Supplement, section 124A.02, subdivision 9; times

(c) the lesser of

(1) one, or

(2) the ratio of

(i) the quotient derived by dividing the adjusted assessed valuation of the district in 1983 by the total pupil units in the district in the 1985-1986 school year, to

(ii) the equalizing factor for the 1985-1986 school year.

Sec. 36. [AID FORMULA AND PERMITTED USE FOR 1986 SUMMER PROGRAMS.]

Subdivision 1. [PERMITTED USE.] Any district receiving aid for 1986 summer programs may use that aid only for (1) summer school classes which are not a part of the regular school term in hospitals, sanatoriums, and home instruction programs, (2) inter-session classes of flexible school year programs, and (3) summer school classes in elementary and secondary schools, which are provided for pupils who are handicapped and who are appropriately served at level 4, 5, or 6 of the continuum of placement model described in state board rules.

Subd. 2. [FORMULA.] In fiscal year 1987, any district which provides summer programs specified in subdivision 1 shall receive summer program aid equal to the difference between:

(1) the product of

(a) the number of summer school pupil units as defined in Minnesota Statutes 1984, section 124.201, subdivision 2, clause 1; times

(b) the foundation aid formula allowance for the 1985-1986 school year pursuant to Minnesota Statutes 1985 Supplement, section 124A.02, subdivision 9; and

(2) the amount of 1986 summer program levy revenue that the district uses pursuant to section 35.

Sec. 37. [LEVY ADJUSTMENT.]

The commissioner of education shall adjust the 1985 payable 1986 levy limitations for school districts as a result of provisions of section 35. The adjustment shall be a negative amount equal to the difference between the amount the district levied in 1985 and the amount of the summer program levy revenue the district used pursuant to section 35. The adjustment shall be subtracted from the district's levy limitation for 1986 taxes payable in 1987.

Sec. 38. [CONTINGENCY EXPENDITURES.]

Subdivision 1. [DEFINITION.] For the purposes of this section, "excess moneys for contingency expenditure" means the amount by which the sum of (1) the unexpended portion of the budget and cash flow reserve account, and (2) the probable undesignated balance in the general fund at the end of the biennium ending June 30, 1987, exceeds the net positive amount of \$100,000,000.

Subd. 2. [PRIORITY FOR ADDITIONAL REVENUES.] Notwithstanding Minnesota Statutes 1985 Supplement, sections 16A.15, subdivision 6, and 16A.1541, if the commissioner of finance determines before June 30, 1987, that there are excess moneys for contingency expenditure, the commissioner shall allocate the excess moneys for contingency expenditure to the following purposes in the following order of priority:

(1) If the determination that excess moneys for contingency expenditure are available is made prior to May 30, 1986, and the amount of excess moneys for contingency expenditure exceeds \$6,788,000, allocate \$6,788,000 to pay aid to school districts in fiscal year 1987 for 1986 summer programs for nonhandicapped pupils pursuant to Minnesota Statutes 1985 Supplement, section

124A.033. This amount is to replace aid rescinded pursuant to section 10.

(2) If the determination that excess moneys for contingency expenditure are available is made prior to September 30, 1986, allocate up to \$1,174,000 for fiscal year 1987 for the Minnesota resource center for the arts established under Minnesota Statutes 1985 Supplement, section 129C.10. This amount is to replace, in part, appropriations rescinded pursuant to section 16.

(3) If the determination that excess moneys for contingency expenditure are available is made prior to September 30, 1986, allocate up to \$200,000 for fiscal year 1987 for council on quality education venture fund grants pursuant to Minnesota Statutes, sections 129B.01 to 129B.04. This amount is to replace grant moneys rescinded pursuant to section 18.

(4) Allocate up to \$410,070 for fiscal year 1987 in the following maximum amounts and for the following purposes:

(a) To the department of education for:

<i>Interagency Office on Transition Services</i>	\$ 4,000;
<i>Early Childhood Family Education Assistance</i>	\$ 1,750;
<i>Comprehensive Arts Planning Programs</i>	\$ 3,125;
<i>Gifted Education Study</i>	\$ 875;
<i>Aid for Secondary Vocational Student Organizations</i> ..	\$ 3,000;
<i>Academic Excellence Foundation</i>	\$ 4,325;
<i>Educational Effectiveness Programs</i>	\$ 45,375;
<i>Management Assistance to School Districts</i>	\$ 2,500;
<i>Assessment Item Bank</i>	\$ 15,000;
<i>Planning, Evaluation, and Reporting Assistance</i>	\$ 6,000;
<i>Technology Services</i>	\$ 32,450;
<i>Mastery Learning</i>	\$ 5,000;
<i>School Management Assessment Center</i>	\$ 1,320;
<i>Programs of Excellence</i>	\$ 375;

<i>Industrial Technology Program</i>	\$ 750;
<i>Library Basic System Support Grants</i>	\$249,273;
<i>Library Multi-County, Multi-Type Grants</i>	\$ 10,452;

(b) *To the board of teaching for:*

<i>Teacher Examinations</i>	\$ 4,500;
<i>Exemplary Teacher Education Programs</i>	\$ 7,500; and

(c) *To the higher education coordinating board for:*

<i>Summer Program Scholarships</i>	\$ 12,500.
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If less than \$410,070 of excess moneys for contingency expenditure are available for the programs named in this clause, the amount available shall be prorated among the programs named in proportion to the maximum amount to be allocated to each program. These amounts are to replace appropriations rescinded pursuant to sections 12, 13, 15, 17, and 19 to 32.

(5) *Any additional excess moneys for contingency expenditure that are available shall be allocated in accordance with Minnesota Statutes, section 16A.1541.*

Subd. 3. [DETERMINATION BY MAY 30, 1986.] By May 30, 1986, the commissioner of finance shall determine whether sufficient excess moneys are available to allocate for aid to school districts for 1986 summer programs in accordance with subdivision 2, clause (1).

Sec. 39. [CONTINGENT ACTION; SUMMER SCHOOL LEVY ADJUSTMENT.]

If excess moneys for contingency expenditure are allocated for aid to school districts for 1986 summer programs under section 38, subdivision 2, clause (1), the provisions of sections 35 and 36 limiting the payment of 1986 summer program aid and the use of 1986 summer program levy revenue to handicapped pupils shall not take effect, and the levy adjustment required by section 37 shall not be made.

Sec. 40. [SPECIAL LEVY; MAHTOMEDI.]

In addition to other levies authorized by law, independent school district No. 832, Mahtomedi, may levy in 1986 an amount

up to \$250,000 for capital expenditures. The proceeds of the levy may be used only to renovate Wildwood school.

By July 30, 1986, the school board shall hold a public hearing on the need for the proposed levy. Upon receipt, within 30 days after the hearing, of a petition objecting to the levy signed by a number of qualified voters in the district equal to the greater of 50 voters or 15 percent of the number of voters who voted in the most recent school board election, the board shall hold a referendum on the proposed levy. The referendum shall be held on the date set by the board but no later than October 1, 1986. If a valid petition is not received by the school board, within 30 days after the hearing, no referendum need be held.

Sec. 41. [EXCESS CAPITAL OUTLAY LEVY; MOOSE LAKE.]

Subdivision 1. [1986.] Independent school district No. 97, Moose Lake, may levy \$75,000 in 1986 for capital outlay purposes in addition to all other levies for capital outlay and other purposes.

Subd. 2. [1987.] Independent school district No. 97, Moose Lake, may levy \$70,000 in 1987 for capital outlay purposes in addition to all other levies for capital outlay and other purposes.

Subd. 3. [REFERENDUM.] The authorization for the levy in subdivision 1 or 2 may be revoked or reduced as provided in this subdivision. A referendum on the question of revoking or reducing the authorized amount shall be called on the written petition of a number of qualified voters in excess of 15 percent of the average number of voters of the two most recent district-wide school elections. A petition to revoke or reduce the levy authorized by subdivision 1 must be received by September 1, 1986, and the referendum must be held by October 10, 1986. A petition to revoke or reduce the levy authorized by subdivision 2 must be received by September 1, 1987, and the referendum must be held by October 10, 1987. The ballot must state the number of mills required to raise the authorized amount. The ballot question must read substantially as follows:

"Shall the authority to make an extra capital levy in (year) granted to independent school district No. 97 in (this act) be (revoked/reduced from \$..... to \$.....)?"

In other respects, the referendum shall be conducted as other elections are conducted under sections 124A.03 and 123.32.

Sec. 42. [EFFECTIVE DATE.]

Sections 17, 29, 32, 35, 36, 38, and 39 are effective the day following final enactment.

ARTICLE 2

POST-SECONDARY EDUCATION BOARDS;

DEPARTMENT OF EDUCATION

Section 1. [CHANGES IN APPROPRIATION; COMPLEMENTS.]

The amounts in the columns marked "CHANGES" are changes in appropriations from the general fund, or other named fund, to the named agencies or officials for the fiscal years indicated. The figures "1986," and "1987," in this act, mean that the changes listed under them are from the appropriations for the year ending June 30, 1986, or June 30, 1987, respectively. Reductions are in parentheses; other changes or unchanged numbers are not. Complement changes, if any, are also specified. Unless otherwise specified, the reductions are from the appropriations made in Laws 1985, First Special Session chapter 11.

CHANGES
for the Year
Ending June 30

	1986	1987
	\$	\$

Sec. 2. DEPARTMENT OF
EDUCATION

Subdivision 1. Total Changes	(803,900)	(1,921,000)
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Subd. 2. Complement Changes	0	(35.0)
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The health specialist position in the instructional services activity shall remain vacant until the 1988 fiscal year. The department of education shall report on the need for this position to the chairs of the appropriations and finance committees by January 15, 1987.

The department shall retain the early childhood position in the instructional services activity.

Notwithstanding Laws 1985, First Special Session chapter 11, section 2, subdivision 6, and effective July 1, 1986, the commissioner of education shall maintain no more than six total complement in the categories of commis-

	1986	1987
	\$	\$
<p>sioner, deputy commissioner, assistant commissioner, assistant to the commissioner, or executive assistant. No more than four of the six shall be in the categories of deputy and assistant commissioners.</p>		

Sec. 3. HIGHER EDUCATION COORDINATING BOARD

Total Changes	0	(2,090,100)
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Notwithstanding Laws 1985, First Special Session chapter 11, section 38, the Higher Education Coordinating Board shall delay implementation of the four-year eligibility component of the state grant and scholarship program until the 1988 fiscal year.

The Higher Education Coordinating Board may transfer up to \$500,000 of a projected unexpended balance in 1986-1987 agency appropriations for supplemental scholarships and grants or additional state work study. Of the remaining projected unexpended balance, the board may supplement the 1987 state scholarship and grant awards up to an amount equal to reductions in federal Pell grants. Any action taken under this provision must first be submitted to the chairs of the education divisions of appropriations and finance committees of the legislature for review.

Sec. 4. STATE UNIVERSITY BOARD

Total Changes	(5,700,300)
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Sec. 5. STATE BOARD FOR COMMUNITY COLLEGES

Total Changes	(2,857,700)
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Sec. 6. STATE BOARD OF VOCATIONAL TECHNICAL EDUCATION

Total Changes	(5,945,400)
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	1986	1987
\$		\$

Sec. 7. BOARD OF REGENTS OF THE UNIVERSITY OF MINNESOTA

Total Changes	(15,631,100)
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Sec. 8. MAYO MEDICAL FOUNDATION

Total Changes	0	(50,500)
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Sec. 9. PUBLIC POST- SECONDARY SYSTEMS.

(a) Notwithstanding placement in the 1987 column, a reduction in the appropriation for each post-secondary system may be taken entirely in 1986, entirely in 1987, or partly in each year, at the discretion of the recipient.

(b) For average cost funding, each system shall apply 50 percent of the sum of its reduction in the 1986 and 1987 fiscal years to the 1987 fiscal year when determining its budget base for the 1988-1989 biennium.

Sec. 10. RESTORATION.

In the event that economic projections are not accurate and revenues become available, post-secondary education appropriations should be restored to those set forth for the biennium.

Sec. 11. Minnesota Statutes 1985 Supplement, section 15A.-081, subdivision 8, is amended to read:

Subd. 8. [EXPENSE ALLOWANCE.] Notwithstanding any law to the contrary, positions listed in subdivision 1, constitutional officers, (THE PRESIDENT OF EACH COMMUNITY COLLEGE,) and the commissioner of iron range resources and rehabilitation, (AND THE DIRECTOR OF VOCATIONAL TECHNICAL EDUCATION) are authorized an annual expense allowance not to exceed \$1,500 for necessary expenses in the normal performance of their duties for which no other reimbursement is provided. (HOWEVER, EXPENSE ALLOWANCES FOR THE CHANCELLOR OF THE STATE UNI-

VERSITY SYSTEM AND THE PRESIDENT OF EACH STATE UNIVERSITY SHALL BE GOVERNED ONLY BY SECTION 136.063.) The expenditures under this subdivision are subject to any laws and rules relating to budgeting, allotment and encumbrance, preaudit and postaudit. The commissioner of finance may promulgate rules to assure the proper expenditure of these funds, and to provide for reimbursement.

Sec. 12. Minnesota Statutes 1984, section 121.901, subdivision 2, is amended to read:

Subd. 2. The council shall expire, and the terms (, COMPENSATION) and removal of members shall be as provided in section 15.059. The state board shall determine the length of terms of the initial members consistent with section 15.059.

Sec. 13. Minnesota Statutes 1984, section 129B.02 as amended by Laws 1985, First Special Session chapter 12, article 6, section 13, is amended to read:

129B.02 [PURPOSE.]

Subdivision 1. [CONCERN FOR FUTURE.] The legislature of the state of Minnesota expresses concern over the future of elementary and secondary education in this state, its ability to meet the educational needs of the public school students, the professional growth and satisfaction of school staffs, the effectiveness and efficiency of present schools and their learning processes, continuing pupil unit cost escalation and the resulting financial crisis which this brings about. New approaches to the learning process, better use of professional staff and community resources, different requirements as to course offerings, course content, grading, graduation and school attendance must be researched and developed. It is believed that revised programs, innovations, new attitudes about learning and the public schools' responsibilities can be effectively achieved if research and development is performed by the (COUNCIL ON QUALITY EDUCATION) *department of education* and at the local school level by the school's staff and with involvement by the students and their community. Although funds spent now for these purposes can produce substantial educational and cost benefits in the future, (THESE CAPITAL TYPE) *the funds are seldom available within any single school district's budget.*

Subd. 2. [(RESEARCH AND DEVELOPMENT) *VENTURE FUND.*] (THE PURPOSE OF THE COUNCIL ON QUALITY EDUCATION IS, THEREFORE, TO ENCOURAGE, PROMOTE, AID, AND PERFORM RESEARCH AND DEVELOPMENT FOR QUALITY EDUCATION IN MINNESOTA ELEMENTARY AND SECONDARY SCHOOLS, TO EVALUATE THE RESULTS OF SIGNIFICANT INNOVATIVE PROGRAMS AND TO DISSEMINATE INFORMATION ABOUT THESE PROGRAMS THROUGHOUT THE STATE.)

(TO THESE ENDS,) The (COUNCIL) *department of education* through the state board of education shall establish a venture fund from which grants or loans may be made in support of research and development programs relating to the problems and objectives described in this section which shall include but not be limited to:

- (1) effective use of community personnel and resources;
- (2) developing improved learning programs, including model personnel policies and procedures, new staffing and educational concepts such as differentiated staffing and comprehensive developmental and educational planning for individual pupils;
- (3) assessment and evaluation of education programs;
- (4) developing procedures to increase a school's accountability;
- (5) determining responsibilities to be assumed by the schools exclusively or concurrently with other agencies or individuals;
- (6) effective dissemination of educational information;
- (7) developing new knowledge about learning and teaching;
- (8) developing model educational programs and alternative delivery systems that will improve curriculum offerings for small rural schools;
- (9) model programs and innovations to increase equality of educational opportunities;
- (10) research and testing of new concepts of educational efficiency, effectiveness and cost benefits; and
- (11) comprehensive interdisciplinary programs in health education and comprehensive programs designed to coordinate and integrate the delivery of pupil support services.

Subd. 2a. [DISSEMINATION.] The (COUNCIL) *department* shall collect and disseminate education research and planning information. Available research and planning information shall include, but not be limited to, information from (a) *past council on quality education projects*; (b) *Minnesota post-secondary institutions*; (c) *technology demonstration sites*; (d) *private foundation research*; (e) *educational effectiveness sites*; (f) *school districts*; (g) *federally funded research projects*; and (h) *other state and national theoretical and applied research activities*. The (COUNCIL) *department* shall notify school districts and other interested parties that this research information is

available. (THE DEPARTMENT OF EDUCATION SHALL ASSIST THE COUNCIL IN COLLECTING AND DISSEMINATING THIS INFORMATION.)

Subd. 3. [NEW CONCEPTS.] The (COUNCIL) *department* shall not be limited to supporting innovations, programs or procedures supplementary to existing school structures and programs but may assist or research entirely new concepts such as open schools, informal schools and the like. It is the legislature's intent that any supported program shall hold promise of both educational and cost benefits and that the costs and improvements in learning effectiveness introduced thereby shall be measured and related. The (COUNCIL) *department* shall provide for an evaluation of each program which it supports with a grant or loan.

The (COUNCIL) *department* may also review literature and other information about innovative programs in Minnesota and other states and disseminate the results of this research throughout the state. The (COUNCIL) *department* may identify ideas for innovative programs in the course of this research and solicit proposals from school boards for grants for such programs. However, not more than ten percent of the funds appropriated to the venture fund in any year may be expended to fund such research and programs.

Subd. 4. [REPORT TO LEGISLATURE.] The (COUNCIL) *department* shall report to the education committees of the legislature by November 15 of each even-numbered year concerning all research and all proposals received, the dispositions of them by the (COUNCIL) *department* and the state board of education, the evaluations of the programs that were funded, and of receipts and expenditures resulting from sales of materials developed through venture fund grants.

Sec. 14. Minnesota Statutes 1984, section 129B.04, subdivision 1a, is amended to read:

Subd. 1a. [MINI GRANTS.] The (COUNCIL) *department* may award grants not to exceed \$5,000 to districts to (1) disseminate information about successful projects initiated by the district with a grant from the venture fund, or (2) replicate cost-effective innovations which either were initiated in other districts with venture fund support or were validated by the department of education or federal agencies. The (COUNCIL) *department* shall prescribe the form and manner of application for these grants.

Sec. 15. Minnesota Statutes 1984, section 129B.04, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE.] Every program proposal shall be submitted to the (COUNCIL CREATED BY SECTION 129B.-

01,) *department* not less than two months before the planned commencement of the program. The (COUNCIL) *department* shall recommend approval or disapproval, or shall modify and then recommend such modification with respect to every proposal submitted (TO IT). The (COUNCIL) *department* shall also recommend the amount and type of grant to be made in support of the proposed program in the light of the then currently available moneys in the venture fund. (THIS INFORMATION SHALL BE PROVIDED TO THE COUNCIL BY THE STATE BOARD OF EDUCATION.) The (COUNCIL) *department* shall also recommend what rules, if any, shall be suspended or modified to implement the proposal. Only proposals recommended for approval shall be transmitted by the (COUNCIL) *department* to the state board. All these proposals shall be approved and funded from the venture fund by the state board as recommended by the (COUNCIL) *department* unless the state board, within 30 days after receiving a proposal from the (COUNCIL) *department*, makes other disposition of the proposal by formal board action. One-half of each grant recommended by the (COUNCIL) *department* and funded by the state board may be an interest free loan and repaid over five years.

Sec. 16. Minnesota Statutes 1984, section 129B.041, subdivision 1, is amended to read:

Subdivision 1. [COPYRIGHT.] Products of projects and programs funded pursuant to sections (129B.01) *129B.02* to 129B.05, including curriculum and instructional materials, computer and telecommunications software, and associated manuals and reports, may be copyrighted by the (COUNCIL) *department* in the name of the state and may be sold. However, the state shall sell the products to all school districts and public agencies in the state at prices that do not exceed the cost of reproduction and distribution. Products sold shall be clearly labeled as products developed pursuant to a grant or loan from the (COUNCIL ON QUALITY EDUCATION) *department of education*.

Sec. 17. Minnesota Statutes 1984, section 129B.041, subdivision 4, is amended to read:

Subd. 4. Proceeds in excess of costs from the sale of products pursuant to this section shall be shared equally between the state and the school district which developed the product with a grant from the (COUNCIL) *department*. The school district share is appropriated to the department of education and shall be paid to the district. The state share is appropriated to the department of education and shall be placed in the venture fund (OF THE COUNCIL AND USED TO FUND SIMILAR PROJECTS).

Sec. 18. Minnesota Statutes 1984, section 129B.05, subdivision 2, is amended to read:

Subd. 2. [CONSULTANTS.] The (COUNCIL) *department* may also employ or contract for the services of consultants. The consultants may be for purposes such as research, evaluation, dissemination, cost-benefit analyses, and in-service training. The (COUNCIL) *department* may contract with one or more qualified consultants or law firms specializing in securing broadcast and telecast licenses from the federal communications commission. The consultant or law firm shall assist with the preparation of all necessary license applications to the federal communications commission on behalf of school districts recommended by the (COUNCIL) *department* as transmission sites. (THE COUNCIL MAY USE AS MUCH OF THE ANNUAL APPROPRIATION, MADE FOR THE PURPOSES OF SECTIONS 129B.01 TO 129B.05 AS IS NECESSARY FOR THIS PURPOSE.)

Sec. 19. [129B.061] [TRANSFER OF RESPONSIBILITY AND DOCUMENTS.]

The council on quality education shall give the department of education all books, records, and other documents on council activities and grants. The department shall then be responsible for administration, evaluation, and dissemination of all active loan and grant projects previously authorized by the council.

Sec. 20. Minnesota Statutes 1984, section 129B.43, is amended to read:

129B.43 [PROGRAM SELECTION.]

Subdivision 1. [AUTHORIZATION.] A school district or group of districts that wishes to receive a grant for improved learning programs may apply to the (COUNCIL ON QUALITY EDUCATION) *department of education* for approval. Programs may be approved for one portion of a school population, one or several attendance areas, or one or a group of districts.

Subd. 2. [APPLICATIONS.] The (COUNCIL ON QUALITY EDUCATION) *department* shall prescribe the form and manner of annual application for the program. The application may include estimates of salaries and fringe benefits for the next school year and for the additional time beyond the regular contract period for staff to be employed. The (COUNCIL) *department* shall require that each program be evaluated and it may contract for additional evaluation.

Subd. 3. [DECLINING GRANT AMOUNTS.] An improved learning program may receive grants for not more than three years. The grant amount for the second year of a program shall not exceed 75 percent of the grant amount for the first year. The grant amount for the third year of a program shall not exceed 50 percent of the grant amount for the first year. The (COUN-

CIL) *department* shall notify each recipient that no grant will be awarded after the third year and that the recipient is expected to continue successful programs without grants.

Subd. 4. [RULES AND RIGHTS.] On recommendation of the (COUNCIL ON QUALITY EDUCATION) *department of education*, the state board of education may waive school district compliance with its rules which would prevent implementation of an improved learning program. Participation in an improved learning program as a principal-teacher, counselor-teacher, or career teacher shall not affect seniority in the district or rights under the applicable collective bargaining agreement.

Subd. 5. [ADDITIONAL FUNDING.] A school district providing an improved learning program may receive funds for the program from private sources and governmental agencies, including state or federal funds.

Subd. 6. [REPORT.] The (COUNCIL ON QUALITY EDUCATION) *department of education* shall submit a report to the education committees of the legislature by February 1 each year. This report shall include the number and description of programs approved, implementation status of programs approved, waivers granted, and evaluation of programs approved.

Sec. 21. [135A.09] [EXPENSE ALLOWANCES.]

Subdivision 1. The state board of vocational technical education and the higher education coordinating board may establish an annual expense allowance for the state director of vocational technical education and the executive director of the higher education coordinating board, respectively.

The state university board and the state board for community colleges may establish expense allowances for their respective chancellors and campus presidents.

Subd. 2. Allowances established according to subdivision 1 are not subject to chapter 16A but each board shall report the allowances and expenditures annually to the chairs of the appropriations and finance committees of the legislature.

Sec. 22. Minnesota Statutes 1984, section 136.14, is amended to read:

136.14 [DUTIES OF BOARD.]

Subdivision 1. [GENERAL.] The state university board shall have the educational management, supervision, and control of the state universities and of all related property (APPERTAINING THERETO). It shall appoint all presidents, teachers,

and other necessary employees (THEREIN) and fix their salaries. It shall prescribe courses of study, conditions of admission, prepare and confer diplomas, report graduates of the state university department, and adopt suitable rules for the universities. It shall, as a whole or by committee, visit each state university at least once in each year for the purpose of meeting with administrators, faculty, students and the community to discuss such matters as facilities, modes of instruction, curriculum, extracurricular programs and management.

Subd. 2. [OFFICE LOCATION.] Notwithstanding chapter 16B, the state university board is authorized to select the location for its central office.

Subd. 3. [WEATHER CLOSINGS.] Notwithstanding any law to the contrary, the state university board may close a university if the president of that university believes continued operation would be hazardous to employees, students, or the public. A closure would be in effect for the minimum time deemed necessary by the university president. A closure shall be treated as a normal working day for the purposes of employee compensation.

Sec. 23. Minnesota Statutes 1984, section 136C.07, is amended by adding a subdivision to read:

Subd. 5b. [AID ANTICIPATION BORROWING.] The school board in a district may borrow money for its AVTI in anticipation of receipt of state aid for schools in the manner described in sections 124.71 to 124.76, except that the state director shall perform the duties specified in sections 124.71 to 124.76 for the commissioner of education.

Sec. 24. Minnesota Statutes 1984, section 136C.35, is amended to read:

136C.35 [LENGTH OF SCHOOL YEAR AND DAY.]

For an AVTI, the normal school year shall be at least 175 session days. In all AVTI's, the length of the school day for each pupil, exclusive of the noon intermission, shall be at least six hours. Exceptions may be made by the district for approved AVTI programs provided on a part-time or extended day basis to meet the needs of individual students or classes. These exceptions are authorized only for programs originally provided on a full-time basis. *Notwithstanding section 126.12, an AVTI may conduct regularly scheduled classes on Saturdays.*

Sec. 25. [299F.091] [CITATION.]

Sections 25 to 33 may be cited as the "community emergency response hazardous substances protection act."

Sec. 26. [299F.092] [DEFINITIONS.]

Subdivision 1. [SCOPE.] The terms used in sections 25 to 33 have the meanings given them in this section.

Subd. 2. [CLASSIFIED INFORMATION.] "Classified information" means information, data, or both that, for security reasons, has been given a special security classification such as "secret," "confidential," "private," or "nonpublic," by federal statute or rule and that, when so classified, is subject to handling, use, and storage in accordance with established standards to prevent unauthorized use or disclosure.

Subd. 3. [COMMISSIONER.] "Commissioner" means the commissioner of public safety.

Subd. 4. [EMERGENCY RESPONSE PERSONNEL.] "Emergency response personnel" means personnel employed or authorized by the federal government, the state, or a political subdivision to provide fire suppression, police protection, emergency medical services, or emergency activities relating to health and safety.

Subd. 5. [EMPLOYER.] "Employer" means an employer as defined in section 182.651, subdivision 7. For the purposes of sections 25 to 33, "employer" also means a partnership or a self-employed person, whether or not the partnership or person has other employees. "Employer" does not mean a farm that is a "small business."

Subd. 6. [FIRE DEPARTMENT.] "Fire department" means a regularly organized fire department, fire protection district, or fire company as defined in the uniform fire code adopted under section 299F.011, regularly charged with the responsibility of providing fire protection to the state or a political subdivision.

Subd. 7. [HAZARD CATEGORY.] "Hazard category" means a list or description of hazardous substances, as developed by rule by the commissioner of public safety, including human reproductive hazards, flammable substances, human carcinogens, explosives, corrosives, and reactive agents, that present similar hazards in an emergency, or individual hazardous substances of special concern to emergency response personnel.

Subd. 8. [HAZARDOUS SUBSTANCE.] "Hazardous substance" means a substance or mixture as defined in section 182.651, subdivisions 14, 17, and 18, except that sections 25 to 33 do not apply to any hazardous substance while it is being transported in interstate or intrastate commerce.

Subd. 9. [HAZARDOUS SUBSTANCE NOTIFICATION ADVISORY COMMITTEE.] "Hazardous substance notifica-

tion advisory committee" is the committee established under section 31.

Subd. 10. [HAZARDOUS SUBSTANCE NOTIFICATION REPORT.] "Hazardous substance notification report" means a written record submitted to a fire department, for each workplace, that contains the information required in section 28.

Subd. 11. [LOCAL FIRE DEPARTMENT.] "Local fire department" means the fire department that would normally respond to a fire at a given workplace.

Subd. 12. [MATERIAL SAFETY DATA SHEET.] "Material safety data sheet" means a completed form recognized by the occupational safety and health administration, equivalent manufacturer's literature, or another form containing substantially the same information pertaining to a specific hazardous substance or a mixture containing one or more hazardous substances.

Subd. 13. [NONPUBLIC DATA.] "Nonpublic data" has the meaning given it in section 13.02, subdivision 9.

Subd. 14. [SIGNIFICANT CHANGE.] "Significant change" means a change in the reportable quantity of a hazardous substance that places the substance in a different quantity range as specified on the hazardous substance notification report form.

Subd. 15. [SMALL BUSINESS.] "Small business" means a business entity organized for profit, including any individual, partnership, corporation, joint venture, association, or cooperative that has 20 or fewer full-time employees, or equivalent full-time employees during the preceding fiscal year or not more than \$1,000,000 in annual gross revenue in the preceding fiscal year, and that is not an affiliate or subsidiary of a business having more than 20 full-time or equivalent full-time employees and more than \$1,000,000 in annual gross revenues. For the purposes of this subdivision, "equivalent full-time employees" means part-time employees' work time combined to total 2,000 hours or the equivalent of one full-time employee.

Subd. 16. [WORK AREA.] "Work area" means a defined space in a workplace where hazardous chemicals are stored, produced, or used and where employees are present.

Subd. 17. [WORKPLACE.] "Workplace" means an establishment at one geographical location containing one or more work areas.

Sec. 27. [299F.093] [POWERS AND DUTIES OF COMMISSIONER.]

Subdivision 1. [DUTIES.] (a) The commissioner shall:

(1) adopt rules no later than July 1, 1987, with the advice of the hazardous substance notification advisory committee, establishing the form and content of the hazardous substance notification report form, as required by section 28, and describing one or more hazard categories with specified ranges of quantities in each hazard category, representing increments of substantially increased risk;

(2) print and provide to individual fire departments the requested number of hazardous substance notification reports, which must be made available to a fire department no more than 90 days following its request, for the fire department to mail or otherwise make available to employers in the jurisdiction;

(3) report to the legislature, as needed, on the effectiveness of sections 25 to 33 and recommend amendments to sections 25 to 33 that are considered necessary;

(4) appoint a hazardous substance notification advisory committee as required in section 31;

(5) adopt rules to implement sections 25 to 33, compatible with the Minnesota Uniform Fire Code so as to not limit the authority of local fire officials under that code; and

(6) in consultation with the hazardous substance notification advisory committee, adopt rules that are based on the most recent standard 704, adopted by the National Fire Protection Association, and that allow a fire department to require employers within its jurisdiction to post signs conforming to standard 704, and indicating the presence of hazardous substances. If the signs are required, a fire department shall supply the signs or provide information to assist an employer to obtain them.

(b) The commissioner shall adopt criteria and guidelines, with the concurrence of the hazardous substance notification advisory committee, for the disbursement of funds pursuant to section 34, subdivision 1. These criteria and guidelines are exempt from the Minnesota administrative procedure act.

Subd. 2. [INVESTIGATION POWERS.] The commissioner shall, at the request of a local fire department, investigate suspected violations of sections 25 to 33.

Sec. 28. [299F.094] [REPORT REQUIRED; CONTENTS.]

Subdivision 1. [EMPLOYER'S DUTY.] Except as provided in section 30, subdivision 2, an employer who receives a hazardous substance notification report shall submit to the local fire department a completed hazardous substance notification report form containing the information and in the manner required by this section and the rules of the commissioner, within two months

after receiving a hazardous substance notification report. As an alternative, an employer may, at the discretion of the local fire department, arrange with the local fire department for a date certain upon which that department may conduct an inspection of that employer's workplace in order for the employer to provide the information, or essentially the same information, as contained in the report form to the local fire department.

Subd. 2. [CONTENTS OF FORM.] The hazardous substance notification report must be completed on a form developed by the commissioner of public safety and contain the following information: (1) the range of maximum combined quantities of all hazardous substances contained in each designated hazard category that may reasonably be expected to be present in the workplace during normal operations; (2) the street address and any other special identifier of the workplace; and (3) the employer's name and street address with the telephone numbers of responsible persons in charge of the workplace who can be reached at all times.

Subd. 3. [UPDATED INFORMATION.] If, after review of the hazardous substance notification report of an employer, a local fire department requires additional information, then the employer:

(1) shall provide, at the request of that fire department, a material safety data sheet, or any requested portion of it, for any hazardous substance contained in any designated hazard category covered by the hazardous substance notification report; and

(2) shall respond as soon as possible, but in no case later than 30 days, to a request by a local fire department for clarification of any information previously submitted or to a request for additional information under sections 25 to 33.

Subd. 4. [PROMPT NOTIFICATION OF CHANGES.] An employer shall promptly notify the local fire department of significant changes in the information provided under this section, but not later than 30 days after each significant change.

Subd. 5. [INSPECTIONS; EMERGENCY PLANS.] At the request of the local fire department, an employer shall permit the local fire department inspection and cooperate in the preparation of fire and emergency plans.

Sec. 29. [299F.095] [POWERS AND DUTIES OF FIRE DEPARTMENTS.]

To the extent feasible, given the amount of funds and training available, the local fire department shall:

(1) mail or otherwise distribute hazardous substance notification report forms to employers within the jurisdiction of the

fire department except for those employers for whom an inspection has been arranged or employers from whom a hazardous substance notification is considered not necessary by the fire department;

(2) retain and evaluate each hazardous substance notification report and notification of significant change submitted by each employer until the employer's workplace ceases to exist or the fire department determines retention of the hazardous substance notification report is no longer necessary;

(3) develop for fire department use appropriate fire and emergency procedures for the hazardous substance risks of each workplace based on the information received;

(4) investigate suspected violations of sections 25 to 33, and issue appropriate orders for compliance; and

(5) provide available material safety data sheets and hazardous substance notification reports at the request of other emergency response personnel.

Data collected under sections 25 to 33 is nonpublic data within the meaning of section 13.02, subdivision 9.

Sec. 30. [299F.096] [DUTY TO SAFEGUARD PRIVATE INFORMATION.]

Subdivision 1. [NONPUBLIC DATA.] Before a fire department and emergency response personnel may have access to information received under section 28, the department shall establish security procedures to prevent unauthorized use or disclosure of nonpublic data. Nonpublic data must be made available in an emergency to emergency response personnel. No liability results under sections 25 to 33 with respect to disclosure of nonpublic data if emergency response personnel, in response to an emergency, reasonably determine that the use or disclosure of the data is necessary to expedite medical services or to protect persons from imminent danger. As soon as practicable after disclosure of nonpublic data is made by emergency response personnel, the circumstances necessitating the disclosure and the actual or estimated extent of the disclosure must be described in writing by the personnel and provided to the employer.

Subd. 2. [CLASSIFIED INFORMATION.] When the notification required in section 28 involves classified information, the employer shall, without revealing the classified information, attempt to provide the local fire department with that information necessary to protect the department, emergency response personnel, and the public in an emergency. The employer is also responsible for requesting changes in the classification of classified information or declassification of that material when it

is considered necessary by a local fire department in advance of an emergency to protect emergency response personnel or the public. An employer is not required to reveal classified information, except in an emergency, without prior governmental approval, and in an emergency, an employer shall disclose to emergency response personnel appropriate elements of classified information that are reasonably necessary to protect human life. An employer may choose to make classified information available to the local fire department or emergency response personnel if necessary for emergency preplanning purposes. In those cases, classified information (1) may be made available to a local fire department or emergency response personnel only after it has been demonstrated that the personnel intended to have access to the classified information meet access requirements applicable to the facilities and to personnel having access to classified information, and (2) must be protected from disclosure by the local fire department and emergency response personnel in accordance with applicable rules and statutes.

Sec. 31. [299F.097] [HAZARDOUS SUBSTANCE NOTIFICATION ADVISORY COMMITTEE.]

The hazardous substance notification advisory committee is created. The committee shall consist of 11 members to be appointed by the commissioner of public safety to advise on the development of rules to implement and enforce sections 25 to 33 and to assist in the development of amendments to the hazardous substance notification report. The advisory committee shall consist of representation from fire chiefs; professional firefighters; volunteer firefighters; fire marshals; law enforcement personnel; emergency medical personnel; an independent health professional with training in toxicology; and four representatives from business and industry, at least one of whom shall represent small business. The committee must be appointed, serve, and be compensated in the manner provided in section 15.059, and shall serve at the pleasure of the commissioner.

Sec. 32. [299F.098] [PENALTIES.]

(a) An employer who violates a provision of sections 25 to 33 or a rule or order adopted or made under the authority of those sections, that is determined by rule not to be a violation of a serious nature, may be assessed a fine not to exceed \$1,000.

(b) An employer who violates a provision of sections 25 to 33 or a rule or order adopted or made under the authority of those sections, that is determined by rule to be of a serious nature, must be assessed a fine not to exceed \$1,000 for each violation.

(c) An employer who is convicted of knowingly making a false statement, representation, or certification in an application,

record, report, plan, or other document filed or required to be maintained under sections 25 to 33 is guilty of a gross misdemeanor.

(d) An employer who is convicted of willfully or repeatedly violating the requirements of sections 25 to 33 or a rule or order adopted or made under those sections is guilty of a gross misdemeanor.

(e) The penalties provided by this section may be imposed in a criminal action in the name of the state brought in the district court of the county in which the violation is alleged to have occurred or the district court where the commissioner has an office. Fines imposed under sections 25 to 33 must be paid to the commissioner of public safety and deposited in the general fund.

(f) No employer may be convicted for violating sections 25 to 33 or a rule or order made or issued under those sections unless the employer was notified of the violation in writing and given a reasonable time to comply.

Sec. 33. [299F.099] [LOCAL ORDINANCES.]

Sections 25 to 33 preempt and supersede any local ordinance or rule concerning the subject matter of those sections.

Sec. 34. [HAZARDOUS SUBSTANCES TRAINING COURSES.]

The state board of vocational technical education shall provide courses in hazardous substances. The commissioner of public safety, with the concurrence of the director of the state board of vocational education and with the advice of the hazardous substance notification advisory committee, shall certify the courses eligible for reimbursement. Among the courses eligible for reimbursement are in-service training and refresher courses. The state board shall develop policies for tuition subsidies in hazardous substance courses. The subsidies shall only be applied to fire service personnel commencing and successfully completing training regarding the hazardous substances requirements.

Sec. 35. [ALLOCATION.]

Subdivision 1. \$15,000 shall be allocated from the state board of vocational technical education for the fiscal year ending June 30, 1987, to the commissioner of public safety to otherwise administer the provisions of sections 25 to 33.

Subd. 2. Any unencumbered balances remaining in the first fiscal year of any of these appropriations do not cancel but are available for the second year.

Subd. 3. For the purposes of this section, the definitions in section 26 apply.

Sec. 36. Laws 1985, First Special Session chapter 11, section 4, subdivision 3, is amended to read:

Subd. 3. Noninstructional Expenditures

It is estimated that the amount for noninstructional expenditures will be \$7,-227,600 for the first year and \$6,764,100 for the second year.

This appropriation authorizes \$212,500 for the first year and \$250,000 for the second year for (SUPPORTING UP TO 25 PERCENT OF TUITION COSTS OF) *providing firefighter training programs by area vocational technical institutes. (THE STATE BOARD SHALL ESTABLISH A UNIFORM TUITION SCHEDULE FOR THE PROGRAMS.) Of the amount for the second year, \$15,000 shall be allocated to the commissioner of public safety as provided in section 34, subdivision 3. The second year's appropriation shall provide a tuition subsidy of up to 50 cents per student clock hour of instruction to each approved program. Any AVTI may offer the programs at any location. If the total amount requested by AVTI's for approved programs exceeds the amount appropriated, the state board shall prorate the deficiency among all approved programs.*

\$6,477,500 the first year and \$6,015,400 the second year is for debt service payments to school districts for AVTI buildings financed with district bonds issued before January 1, 1979.

\$212,000 the first year and \$90,600 the second year is for veteran farmer cooperative training programs.

\$100,000 in 1987 is for the operation and management of the FIRE center. The board of vocational technical education and the regents of the University of Minnesota are requested to report by January 1, 1986, to the house appropri-

tions and senate finance committees on the statutory, property, fiscal, and other related changes necessary to transfer the FIRE center from the management of the University of Minnesota to the management of the AVTI board.

The appropriation for 1986 includes money for an advisory task force on hazardous substances. The state director of vocational technical education shall appoint a nine member task force that includes representatives of: fire chiefs, professional firefighters, volunteer firefighters, independent health professionals with training in toxicology, and business and industry, including small business. Members of the task force shall be reimbursed for expenses as provided in Minnesota Statutes, section 15.059, subdivision 6. The task force shall report its findings and recommendations to the chairs of the house appropriations and senate finance committees by February 1, 1986.

Independent school district No. 742, St. Cloud, is authorized to construct an addition to the area vocational technical institute to provide space for student services, telecommunications activities, and general instruction. The total cost of the project must not be more than \$450,000, to be paid entirely from local money. In addition, the state board of vocational technical education may authorize additional capital improvements to the St. Cloud area vocational technical institute. The total cost of the additional improvements must not be more than \$1,150,000 to be paid entirely from local money. The district may transfer money from the post-secondary vocational technical capital expenditure fund to the building construction fund as needed to provide the local money for these projects.

Independent school district No. 347, Willmar, is authorized to construct an addition to the area vocational technical institute for the electronics program. The total cost of the project must not be more than \$225,000, to be paid entirely from local money.

Notwithstanding Laws 1984, chapter 597, section 13, subdivision 1, the appropriation to special school district No. 1, Minneapolis, may be used to acquire and to better an existing facility or to construct a new facility for the aviation mechanics program. Renovation or expansion of an existing facility shall not proceed until such time as the purchase is complete and the title has been transferred. The state share of the cost of the project remains \$1,700,000. The total cost of the project is estimated to be \$2,000,000 and shall not exceed \$2,500,000 whether paid from state, local, or federal money. At the discretion of the state director, up to \$85,000 of the appropriation may be used to acquire facilities for other aviation related programs in the vocational institutes if sufficient money remains from the Minneapolis project. The total cost of other facility acquisition shall not exceed \$100,000 whether paid from state, local, or federal money.

The state board shall apply to the department of energy and economic development for grant money to provide the state's portion of necessary funds to establish at least two off-campus pilot alcohol fuel plant programs. State funds shall not provide more than 33 percent of the cost of equipment necessary for alcohol production and by-product utilization. The state board shall enter into agreements with alcohol fuel plant manufacturers and with farmers near area vocational technical institutes. The agreements shall provide for: (1) installation of an alcohol fuel plant, at no cost to the state for its operation, to be integrated into the operation of the farm, (2) instruction of the farm related to the alcohol fuel plant as determined by the state board and provided by an area vocational technical institute, (3) data, to be collected and made available for a period of five years, reporting the cost and benefit of all phases of the demonstration project, and (4) maintenance of the plant and disposition of the plant if it is no longer needed for instruction.

Sec. 37. Laws 1985, First Special Session chapter 12, article 6, section 28, subdivision 20, is amended to read:

Subd. 20. [SECONDARY VOCATIONAL STUDENT ORGANIZATIONS.]

For aid for secondary vocational student organizations there is appropriated:

\$60,000 1986,

(\$60,000) \$57,000 1987.

The appropriations for fiscal years 1986 and 1987 are available for expenditure if the commissioner of education authorizes an additional (\$160,000) \$144,328 for each of fiscal years 1986 and 1987 from the department's biennial appropriations for this purpose.

Sec. 38. Laws 1985, First Special Session chapter 15, section 23, subdivision 2, is amended to read:

Subd. 2. A school district, intermediate district, or joint vocational technical district may not authorize capital improvements authorized by this act until the state director has reviewed and approved the final plans, specifications, and cost estimates and made recommendations on them.

Sec. 39. [FICA AND TRA OBLIGATIONS.]

If the state director of vocational technical education finds that the amount for required AVTI teacher retirement and FICA contributions are insufficient in the 1986 fiscal year, the state director may pay the deficiency from the amount appropriated to the state board for fiscal year 1987 in Laws 1985, First Special Session chapter 11, section 4. The commissioner of finance shall provide the amounts necessary for the payment.

Sec. 40. [AUDIT COMMISSION TO STUDY SED AND SET-ASIDE.]

The legislative audit commission shall conduct a comprehensive review of the state SED and set-aside purchasing preference programs. The study shall: (1) identify the strengths and weaknesses of the small businesses across the state; (2) identify the types of businesses and areas of the state where small businesses are experiencing economic difficulty; (3) review the effect of state set-aside purchasing on small businesses for the fiscal years 1982 through 1985; (4) recommend changes in the SED program that would contribute to strengthening small businesses. The review must be completed and reported to the legislature by January 1, 1987.

Sec. 41. [AUDIT COMMISSION STUDY.]

The legislative audit commission is requested according to section 2.97, subdivision 7, to evaluate the activities and programs of the department of education. The study should include recommendations regarding the elimination, reduction, or expansion of the department activities and programs and their complements. The study should also examine the impact of staff changing positions within the department particularly in those cases in which their qualifications do not match the needs of the position they are assuming. The commission should report its results by January 15, 1987, to the chairs of the appropriations and finance committees of the legislature.

Sec. 42. [SUSPENSION OF PREFERENCES.]

Notwithstanding other law, all requirements for percent preferences in state bids, procurements, purchases, and contracts are suspended until July 1, 1987.

Sec. 43. [INDEPENDENT DISTRICT NO. 287; CONSTRUCTION APPROVAL.]

Intermediate school district No. 287, Suburban Hennepin, is authorized to construct a maintenance facility at the north campus of the vocational technical institute. The total cost of the facility may not exceed the amount that may be approved by the state board of vocational technical education under Minnesota Statutes, section 136C.07, subdivision 5. The entire project must be paid with local money.

Sec. 44. [REPEALER.]

Minnesota Statutes 1984, sections 129B.01; 129B.05, subdivision 1; and 136.063 are repealed.

ARTICLE 3

TRANSPORTATION, PUBLIC SAFETY, AGRICULTURE,

COMMERCE; MISCELLANEOUS BOARDS AND

COMMISSIONS; SEMI-STATE AGENCIES

Section 1. [TRANSPORTATION AND OTHER AGENCIES; REDUCTIONS.] The sums in the columns marked "CHANGES" are changes in appropriations from the general fund, or other named fund, to the agencies or officials indicated for the fiscal years indicated. The figures "1986" and "1987" in this act, mean that the changes listed under them are to appropriations for the year ending June 30, 1986, or June 30, 1987,

respectively. Reductions are in parentheses; other changes or unchanged numbers are not. Complement changes, if any, are also specified. Unless otherwise specified, the reductions are from the appropriations made in Laws 1985, First Special Session chapter 10.

SUMMARY OF CHANGES BY FUND

	1986	1987	TOTAL
	\$	\$	\$
General	8,542,000	(3,272,800)	5,269,200
Special Revenue	20,700	469,500	490,200
M.S.A.S.	(3,554,700)	(3,617,700)	(7,172,400)
C.S.A.H.	(11,453,600)	(11,657,100)	(23,110,700)
Tr. Hwy.	23,205,200	(24,217,200)	(1,012,000)
Transit Assistance ..	(12,563,409)	(14,000,700)	(26,564,109)
Motor Vehicle			
Transfer	(1,430,000)	0	(1,430,000)
TOTAL	2,766,191	(56,296,000)	53,529,809

CHANGES For the Year Ending June 30

1986	1987
\$	\$

Sec. 2. DEPARTMENT OF TRANSPORTATION

Subdivision 1. Total Reductions .. 3,720,800 (52,206,500)

	1986	1987
Approved Complement—	(1)	(115)
General—	(1)	(1)
Trunk Highway—	0	(114)

The reductions in this section are from the trunk highway fund, except where another fund is named.

	1986	1987
	\$	\$

Summary by Fund

General

\$11,316,200	\$107,900
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M.S.A.S.

(\$3,554,700)	(\$3,617,700)
---------------	---------------

C.S.A.H.

(\$11,453,600)	(\$11,657,100)
----------------	----------------

Trunk Highway

\$23,205,200	(\$23,038,900)
--------------	----------------

Transit Assistance

(\$12,563,409)	(\$14,000,700)
----------------	----------------

Motor Vehicle Transfer

(\$1,430,000)	0
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The reductions from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Highway Development . .	5,074,900 (29,521,200)
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Summary by Fund

M.S.A.S.

(\$3,554,700)	(\$3,617,700)
---------------	---------------

C.S.A.H.

(\$11,453,600)	(\$11,657,100)
----------------	----------------

Trunk Highway

\$21,513,200	(\$14,246,400)
--------------	----------------

	1986	1987
	\$	\$

Motor Vehicle Transfer

(\$1,430,000)	0
---------------	---

(a) Trunk Highway Development

1986	1987
------	------

\$20,083,200	(\$14,246,400)
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Summary by Fund

Trunk Highway

\$21,513,200	(\$14,246,400)
--------------	----------------

Motor Vehicle Transfer

(\$1,430,000)	0
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As cash flow of the motor vehicle transfer fund permits, the commissioner of finance shall transfer \$1,430,000 from the unencumbered balance of the motor vehicle transfer fund and credit it to the general fund.

Federal Highway Aid

\$46,000,000	0
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Highway User Taxes

(\$24,486,800)	(\$14,246,400)
----------------	----------------

Due to a two-year suspension of motor vehicle excise tax transfers to the highway user tax distribution fund, trunk highway funds are reduced by \$24,486,800 in the first year and \$24,922,100 in the second year. Operating reductions of \$10,675,700 in trunk highway funds by the department of transportation, department of public safety, transportation regulation board, and safety council result in a decrease to \$14,246,400 in the second year.

	1986	1987
	\$	\$

(b) County State Aids

(\$11,453,600) (\$11,657,100)

These reductions are from the county state-aid highway fund. They are due to a two-year suspension of motor vehicle excise tax transfers.

(c) Municipal State Aids

(\$3,554,700) (\$3,617,700)

These reductions are from the municipal state-aid street fund. They are due to a two-year suspension of motor vehicle excise tax transfers.

Subd. 3. Highway Operations	0	(6,255,400)
Subd. 4. Technical Services	0	(1,390,700)
Subd. 5. Public Transportation Assistance	(1,217,209)	(13,870,900)

Summary by Fund

General

\$11,346,200 \$137,900

Transit Assistance

(\$12,563,409) (\$14,000,700)

Trunk Highway

0 (\$8,100)

The reductions from this appropriation for each activity are as follows:

(a) Nonmetropolitan Transit Assistance

(\$227,500) (\$2,800,700)

	1986	1987
\$		\$

Summary by Fund

General

\$2,312,800	0
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Transit Assistance

(\$2,540,300)	(\$2,800,700)
---------------	---------------

The commissioner of finance shall transfer \$100,000 from the unobligated portion of the transit assistance fund made available by the appropriation in Laws 1984, chapter 654, article 3, section 1, paragraph (i), for recipients outside the metropolitan area and credit it to the general fund.

The commissioner of transportation shall give priority in the use of these funds to capital assistance for transit systems and for operating assistance to offset reductions in federal or state assistance to transit operators and services that most directly serve transit-dependent persons. The commissioner shall define transit-dependent persons to be persons who cannot afford to own and operate an automobile or who are physically unable to operate an automobile.

(b) Metropolitan Transit Assistance

(\$989,700)	(\$10,982,100)
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Summary by Fund

General

\$9,033,400	\$217,900
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Transit Assistance

(\$10,023,100)	(\$11,200,000)
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	1986	1987
	\$	\$

Of these reductions, \$750,000 in 1986 is from appropriations for transit needs assessment, planning, and preliminary engineering.

Of these reductions, \$30,000 in 1986 and \$15,000 in 1987 are from appropriations for regional transit board administration.

The transit board may not implement any service reductions or fare increases until after it has adopted a cost reduction plan that has the approval of the metropolitan council.

The cost reduction plan must be adopted by July 1, 1986. The plan must analyze and consider all cost reduction strategies and programs except service reductions, including bidding of routes, portions of routes, and runs of the transit commission, and changes in the commission's work rules, use of part-time employees, and other labor contract provisions. The cost reduction analysis must identify and evaluate each cost reduction alternative and estimate the savings in expenditure that would result from each alternative.

The requirements and restrictions in Minnesota Statutes, section 473.384, subdivision 7, do not apply to contracts for operating assistance that are entered into pursuant to the board's cost reduction plan.

The minimum expenditure level required for metro mobility service by Laws 1985, First Special Session chapter 10, section 2, subdivision 5, clause (b), is unchanged. Total expenditures by the board for transit service contracts with providers other than the transit commission and for the jobseekers program may not be reduced more than four percent below the level scheduled in the board's fi-

	1986	1987
\$		\$

nancial plan dated November 18, 1985. The board's fare policy must not allow fares for transit-dependent persons to be more than one-half of the base fare. The board shall define transit-dependent persons to be persons who cannot afford to own and operate an automobile or who are physically unable to operate an automobile.

(c) Transit Administration	0	(88,100)
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Summary by Fund

General

0	(\$80,000)
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Trunk Highway

0	(\$8,100)
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Subd. 6. Program Management ...	(30,000)	(246,200)
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Summary by Fund

General

(\$30,000)	(\$30,000)
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Trunk Highway

0	(\$216,200)
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Of these general fund reductions, \$22,000 in 1986 and \$22,000 in 1987 are from appropriations for highway programs and \$8,000 in 1986 and \$8,000 in 1987 are from appropriations for railroads and waterways.

Subd. 7. General Support	0	(922,100)
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Summary by Fund

Trunk Highway

0	(\$922,100)
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	1986	1987
	\$	\$

Subd. 8. Aeronautics Operations

The appropriations by Laws 1985, First Special Session chapter 10, section 2, subdivision 8, paragraph (a), from the general fund to gather and disseminate weather information to both pilots and the general public are canceled and the requirements imposed on the commissioners of finance and revenue by paragraph (a) are also canceled.

Sec. 3. TRANSPORTATION REGULATION BOARD	0	(11,000)
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Sec. 4. DEPARTMENT OF PUBLIC SAFETY

Subdivision 1. Total Reductions ..	(1,439,000)	(2,249,700)
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	1986	1987
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Approved Complement—	(17.5)	(19.5)
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General—	(6.5)	(8.5)
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Trunk Highway—	(11.0)	(11.0)
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Summary by Fund

General

(\$1,002,000)	(\$817,500)
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Trunk Highway

(\$437,000)	(\$1,432,200)
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Of these general fund reductions, \$30,000 in 1986 and \$45,000 in 1987 are from appropriations for emergency management assistance and planning; and \$2,000 in 1986 and \$3,000 in 1987 are from appropriations for reparation awards by the crime victims reparations board. The 1987 ap-

	1986	1987
	\$	\$

appropriation for reparation awards is available for awards in 1986.

Any unencumbered balance of the appropriation made by Laws 1985, First Special Session chapter 13, section 53, for the MAFIN system does not cancel until June 30, 1987.

Subd. 2. Trunk Highway		
Contingent	0	267,900

The appropriation in this subdivision is for a complement of 11 positions that may be required to operate the St. Croix weigh station. This appropriation may be spent only with the approval of the governor after consultation with the legislative advisory committee under Minnesota Statutes, section 3.30.

Sec. 5. DEPARTMENT OF AGRICULTURE

Total Reductions	(1,111,400)	(1,450,400)
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Of these reductions, \$600,000 in 1986 and \$800,000 in 1987 are from the appropriations for family farm security interest payment adjustments provided in Laws 1985, First Special Session chapter 10, section 5, subdivision 3.

None of these reductions is from the appropriations made by line item for grants to agricultural societies and associations in Laws 1985, First Special Session chapter 10, section 5, subdivision 4, except that \$75,000 for a grant to the Northern Crops Institute in 1987 may be canceled.

The export finance authority shall not provide loan guarantees or insurance after the effective date of this

	1986	1987
	\$	\$

provision, but shall continue to monitor all of its liabilities. After June 30, 1986, the commissioner shall assume the responsibilities of the authority. The commissioner shall monthly transfer to the general fund from the export finance authority working capital account in the special revenue fund an amount equal to the balance of the account less all outstanding liabilities, until the entire balance of the account has been transferred.

None of these reductions is from the appropriations made for the soil and water conservation board in Laws 1985, First Special Session chapter 10, section 5, subdivision 5.

Of these reductions, \$156,000 in 1986 and \$156,000 in 1987 are from the appropriations for international trade provided in Laws 1985, First Special Session chapter 10, section 5, subdivision 7. None of these reductions is from the agricultural trade division. The appropriation reduction amount for either year may be transferred to the other year, except that at least \$96,500 must be reduced in 1986.

The appropriation made to the department of agriculture for construction of an agricultural interpretive center at Waseca in Laws 1985, First Special Session chapter 15, section 10, subdivision 1, paragraph (a) is cancelled to the general fund.

Sec. 6. BOARD OF ANIMAL HEALTH	(49,300)	(44,300)
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Sec. 7. DEPARTMENT OF COMMERCE

Total Reductions	(76,600)	(115,100)
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	1986	1987
	\$	\$

Bank Examinations

Summary by Fund

Special Revenue Fund

0	\$448,800
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This appropriation is added to the appropriation in Laws 1985, First Special Session chapter 10, section 7, for the purpose of performing bank examinations.

The general fund complement for the department of commerce is increased by 12 positions.

Sec. 8. NON-HEALTH-RELATED BOARDS

Subdivision 1. Total Reductions . . .	(53,700)	(53,600)
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Subd. 2. Board of Accountancy . . .	20,700	20,700
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Summary by Fund

Special Revenue Fund

20,700	20,700
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This appropriation is added to the appropriation in Laws 1985, First Special Session chapter 10, section 8, subdivision 3, for the purpose of administering the certified public accountant examinations.

Subd. 3. Board of Peace Officer Standards and Training	(74,400)	(74,300)
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Sec. 9. DEPARTMENT OF PUBLIC SERVICE	(15,500)	0
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Sec. 10. CHARITABLE GAMBLING CONTROL BOARD	(8,700)	(6,100)
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	1986	1987
	\$	\$
Sec. 11. MINNESOTA MUNICIPAL BOARD	(3,800)	(2,800)
Sec. 12. MINNESOTA HISTORICAL SOCIETY	(430,000)	(735,300)

None of these reductions is from the appropriations made for historic grants-in-aid in Laws 1985, First Special Session chapter 10, section 18, subdivision 4, or from the appropriations made for fiscal agents in subdivision 5.

Of these reductions, \$340,000 in 1986 and \$411,000 in 1987 are from the appropriations for Minnesota historical society operations in Laws 1985, First Special Session chapter 10, section 18, subdivision 2. The appropriation reduction amount for either year may be transferred to the other year, except that at least \$260,400 must be reduced in 1986.

Notwithstanding Laws 1983, chapter 344, section 13, or any contract with the operator of the agricultural interpretive center, the operator need not repay the sum of \$1,500,000 plus interest and need not make debt service payments to the state.

Sec. 13. BOARD OF THE ARTS	(125,900)	(125,900)
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None of these reductions is from the appropriations made for the support of regional arts councils in Laws 1985, First Special Session chapter 10, section 19, paragraph (b).

The appropriation reduction amount for either year may be transferred to the other year.

Sec. 14. SCIENCE MUSEUM OF MINNESOTA	(9,100)	(9,000)
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	1986	1987
	\$	\$
Sec. 15. MINNESOTA SAFETY COUNCIL	0	(3,000)

This reduction is from the trunk highway fund.

Sec. 16. GENERAL CONTINGENT ACCOUNT	132,500	0
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This appropriation is added to the general fund appropriation for the same purpose in Laws 1985, First Special Session chapter 13, section 45.

This appropriation represents repayment to the account of advances made in 1986 for bank examination costs.

Sec. 17. St. Croix Weigh Station ..	2,129,000	0
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In addition to the appropriation by Laws 1984, chapter 597, section 11, subdivision 2, paragraph (h), \$2,129,000 is appropriated from the trunk highway fund to the commissioner of transportation to construct a St. Croix weigh station.

Sec. 18. Laws 1979, chapter 280, section 2, as amended by Laws 1982, chapter 617, section 25, and Laws 1985, chapter 299, section 39, is amended to read:

Sec. 2. [APPROPRIATIONS.] Subdivision 1. \$52,000,000, or so much thereof as is determined to be needed, is appropriated from the Minnesota state transportation fund to the department of transportation to be expended for disbursement in the form of grants by the commissioner of transportation for construction and reconstruction of key bridges on the state transportation system and shall be allocated pursuant to subdivisions 2 and 3. The appropriation shall not lapse, but shall remain available until expended.

Subd. 2. \$50,000,000 or so much thereof as is needed, is available for expenditure at a rate not exceeding \$12,500,000 per fiscal year for grants to political subdivisions for construction and reconstruction of key bridges on highways,

streets and roads under their jurisdiction. The grants shall not exceed the following aggregate amounts:

- (1) To counties (\$11,500,000) *\$13,400,000*
- (2) To home rule charter and statutory cities (\$1,500,000) *\$2,000,000*
- (3) To towns *\$21,000,000*

Additional grants may be made in an aggregate amount not to exceed (\$16,500,000) *\$15,000,000* to the political subdivisions to match federal-aid grants for construction and reconstruction of key bridges under their jurisdiction. Appropriations made in subdivisions 1, 2, or 3 may also be used for the following purposes:

(1) The costs of abandoning an existing bridge that is deficient and is in need of replacement, but where no replacement will be made.

(2) The costs of constructing a road or street that would facilitate the abandonment of an existing bridge determined to be deficient. The construction of the road or street must be judged to be more cost efficient than the reconstruction or replacement of the existing bridge.

Subd. 3. An additional amount not to exceed (\$1,500,000) *\$600,000* is available for grants for preliminary engineering and environmental studies pursuant to section 3.

Sec. 19. Laws 1985, First Special Session chapter 10, section 125, is amended to read:

Sec. 125. [EFFECTIVE DATE.]

Sections 31; 32; 45; 83; 84; 85; 105; 116; 120; and 123, subdivisions 2 and 5, are effective the day following final enactment. Sections 43; 46; 117; and 123, subdivision 3, are effective (JULY 1, 1987) *April 1, 1986*. Section 33 is effective the day after compliance with Minnesota Statutes, section 645.021, subdivision 3, for the city of Hastings by the governing body of the city of Hastings, and for the city of St. Cloud by the governing body of the city of St. Cloud. Section 86 is effective for sales made after June 30, 1985. Section 123, subdivision 4, is effective August 1, 1985.

Section 68 is effective October 1, 1985, and applies to all insurance policies providing benefits for injuries arising out of the maintenance or use of a motor vehicle or motorcycle that are executed, issued, issued for delivery, delivered, continued, or renewed in this state after September 30, 1985.

Sec. 20. [17.055] [DEPOSIT OF FEES.]

Fees and penalties collected by the commissioner must be deposited in the state treasury and credited to the special revenue fund.

Sec. 21. Minnesota Statutes 1984, section 17.717, subdivision 6, is amended to read:

Subd. 6. Fees collected shall be deposited in the state treasury (TO THE CREDIT OF THE GENERAL FUND). Costs of inspection, sampling and analysis and other services shall be paid from the appropriations made to the department of agriculture.

Sec. 22. Minnesota Statutes 1984, section 25.39, subdivision 4, is amended to read:

Subd. 4. Fees collected shall be deposited in the state treasury (AND CREDITED TO THE GENERAL FUND). The costs of inspections, sampling, and analysis shall be paid from the appropriations made to the department of agriculture.

Sec. 23. Minnesota Statutes 1985 Supplement, section 40A.03, subdivision 2, is amended to read:

Subd. 2. [PLANS AND OFFICIAL CONTROLS.] By July 1, (1987) 1988, each pilot county selected under subdivision 1 shall submit to the commissioner and to the regional development commission in which it is located, if one exists, a proposed agricultural land preservation plan and proposed official controls implementing the plan. The commissioner, in consultation with the regional development commission, shall review the plan and controls for consistency with the elements in this chapter and shall submit written comments to the county within 90 days of receipt of the proposal. The comments must include a determination of whether the plan and controls are consistent with the elements in this chapter. The commissioner shall notify the county of its determination. If the commissioner determines that the plan and controls are consistent, the county shall adopt the controls within 60 days of completion of the commissioner's review.

Sec. 24. [45.18] [DEPOSIT OF FEES.]

Fees, penalties, and assessments collected by the commissioner of commerce must be deposited in the state treasury and credited to the special revenue fund, except as provided in sections 60A.03, subdivision 6; and 82.34.

Sec. 25. Minnesota Statutes 1984, section 46.041, subdivision 1, is amended to read:

Subdivision 1. [FILING; FEE; HEARING.] The incorporators of a bank proposed to be organized under the laws of this state shall execute and acknowledge a written application in the form prescribed by the commissioner of commerce. The application must be signed by two or more of the incorporators and request a certificate authorizing the proposed bank to transact business at the place and in the name stated in the application. The applicant shall file the application with the department with a \$1,000 filing fee and a \$500 investigation fee. The fees must be (TURNED OVER) *deposited* by the commissioner (TO) in the state (TREASURER AND CREDITED TO THE GENERAL FUND) *treasury*. Thereupon the applicant shall within 30 days of the receipt of the form prescribed by the commissioner, publish a notice of the filing of the application in a newspaper published in the municipality in which the proposed bank is to be located, and if there is no such newspaper, then at the county seat of the county in which the bank is proposed to be located. The notice shall be in the form prescribed by the commissioner and, in addition to the publication, the applicant shall mail a copy of the notice by certified mail to every bank located within three miles of the proposed location of the bank. If an application is contested, 50 percent of an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the application, payable to the (STATE TREASURER AND CREDITED BY THE TREASURER TO THE GENERAL FUND) *commissioner*, must be paid by the applicant and 50 percent equally by the intervening parties.

Sec. 26. Minnesota Statutes 1984, section 46.131, subdivision 10, is amended to read:

Subd. 10. Each financial institution described in subdivision 2 shall pay a fee of \$25 to the commissioner of commerce upon application to the commissioner for approval of a change in its certificate, charter, articles of incorporation, bylaws, powers or license. (MONEY COLLECTED BY THE COMMISSIONER UNDER THIS SUBDIVISION SHALL BE DEPOSITED IN THE GENERAL FUND)

Sec. 27. Minnesota Statutes 1984, section 47.54, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] Any bank desiring to establish a detached facility shall execute and acknowledge a written application in the form prescribed by the commissioner and shall file the application in the commissioner's office with a fee of \$500. If an application is contested, 50 percent of an additional fee equal to the actual costs incurred by the commissioner in approving or disapproving the application, payable to the (STATE TREASURER AND CREDITED BY THE TREASURER TO THE GENERAL FUND) *commissioner*, shall be paid by the applicant and 50 percent equally by the intervening parties. The applicant shall within 30 days of the receipt of

the form prescribed by the commissioner publish a notice of the filing of the application in a newspaper published in the municipality in which the proposed detached facility is to be located, and if there is no such newspaper, then at the county seat of the county in which the facility is proposed to be located. In addition to the publication, the applicant must mail a copy of the notice by certified mail to every bank located within three miles of the proposed location of the detached facility, measured in the manner provided in section 47.52.

Sec. 28. Minnesota Statutes 1984, section 51A.51, subdivision 1, is amended to read:

Subdivision 1. [FEES TO BE PAID TO (STATE TREASURER) COMMISSIONER.] Associations shall pay fees by delivering to the commissioner a check payable to the (STATE TREASURER) *commissioner*.

Sec. 29. Minnesota Statutes 1984, section 51A.51, subdivision 2, is amended to read:

Subd. 2. [INCORPORATION FEE.] At the time of filing the application for a certificate of incorporation, the incorporators shall pay a \$1,000 (FILING FEE WHICH SHALL BE PAID INTO THE STATE TREASURY AND CREDITED TO THE GENERAL FUND, AND SHALL PAY TO THE BANKING DEPARTMENT A \$500 INVESTIGATION) fee. If an application is contested, 50 percent of an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the application (, PAYABLE TO THE STATE TREASURER AND CREDITED BY THE TREASURER TO THE GENERAL FUND,) shall be paid by the applicant and 50 percent equally by the intervening parties.

Sec. 30. Minnesota Statutes 1984, section 51A.51, subdivision 3, is amended to read:

Subd. 3. [FEE FOR CHANGE OF LOCATION OF AN ESTABLISHED OFFICE.] There shall accompany each application to the commissioner for leave to change the location of an established office, a fee of \$50 (PAYABLE TO THE BANKING DEPARTMENT). In the event of a hearing on the application to change the location of an established office, an additional fee of (\$1,000 PAYABLE TO THE STATE TREASURY AND \$450 PAYABLE TO THE BANKING DEPARTMENT) \$1,450 shall be delivered to the office of the commissioner of commerce prior to the publication of the notice of hearing.

Sec. 31. Minnesota Statutes 1984, section 51A.51, subdivision 3a, is amended to read:

Subd. 3a. [FEE FOR ESTABLISHMENT OF OTHER THAN PRINCIPAL OFFICE.] There shall accompany each application to the commissioner for establishment of other than the principal office a \$1,000 filing fee (PAYABLE TO THE STATE TREASURY AND \$500 PAYABLE TO THE BANKING DEPARTMENT). If an application is contested, 50 percent of an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the application (, PAYABLE TO THE STATE TREASURER AND CREDITED BY THE TREASURER TO THE GENERAL FUND,) shall be paid by the applicant and 50 percent equally by the intervening parties.

Sec. 32. Minnesota Statutes 1984, section 52.06, subdivision 1, is amended to read:

Subdivision 1. Credit unions shall be under the supervision of the commissioner of commerce. Each credit union shall annually, on or before January 25, file a report with the commissioner of commerce on forms supplied by him for that purpose giving such relevant information as he may require concerning the operations during the preceding calendar year. Additional reports may be required. Credit unions shall be examined, at least once every 18 calendar months, by the commissioner of commerce, except that if a credit union requests, the commissioner may accept the audit of a certified public accountant in place of this examination. Such certified public accountant must be approved by the commissioner. The qualitative type of audit examination to be performed by the certified public accountant shall be defined by regulation and approved by the commissioner. Further, in lieu of this examination the commissioner may accept any examination made by the National Credit Union Administration, provided a copy of the examination is furnished to the commissioner. A report of the examination by the commissioner of commerce shall be forwarded to the president, or the chairman of the board if the position is so designated pursuant to section 52.09, subdivision 4, of the examined credit union within 60 days after completion of the examination. Within 60 days of the receipt of such report, a general meeting of the directors and committees shall be called to consider matters contained in the report. For failure to file reports when due, unless excused for cause, the credit union shall pay to the (STATE TREASURER) *commissioner* \$5 for each day of its delinquency.

Sec. 33. Minnesota Statutes 1985 Supplement, section 53.03, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION, FEE, NOTICE.] Any corporation hereafter organized as an industrial loan and thrift company, shall, after compliance with the requirements set forth in sections 53.01 and 53.02, file a written application with the department of commerce for a certificate of authorization. A

corporation that will not sell or issue thrift certificates for investment as permitted by this chapter need not comply with subdivision 2b. The application must be in the form prescribed by the department of commerce. The application must be made in the name of the corporation, executed and acknowledged by an officer designated by the board of directors of the corporation, requesting a certificate authorizing the corporation to transact business as an industrial loan and thrift company, at the place and in the name stated in the application. At the time of filing the application the applicant shall pay a \$1,000 filing fee and a \$500 investigation fee. The fees must be turned over by the commissioner to the state treasurer and credited to the (GENERAL) *special revenue* fund. The applicant shall also submit a copy of the bylaws of the corporation, its articles of incorporation and all amendments thereto at that time. If the application is contested, 50 percent of an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the application, payable to the state treasurer and credited to the (GENERAL) *special revenue* fund shall be paid by the applicant and 50 percent equally by the intervening parties. A notice of the filing of the application must be published once within 30 days of the receipt of the form prescribed by the department of commerce, at the expense of the applicant, in a newspaper published in the municipality in which the proposed industrial loan and thrift company is to be located, or, if there be none, in a newspaper published at the county seat of the county in which the company is proposed to be located. If the department of commerce receives a written objection to the application from any person within 20 days of the notice having been fully published a contested case hearing must be conducted on the application. Notice of a hearing in connection with this section must be published once in the form prescribed by the department of commerce, at the expense of the applicant, in the same manner as a notice of application.

Sec. 34. Minnesota Statutes 1984, section 53.03, subdivision 6, is amended to read:

Subd. 6. [AMENDED CERTIFICATES, THRIFT CERTIFICATES FOR INVESTMENT, APPLICATION, FEE, NOTICE.] Upon approval by the commissioner (OF BANKS) of a commitment for insurance or guarantee of certificates to be held for investment as required in section 53.10, subdivision 3, an industrial loan and thrift company may apply to the department of commerce for an amended certificate of authorization and consent to sell and issue thrift certificates for investment.

The application, in triplicate, must be in the form prescribed by the department of commerce and filed in its office. At the time of filing the application, the applicant shall pay a filing fee of \$500 and if an application is contested, 50 percent of an additional fee equal to the actual costs incurred by the department of commerce in approving or disapproving the applica-

tion, payable to the (STATE TREASURER AND CREDITED BY THE TREASURER TO THE GENERAL FUND) *commissioner*, must be paid by the applicant and 50 percent equally by the intervening parties. A notice of the filing of the application must be published once within 30 days of the receipt of the form prescribed by the department of commerce, at the expense of the applicant, in a newspaper published in the municipality in which the place of business under the application is located, or if there is none, in a newspaper published at the county seat of the county in which the place of business is located. Not more than one place of business maintained under a certificate of authorization may be the subject of an application.

Sec. 35. Minnesota Statutes 1984, section 56.02, is amended to read:

56.02 [APPLICATION FEE.]

Application for license shall be in writing, under oath, and in the form prescribed by the commissioner, and contain the name and the address, both of the residence and place of business, of the applicant and, if the applicant is a copartnership or association, of every member thereof, and if a corporation, of each officer and director thereof; also the county and municipality, with street and number, if any, where the business is to be conducted, and such further information as the commissioner may require. The applicant at the time of making application, shall pay to the commissioner the sum of \$250 as a fee for investigating the application, and the additional sum of \$150 as an annual license fee for a period terminating on the last day of the current calendar year; provided, that if the application is filed after June 30 in any year the additional sum shall be only \$75. In addition to the annual license fee, every licensee hereunder shall pay to the commissioner the actual costs of each examination, as provided for in section 56.10. (ALL MONEYS COLLECTED BY THE COMMISSIONER UNDER THIS CHAPTER SHALL BE TURNED OVER BY HIM TO THE STATE TREASURER AND CREDITED BY THE TREASURER TO THE GENERAL FUND OF THE STATE.)

Every applicant shall also prove, in form satisfactory to the commissioner, that he or it has available for the operation of the business at the location specified in the application, liquid assets of at least \$50,000.

Sec. 36. Minnesota Statutes 1984, section 60A.03, subdivision 6, is amended to read:

Subd. 6. [INSURANCE EXAMINATION REVOLVING FUND.] (1) [REVOLVING FUND CREATED.] There is hereby created the department of commerce examination

revolving fund for the purpose of carrying on the examination of foreign and domestic insurance companies.

(2) [MONEYS IN REVOLVING FUND.] Such fund shall consist of the \$7,500 appropriated therefor and the moneys transferred to it as herein provided, which are reappropriated to the commissioner of commerce for the purpose of this subdivision.

(3) [FUND TO BE KEPT IN STATE TREASURY.] Such fund shall be kept in the state treasury and shall be paid out in the manner prescribed by law for moneys therein.

(4) [PURPOSES FOR WHICH FUND MAY BE EXPENDED.] Such fund shall be used for the payment of per diem salaries and expenses of special examiners and appraisers, and the expenses of the commissioner of commerce, deputy commissioner of commerce, chief examiner, actuary other than a consulting actuary appointed under subdivision 3(3) hereof, regular salaried examiners and other employees of the department of commerce when participating in examinations. Expenses include meals, lodging, laundry, transportation, and mileage. The salary of regular employees of the division of insurance shall not be paid out of this fund.

(5) [COLLECTIONS TO BE DEPOSITED IN FUND.] All moneys collected by the division of insurance from insurance companies for fees and expenses of examinations, shall be deposited in the insurance division examination revolving fund.

(6) [PAYMENTS FROM SUCH FUND.] Upon authorization by the commissioner of commerce, the moneys due each examiner or employee engaged in an examination shall be paid to him from the insurance division examination revolving fund in the manner prescribed by law.

(7) [EXCESS OVER \$7,500 CANCELED INTO (GENERAL) *SPECIAL REVENUE FUND*.] The balance in such fund on June 30 of each year in excess of \$7,500 shall be forthwith canceled into the (GENERAL) *special revenue fund*.

Sec. 37. Minnesota Statutes 1984, section 60A.14, subdivision 1, is amended to read:

Subdivision 1. [FEES OTHER THAN EXAMINATION FEES.] In addition to the fees and charges provided for examinations, the following fees must be paid to the commissioner (FOR DEPOSIT IN THE GENERAL FUND):

(a) by township mutual fire insurance companies:

(1) for filing certificate of incorporation \$25 and amendments thereto, \$10;

- (2) for filing annual statements, \$15;
- (3) for each annual certificate of authority, \$15;
- (4) for filing bylaws \$25 and amendments thereto, \$10.

(b) by other domestic and foreign companies including fraternals and reciprocal exchanges:

(1) for filing certified copy of certificate of articles of incorporation, \$50;

(2) for filing annual statement, \$30;

(3) for filing certified copy of amendment to certificate or articles of incorporation, \$50;

(4) for filing bylaws, \$25 or amendments thereto, \$10;

(5) for each company's certificate of authority, \$40, annually.

(c) the following general fees apply:

(1) for each certificate, including certified copy of certificate of authority, renewal, valuation of life policies, corporate condition or qualification, \$5;

(2) for each copy of paper on file in the commissioner's office 50 cents per page, and \$2.50 for certifying the same;

(3) for license to procure insurance in unadmitted foreign companies, \$40;

(4) for receiving and forwarding each notice, proof of loss, summons, complaint or other process served upon the commissioner of commerce, as attorney for service of process upon any nonresident agent or insurance company, including reciprocal exchanges, \$15 plus the cost of effectuating service by certified mail, which amount must be paid by the party serving the notice and may be taxed as other costs in the action;

(5) for valuing the policies of life insurance companies, one cent per one thousand dollars of insurance so valued. The commissioner may, in lieu of a valuation of the policies of any foreign life insurance company admitted, or applying for admission, to do business in this state, accept a certificate of valuation from the company's own actuary or from the commissioner of insurance of the state or territory in which the company is domiciled;

(6) for receiving and filing certificates of policies by the company's actuary, or by the commissioner of insurance of any other state or territory, \$50;

(7) for issuing an initial license to an individual agent, \$20 per license, for issuing an initial agent's license to a partnership or corporation, \$50, and for issuing an amendment (variable annuity) to a license, \$20, and for renewal of amendment, \$20;

(8) for each appointment of an agent filed with the commissioner, a domestic insurer shall remit \$5 and all other insurers shall remit \$3;

(9) for renewing an individual agent's license, \$20 per year per license, and for renewing a license issued to a corporation or partnership, \$50 per year;

(10) for issuing and renewing a surplus lines agent's license, \$150;

(11) for issuing duplicate licenses, \$5;

(12) for issuing licensing histories, \$10;

(13) for processing checks returned due to insufficient funds, \$15;

(14) for filing forms and rates, \$10 per filing. The commissioner shall adopt rules to define filings that are subject to a fee.

Sec. 38. Minnesota Statutes 1984, section 60A.23, subdivision 7, is amended to read:

Subd. 7. [LICENSES REQUIRED FOR EMPLOYERS MAKING DEDUCTIONS FROM WAGES FOR CERTAIN PURPOSES.] (1) [REQUIREMENTS.] No employer shall make deductions from the wages of his employees for the purpose of furnishing them with life insurance, funeral benefits, medical or hospital care, accident, sickness or old age insurance or benefits, unless he first receives from the commissioner of commerce a license for the benefit plan he operates or proposes to operate. The license shall be granted only when the commissioner is satisfied that the benefits given are commensurate with the charges made and that the charges will keep the fund solvent. All licenses shall be for the period of one year. The commissioner may require a statement of the operation of the fund, on a form to be prescribed by him, before granting a renewal. The fee for a license is \$25 and for filing the annual statement \$10. (ANY FEES RECEIVED BY THE COMMISSIONER PURSUANT TO THIS SUBDIVISION SHALL BE PAID INTO THE GENERAL FUND.) Before granting a license the commissioner of

commerce shall submit the proposed plan to the chairman of the workers' compensation court of appeals in order that he may determine whether the benefits are in conjunction with the benefits under the workers' compensation act.

(2) [EXCEPTIONS.] The requirements of clause (1) shall not apply to deductions made from the employees' wages for group insurance issued by insurers authorized to transact business in this state nor to railroad companies engaged in interstate commerce.

(3) [PENALTY.] Any person, firm, corporation, or association that makes deductions from the wages of an employee in violation of clause (1) shall be guilty of a misdemeanor.

Sec. 39. Minnesota Statutes 1984, section 79.251, subdivision 1, is amended to read:

Subdivision 1. [ASSIGNED RISK PLAN REVIEW BOARD.] (1) An assigned risk plan review board is created for the purposes of review of the operation of section 79.252 and this section. The board shall have all the usual powers and authorities necessary for the discharge of its duties under this section and may contract with individuals in discharge of those duties.

(2) The board shall consist of six members to be appointed by the commissioner of commerce. Three members shall be insureds holding policies or contracts of coverage issued pursuant to subdivision 4. Two members shall be insurers licensed pursuant to section 60A.06, subdivision 1, clause (5), paragraph (b). The commissioner shall be the sixth member and shall vote.

Initial appointments shall be made by September 1, 1981, and terms shall be for three years duration. Removal, the filling of vacancies and compensation of the members other than the commissioner shall be as provided in section 15.059.

(3) The assigned risk plan review board shall audit the reserves established (a) for individual cases arising under policies and contracts of coverage issued under subdivision 4 and (b) for the total book of business issued under subdivision 4.

(4) The assigned risk plan review board shall monitor the operations of section 79.252 and this section and shall periodically make recommendations to the commissioner, and to the governor and legislature when appropriate, for improvement in the operation of those sections.

(5) All insurers and self-insurance administrators issuing policies or contracts under subdivision 4 shall pay to the commissioner a .25 percent assessment on premiums for policies and

contracts of coverage issued under subdivision 4 for the purpose of defraying the costs of the assigned risk plan review board. Proceeds of the assessment shall be deposited in the state treasury and credited to the (GENERAL) *special revenue* fund.

(6) The assigned risk plan and the assigned risk plan review board shall not be deemed a state agency.

Sec. 40. Minnesota Statutes 1984, section 115A.912, subdivision 2, is amended to read:

Subd. 2. [PRIORITIES FOR SPENDING.] The agency shall apply the following criteria to establish priorities: (1) tire dumps or collection sites determined by the agency to contain more than 1,000,000 tires; (2) abatement of fire hazard nuisances; (3) *abatement of all tires that provide breeding sites for mosquitos that carry arboviral diseases to humans*; (4) abatement of nuisance in densely populated areas; and ((4)) (5) collection and clean up of waste tires including abatement of tire dumps.

Sec. 41. Minnesota Statutes 1984, section 138.65, is amended to read:

138.65 [ADMISSION FEES.]

The Minnesota historical society may establish and collect fees it deems reasonable for admission to the state owned historic sites under its control. (THESE FEES SHALL) *Admission income from Fort Snelling must be deposited in the general fund as nondedicated receipts. Admission income from the other state-owned sites must be deposited in the general fund and is appropriated to the Minnesota historical society for repair and betterment purposes through June 30, 1987, provided that the society enters into an agreement with the commissioner of finance, whereby the society shall deposit in the general fund admission income from sites owned by the society. Receipts of admission income from sites owned by the society shall be appropriated to the society for repair and betterment purposes for the duration of the agreement. No more than 25 percent of the amounts appropriated under this section may be used for salaries of historical society employees. After June 30, 1987, admission income from all state-owned sites must be deposited in the general fund as nondedicated receipts.*

Sec. 42. Minnesota Statutes 1984, section 168.67, is amended to read:

168.67 [SALES FINANCE COMPANIES; LICENSES, FEES, REFUNDS.]

(a) No person shall engage in the business of a sales finance company in this state without a license therefor as provided in

sections 168.66 to 168.77 provided, however, that no bank, trust company, savings bank, savings and loan association, or credit union, whether state or federally chartered, industrial loan and thrift company, or licensee under the Minnesota Regulated Loan Act authorized to do business in this state shall be required to obtain a license under sections 168.66 to 168.77.

(b) The application for a license shall be in writing, under oath and in the form prescribed by the administrator. The application shall contain the name of the applicant; date of incorporation, if incorporated; the address where the business is or is to be conducted and similar information as to any branch office of the applicant; the name and resident address of the owner or partners, or, if a corporation or association, of the directors, trustees and principal officers, and other pertinent information the administrator requires.

(c) The licensee fee for the fiscal year beginning July 1 and ending June 30 of the following year, or any part thereof shall be the sum of \$150 for the principal place of business of the licensee, and the sum of \$75 for each branch of the licensee, maintained in this state. Any licensee who proves to the satisfaction of the administrator, by affidavit or other proof satisfactory to the administrator, that during the 12 calendar months of the immediately preceding fiscal year, for which his license has been paid that he has not held retail installment contracts exceeding \$15,000 in amount, shall be entitled to a refund of that portion of each license fee paid in excess of \$25. The administrator shall certify to the commissioner of finance that the licensee is entitled to a refund, and payment thereof shall be made by the state treasurer. The amount necessary to pay for the refundment of the license fee is appropriated out of the (GENERAL) *special revenue fund*. All license fees received by the administrator under sections 168.66 to 168.77 shall be deposited (WITH) *in the state (TREASURER) treasury and credited to the special revenue fund.*

(d) Each license shall specify the location of the office or branch and must be conspicuously displayed there. In case the location be changed, the administrator shall endorse the change of location on the license.

(e) Upon the filing of such application, and the payment of the fee, the administrator shall issue a license to the applicant to engage in the business of a sales finance company under and in accordance with the provisions of sections 168.66 to 168.77 for a period which shall expire the last day of June next following the date of its issuance. The license shall not be transferable or assignable. No licensee shall transact any business provided for by sections 168.66 to 168.77 under any other name.

Sec. 43. Minnesota Statutes 1984, section 169.871, subdivision 5, is amended to read:

Subd. 5. [FINES.] (a) Any penalty imposed and fines collected pursuant to this section shall be disposed of as provided in section 299D.03, subdivision 5, with the following exceptions to paragraphs (a) and (b) of that subdivision:

((A)) (1) If the violation occurs in the county, and the county attorney appears in the action, the remaining five-eighths shall be credited to the highway user tax distribution fund (.);

((B)) (2) If the violation occurs within the municipality, and the city attorney appears in the action, the remaining one-third shall be paid to the highway user tax distribution fund (.);

((C)) (3) In all cases when the attorney general appears in the action, all penalties imposed and fines collected shall be credited to the highway user tax distribution fund.

(b) Any penalty imposed and fines collected pursuant to this section shall be disposed of as provided in section 299D.03, subdivision 5, with the following exceptions to paragraph (c) of that subdivision:

(1) if the violation occurs in the county, and the county attorney appears in the action, the remaining five-eighths shall be credited to the trunk highway fund;

(2) if the violation occurs within the municipality, and the city attorney appears in the action, the remaining one-third shall be paid to the trunk highway fund;

(3) in all cases when the attorney general appears in the action, all penalties imposed and fines collected shall be credited to the trunk highway fund.

Sec. 44. Minnesota Statutes 1984, section 299D.03, subdivision 5, is amended to read:

Subd. 5. [FINES AND FORFEITED BAIL MONEY.] (a) All fines and forfeited bail money, from traffic and motor vehicle law violations, occurring on road, street, or highway rights-of-way that are not a part of the interstate highway system in Minnesota and collected from persons apprehended or arrested by officers of the state patrol, shall be paid by the person or officer collecting the fines, forfeited bail money or installments thereof, on or before the tenth day after the last day of the month in which these moneys were collected, to the county treasurer of the county where the violation occurred. Three-eighths of these receipts shall be credited to the general revenue fund of the county. The other five-eighths of these receipts shall be transmitted by that officer to the state treasurer and shall be credited to the trunk highway fund. If, however, the violation occurs within a municipality and the city attorney prosecutes the of-

fense, and a plea of not guilty is entered, one-third of the receipts shall be credited to the general revenue fund of the county, one-third of the receipts shall be paid to the municipality prosecuting the offense, and one-third shall be transmitted to the state treasurer as provided in this subdivision. All costs of participation in a nation-wide police communication system chargeable to the state of Minnesota shall be paid from appropriations for that purpose.

(b) *Subject to section 169.871, subdivision 5, but notwithstanding any other provisions of law, all fines and forfeited bail money from violations of statutes governing the maximum weight of motor vehicles, occurring on road, street, or highway rights-of-way that are not a part of the interstate highway system in Minnesota and collected from persons apprehended or arrested by employees of the state of Minnesota, by means of stationary or portable scales operated by these employees, shall be paid by the person or officer collecting the fines or forfeited bail money, on or before the tenth day after the last day of the month in which the collections were made, to the county treasurer of the county where the violation occurred. Five-eighths of these receipts shall be transmitted by that officer to the state treasurer and shall be credited to the highway user tax distribution fund. Three-eighths of these receipts shall be credited to the general revenue fund of the county.*

(c) *Subject to section 169.871, subdivision 5, all fines and forfeited bail money from traffic and motor vehicle law violations, occurring on roads, streets, or highways that are part of the interstate highway system in Minnesota, including safety violations and violations governing the maximum weight of motor vehicles, and collected from persons apprehended or arrested by officers of the state patrol, shall be paid by the person or officer collecting the fines, forfeited bail money or installments thereof, on or before the tenth day after the last day of the month in which these moneys were collected, to the county treasurer of the county where the violation occurred. One-fourth of these receipts shall be credited to the general revenue fund of the county. The other three-fourths of these receipts shall be transmitted by that officer to the state treasurer and shall be credited to the trunk highway fund. If a violation occurs in a county and the county attorney prosecutes the offense, and a plea of not guilty is entered, three-eighths of the receipts shall be credited to the general revenue fund of the county. If, however, the violation occurs within a municipality and the city attorney prosecutes the offense, and a plea of not guilty is entered, one-fourth of the receipts shall be credited to the general revenue fund of the county, one-third of the receipts shall be paid to the municipality prosecuting the offense, and the remainder shall be transmitted to the state treasurer as provided in this subdivision.*

Sec. 45. Minnesota Statutes 1984, section 216B.243, subdivision 6, is amended to read:

Subd. 6. Any application for a certificate of need shall be accompanied by the fee required pursuant to this subdivision. The maximum fee shall be \$50,000, except for an application for an electric power generating plant as defined in section 116J.06, subdivision 3, clause (a), or a high voltage transmission line as defined in section 116J.06, subdivision 3, clause (b), for which the maximum fee shall be \$100,000. The commission may require an additional fee to recover the costs of any rehearing. The fee for a rehearing shall not be greater than the actual cost of the rehearing or the maximum fee specified above, whichever is less. The commission shall establish by rule pursuant to chapter 14 and sections 116J.05 to 116J.30 and 216B.243, a schedule of fees based on the output or capacity of the facility and the difficulty of assessment of need. Money collected in this manner shall be credited to the (GENERAL) *special revenue* fund of the state treasury.

Sec. 46. Minnesota Statutes 1984, section 216B.62, subdivision 2, is amended to read:

Subd. 2. Whenever the commission or department, in a proceeding upon its own motion, on complaint, or upon an application to it, shall deem it necessary, in order to carry out the duties imposed under this chapter and section 216A.085, to investigate the books, accounts, practices, and activities of, or make appraisals of the property of any public utility, or to render any engineering or accounting services to any public utility, or to intervene before an energy regulatory agency, the public utility shall pay the expenses reasonably attributable to the investigation, appraisal, service, or intervention. The commission and department shall ascertain the expenses, and the department shall render a bill therefor to the public utility, either at the conclusion of the investigation, appraisal, or services, or from time to time during its progress, which bill shall constitute notice of the assessment and a demand for payment. The amount of the bills so rendered by the department shall be paid by the public utility into the state treasury within 30 days from the date of rendition. *Receipts must be credited to the special revenue fund.* The total amount, in any one calendar year, for which any public utility shall become liable, by reason of costs incurred by the commission within that calendar year, shall not exceed two-fifths of one percent of the gross operating revenue from retail sales of gas, or electric service by the public utility within the state in the last preceding calendar year. Where, pursuant to this subdivision, costs are incurred within any calendar year which are in excess of two-fifths of one percent of the gross operating revenues, the excess costs shall not be chargeable as part of the remainder under subdivision 3, but shall be paid out of the general appropriation to the department and commission. In the case of public utilities offering more than one public utility service only the gross operating revenues from the public utility service in connection with which the investigation is being conducted shall be considered when determining this limitation.

Sec. 47. Minnesota Statutes 1984, section 216B.62, subdivision 3, is amended to read:

Subd. 3. The department and commission shall quarterly, at least 30 days before the start of each quarter, estimate the total of their expenditures in the performance of their duties relating to public utilities under section 216A.085, and sections 216B.01 to 216B.67, other than amounts chargeable to public utilities under subdivision 2 or 6. The remainder shall be assessed by the commission and department to the several public utilities in proportion to their respective gross operating revenues from retail sales of gas or electric service within the state during the last calendar year. The assessment shall be paid into the state treasury within 30 days after the bill has been mailed to the several public utilities, which shall constitute notice of the assessment and demand of payment thereof. *Receipts must be credited to the special revenue fund.* The total amount which may be assessed to the public utilities, under authority of this subdivision, shall not exceed one-eighth of one percent of the total gross operating revenues of the public utilities during the calendar year from retail sales of gas or electric service within the state. The assessment for the second quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the commission and department for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

Sec. 48. Minnesota Statutes 1984, section 237.295, subdivision 1, is amended to read:

Subdivision 1. Whenever the department or commission, in a proceeding upon its own motion, on complaint, or upon an application to it, shall deem it necessary in order to carry out the duties imposed on it to investigate the books, accounts, practices, and activities of, or make appraisals of the property of any telephone company, or to render any engineering or accounting services to any telephone company, the telephone company shall pay the expenses reasonably attributable to the investigation, appraisal, or service. The department and commission shall ascertain the expenses, and the department shall render a bill therefor to the telephone company, either at the conclusion of the investigation, appraisal, or services, or from time to time during its progress, which bill shall constitute notice of the assessment and a demand for payment. The amount of the bills so assessed by the department shall be paid by the telephone company into the state treasury within 30 days from the date of assessment. *Receipts must be credited to the special revenue fund.* The total amount, in any one calendar year, for which any telephone company shall become liable, by reason of costs incurred by the department and commission within that calendar year, shall not exceed two-fifths of one percent of the gross jurisdictional operating revenue of the telephone company in the last preceding calendar year. Where, pursuant to this subdivision, costs are incurred within any calendar year which are in excess of two-fifths of one per-

cent of the gross jurisdictional operating revenues, the excess costs shall not be chargeable as part of the remainder under subdivision 2, but shall be paid out of the general appropriation of the department.

Sec. 49. Minnesota Statutes 1984, section 237.295, subdivision 2, is amended to read:

Subd. 2. The department and commission shall quarterly, at least 30 days before the start of each quarter, estimate the total of its expenditures in the performance of its duties relating to telephone companies, other than amounts chargeable to telephone companies under subdivision 1 or 5. The remainder shall be assessed by the department to the several telephone companies in proportion to their respective gross jurisdictional operating revenues during the last calendar year. The assessment shall be paid into the state treasury within 30 days after the bill has been mailed to the several telephone companies, which shall constitute notice of the assessment and demand of payment thereof. *Receipts must be credited to the special revenue fund.* The total amount which may be assessed to the telephone companies, under authority of this subdivision, shall not exceed one-eighth of one percent of the total gross jurisdictional operating revenues during the calendar year. The assessment for the second quarter of each fiscal year shall be adjusted to compensate for the amount by which actual expenditures by the commission and department for the preceding fiscal year were more or less than the estimated expenditures previously assessed.

Sec. 50. Minnesota Statutes 1984, section 239.10, is amended to read:

239.10 [ANNUAL INSPECTION.]

The department shall charge a fee to the owner for the costs of the regular inspection of scales, weights, measures, and weighing or measuring devices. The cost of any other inspection must be paid by the owner if the inspection is performed at the owner's request or if the inspection is made at the request of some other person and the scale, weight, measure, or weighing or measuring device is found to be incorrect. The department may fix the fees and expenses for regular inspections and special services by rule pursuant to section 16A.128, except that no additional fee may be charged for retail petroleum pumps, petroleum vehicle meters, and petroleum bulk meters that dispense petroleum products for which the petroleum inspection fee required by section 296.13 is collected. Money collected by the department for its regular inspections, special services, fees, and penalties must be paid into the state treasury and credited to the (STATE GENERAL) *special revenue fund*.

Sec. 51. Minnesota Statutes 1984, section 240.16, subdivision 5, is amended to read:

Subd. 5. [COSTS.] The commission may require that a licensee reimburse it for the costs of providing a state-paid steward or stewards to supervise racing at the licensee's race-track. *Reimbursements must be deposited in the state treasury and credited to a special account and are appropriated to the commission to pay the stewards.*

Sec. 52. Minnesota Statutes 1984, section 296.13, is amended to read:

296.13 [INSPECTION FEES.]

An inspection fee shall be charged on petroleum products when received by the distributor, and on petroleum products received and held for sale or use by any person when such petroleum products have not theretofore been received by a licensed distributor. The commissioner shall adjust the inspection fee to recover the amount appropriated for petroleum product quality inspection expenses and the amount appropriated for the inspection and testing of petroleum product measuring devices as required by chapter 239. The commissioner shall review and adjust the inspection fee as required by section 16A.128 but notwithstanding section 16A.128, the review of the fee shall occur annually on or before January 1, of each year. *Fees must be deposited in the state treasury and credited to the special revenue fund.*

Credit shall be allowed the distributor by the commissioner for inspection fees previously paid in error or on any material exported or sold for export from the state upon filing of a report in a manner approved by the commissioner.

Sec. 53. Minnesota Statutes 1985 Supplement, section 326.241, subdivision 3, is amended to read:

Subd. 3. [FEES AND FINANCES; DISPOSITION.] All license fees collected under the provisions of sections 326.241 to 326.248 are to be credited to the (GENERAL) *special revenue fund*. The expenses of administering sections 326.241 to 326.248 shall be paid from appropriations made to the board of electricity.

Sec. 54. Minnesota Statutes 1985 Supplement, section 326.244, subdivision 2, is amended to read:

Subd. 2. [PROCEDURE.] (a) At or before commencement of any installation required to be inspected by the board, the electrical contractor, installer, special electrician, or owner making the installation shall submit to the board a request for inspection, in a form prescribed by the board, together with the fees required for the installation. For purposes of this subdivision, an owner is a person who physically performs all the electrical work on premises he or she owns and actually occupies as

his or her residence or that he or she will own and actually occupy as his or her residence upon completion of construction.

(b) The fees required are a handling fee and an inspection fee. The handling fee shall be set by the board in an amount sufficient to pay the cost of printing and handling the form requesting an inspection. The inspection fee shall be set by the board in an amount sufficient to pay the actual costs of the inspection and the board's costs in administering the inspection. All fees shall be set pursuant to the procedure of sections 14.01 to 14.70.

(c) All handling fees shall be deposited in the (GENERAL) *special revenue* fund as *nondedicated revenue*. All inspection fees collected pursuant to this section shall be deposited by the board in (A SPECIAL REVENUE BOOKKEEPING) *an inspection* account (OF THE TREASURY) *in the special revenue fund* and are appropriated to the board for the purpose of compensating contract inspectors for inspections performed, for transfer as *nondedicated revenue* to the (GENERAL) *special revenue* fund of the portion of the fee representing inspection administration costs, and for making refunds.

(d) If the inspector finds that the installation is not in compliance with accepted standards of construction for safety to life and property as required by section 326.243, the inspector shall by written order condemn the installation or noncomplying portion thereof, or order service to the installation disconnected, and shall send a copy of the order to the board. If the installation or the noncomplying part will seriously and proximately endanger human life and property, the order of the inspector, when approved by the inspector's superior, shall require immediate condemnation or disconnection. In all other cases, the order of the inspector shall permit a reasonable opportunity for the installation to be brought into compliance with accepted standards of construction for safety to life and property prior to the effective time established for condemnation or disconnection.

(e) Copies of each condemnation or disconnection order shall be served personally or by mail upon the property owner, and the electrical contractor, installer, or special electrician making the installation, and other persons as the board by rule or regulation may direct. An aggrieved party may appeal any condemnation or disconnection order by filing with the board a notice of appeal within ten days after (1) service upon the aggrieved party of the condemnation or disconnection order, if this service is required, or (2) filing of the order with the board, whichever is later. The appeal shall proceed and the order of the inspector shall have the effect the order, by its terms, and the rules of the board provides. The board shall adopt rules providing procedures for the conduct of appeals, including provisions for the stay of enforcement of the order of the inspector pending such appeal when justified by the circumstances.

Sec. 55. Minnesota Statutes 1984, section 326.334, subdivision 7, is amended to read:

Subd. 7. All fees accruing to the board shall be paid into the (GENERAL) *special revenue* fund. The cost of administering sections 326.32 to 326.339 shall be paid from appropriations made to the board.

Sec. 56. [340A.202] [FEES DEPOSITED IN SPECIAL REVENUE ACCOUNT.]

Fees and penalties on fees collected by the commissioner of public safety under this chapter must be deposited in the state treasury and credited to the special revenue fund.

Sec. 57. Minnesota Statutes 1985 Supplement, section 340A.-904, subdivision 2, is amended to read:

Subd. 2. [SALE PROCEDURE.] A sale of intoxicating liquor, materials, apparatus, or vehicles may be made only with the written approval of the commissioner of administration and after notice of the sale is published in one issue of a legal newspaper published in St. Paul. Sealed bids must be publicly opened in the office of the commissioner of public safety on a date stated in the notice, which may not be less than 15 days or more than 30 days after its publication. The net proceeds from the sale of alcoholic beverages or articles must, after the deduction of the expense of seizure or sale, be deposited by the commissioner of public safety with the state treasurer and credited to the (GENERAL) *special revenue* fund.

Sec. 58. Minnesota Statutes 1984, section 349.52, subdivision 2, is amended to read:

Subd. 2. [COLLECTION.] At the time a video game of chance is sold to an operator, the distributor must collect the license fee specified in subdivision 1. The distributor must affix to each game a stamp containing the operator's license number. All license fees must be given to the (STATE TREASURER) *commissioner* for deposit in the account created in subdivision 3.

Sec. 59. Minnesota Statutes 1984, section 349.52, subdivision 3, is amended to read:

Subd. 3. [VIDEO GAMING LICENSE ACCOUNT.] There is created in the state treasury an account to be known as the "video gaming license account." All fees received by the (STATE TREASURY) *commissioner* pursuant to this section must be credited to this account. The (COMMISSIONER) *operator* shall, by January (10) *31* of each year, certify to the (STATE TREASURER) *commissioner* the number of video games of chance

located in each city, and in each county outside of incorporated areas, on December 31 of the previous year. Within (TEN) 15 days of receiving this certification the (STATE TREASURER) *commissioner* shall pay from the video gaming license account to each city and county \$30 for each video game of chance located in the city or in the county outside city limits. After making these payments (HE) *the commissioner* shall transfer the unexpended balance in the account to the (GENERAL) *special revenue fund*.

Sec. 60. Minnesota Statutes 1984, section 473.448, is amended to read:

473.448 [COMMISSION; EXEMPTION FROM TAXATION.]

Notwithstanding any other provision of law to the contrary, the properties, moneys, and other assets of the commission, all revenues or other income of the commission shall be exempt from all taxation, licenses, fees, or charges of any kind imposed by the state or by any county, municipality, political subdivision, taxing district, or other public agency or body of the state. *This section is not an exemption from section 168.012.*

Sec. 61. [REPEALER.]

Subdivision 1. Minnesota Statutes 1984, sections 17.104 and 17.105, are repealed.

Subd. 2. Minnesota Statutes 1984, section 17.101, subdivision 2, is repealed.

Subd. 3. Laws 1984, chapter 654, article 2, section 146, is repealed.

Sec. 62. [EFFECTIVE DATE.]

All sections in this article are effective the day following their final enactment unless a different date is stated in this section. Section 61, subdivision 1, is effective July 1, 1986.

ARTICLE 4

MINNESOTA FARM RELIEF ACT OF 1986

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 act 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 act must be in addition to any relief provided by the federal government.

Sec. 3. [17.85] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] For the purposes of sections 3 to 12, 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. 4. [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 sections 3 to 12.

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 sections 3 to 12, 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. 5. [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. 6. [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 5 have been met.

Sec. 7. [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 8, 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. 8. [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. 9. [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. 10. [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 sections 3 to 12.

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 must 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 7.

Sec. 11. [17.864] [DISCRIMINATION PROHIBITED.]

In carrying out their respective duties under sections 2 to 11, 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 sections 3 to 12, 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. 12. [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 sections 3 to 12.

Sec. 13. [17.87] [DEFINITIONS.]

Subdivision 1. [APPLICABILITY.] As used in sections 13 to 21, 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 16, 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 14 and any further qualifications that may be established in the program guidelines adopted by the commissioner under section 16, 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 sections 13 to 21 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. 14. [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 opportunity 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. 15. [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. 16. [17.876] [RESPONSIBILITIES OF THE COMMISSIONER.]***Subdivision 1. [ADOPTION OF PROGRAM GUIDELINES.]***

Within 30 days after the effective date of sections 13 to 21, the commissioner shall adopt and make available to any interested party guidelines for the farm operating loan interest rate buy-

down program established in sections 13 to 21. 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. 17. [17.878] [FARMER APPLICATION FOR INTEREST BUY-DOWN.]

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 14 in determining whether to make a farm operating loan to a farmer.

Sec. 18. [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. 19. [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. 20. [17.884] [STATE CONTRIBUTION TO INTEREST BUY-DOWN.]

As provided in section 16, 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. 21. [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. 22. [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 sections 22 to 26, "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. 23. [17.892] [EVIDENCE.]

Participation in mediation, as specified in section 24, over a period of at least 30 days creates a presumption that a creditor has negotiated in good faith as required by section 22. A creditor's request to the agricultural extension service to participate in mediation, as specified in section 24, creates a presumption that the creditor has offered to negotiate in good faith with the debtor.

Sec. 24. [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. 25. [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. 26. [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. 27. 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. 28. Minnesota Statutes 1985 Supplement, section 116J.961, subdivision 8, is amended to read:

Subd. 8. [ADMINISTRATION OF ANNUAL INVESTMENT INCOME FROM THE RURAL REHABILITATION REVOLVING FUND.] (a) *To the extent allowable under the provisions of Public Law 499 of the 81st Congress, and the charter of the Minnesota rural rehabilitation corporation, the council must administer the annual investment income from the rural rehabilitation revolving fund by providing grants to the supreme court to facilitate the family farm legal support program. The council shall administer the remaining annual investment income from the rural rehabilitation revolving fund by:*

(1) administering a rural development grant program including the establishment of grant eligibility criteria, solicitation and review of grant applications, and determination of projects to be funded;

(2) developing priorities for state projects and activities related to rural development;

(3) providing technical help and rural development information services to state agencies, regional agencies, special districts, local governments, and interested citizens;

(4) preparing an annual budget and work program, and a biennial budget;

(5) preparing an annual report for the state office of the farmers home administration, United States Department of Agriculture outlining program activities and expenditures from the trust fund; and

(6) reporting to the house agriculture and senate agriculture and natural resources committees by January 31 of each year on the grants, projects, and activities of the council.

(b) The commissioner shall make agreements or contracts to distribute grant funds to projects selected by the council.

Sec. 29. Minnesota Statutes 1984, section 480.242, is amended by adding a subdivision to read:

Subd. 3a. [DISTRIBUTION OF FUNDS; LIMITATIONS.] None of the funds distributed to recipients selected in accordance with the provisions of subdivision 2 may be used for activities promoting nonjudicial changes in the law. Actions precluded include:

(1) appearance before legislative or administrative rulemaking bodies for the purpose of promoting changes in existing law, unless the appearance is requested by a member of that body; and

(2) preparation or assisting in the preparation of written statements promoting changes in existing law intended to be entered into the record of a legislative or rulemaking procedure.

The preceding restrictions limit only those activities for which state grant or contract funding is received and in no way limit the activities of any attorney acting in a pro bono capacity.

Sec. 30. [480.250] [ADMINISTRATION OF FAMILY FARM LEGAL ASSISTANCE PROGRAM.]

Subdivision 1. [CONTRACT AND ADMINISTRATION.] The supreme court shall contract with one or more established not-for-profit organizations to provide a family farmer legal support program for financially distressed state farmers by 60 days after funding is available. The family farmer legal assistance must be directed at farm financial problems including, but not limited to, bankruptcy, discharge of debt, general debtor-creditor relations, and tax considerations. The supreme court may delegate responsibility for administering funds under the contract to the advisory committee established under section 480.242, subdivision 1.

Subd. 2. [LEGAL ASSISTANCE PROVIDER.] The supreme court may contract only with a legal assistance provider that:

(1) is established as a not-for-profit organization under Minnesota law and tax exempt under the Internal Revenue Code;

(2) is organized principally to provide legal assistance;

(3) *has a proven record of delivery of effective, high quality legal assistance;*

(4) *has experience and demonstrated expertise in addressing legal issues affecting financially distressed family farmers;*

(5) *can begin providing delivery of legal assistance to financially distressed farmers within 30 days after the contract is awarded; and*

(6) *can provide legal assistance to farmers throughout the state.*

Sec. 31. [480.252] [FAMILY FARM LEGAL ASSISTANCE PROGRAM.]

Subdivision 1. [REQUIREMENTS.] The family farmer legal support program shall provide:

(1) *legal backup and research support to attorneys throughout the state who represent financially distressed farmers;*

(2) *direct legal representation to eligible farmers in the most effective and efficient manner, giving special emphasis to enforcement of existing legal rights affecting large numbers of farmers;*

(3) *legal information to individual farmers;*

(4) *legal education and training to farmers, private attorneys, legal services staff, and the public;*

(5) *an incoming, statewide, toll free telephone line to provide the advice and referral requirements in this subdivision;*

(6) *legal advice and representation to farmers and small business operators whose loans are currently held by the Federal Deposit Insurance Corporation.*

Subd. 2. [PRIORITIES.] In meeting the requirements of subdivision 1, recipients of funds under the family farm legal support program shall adhere to the following priorities:

(1) *provide basic legal information relating to liquidation of farm property and restructuring of farm debt upon request by farmers, state and local officials, and state-supported farm management advisors;*

(2) *represent individual eligible farmers in pursuit of existing legal remedies relating to liquidation of farm property and restructuring of farm debt;*

(3) provide legal backup and research support to private attorneys who are representing farmers in matters relating to liquidation of farm property and restructuring of farm debt, and who do not consider their own education and experience in those matters sufficient to provide highly competent representation;

(4) promote alternatives to legal confrontation wherever possible without jeopardizing an individual client's legal rights;

(5) pursue cases involving challenges to procedures followed by governmental entities in preference to those challenging the substance of legislative or administrative policies. Where possible, challenges to either procedure or policy of governmental entities shall be referred to private counsel.

Remedies which could reasonably be expected to exhaust the resources of an average farmer, or which otherwise could be expected to detract from the number of individuals to be served within the limits of available funds are to be avoided.

Subd. 3. [REPORT.] The legal assistance provider shall submit a report to the supreme court each six months during the contract period demonstrating that the requirements in subdivision 1 have been met.

Subd. 4. [TERMINATION.] A contract under sections 30 to 33 may be terminated by the supreme court, or denied for renewal, upon reasonable written notice and good cause shown. A contract under sections 30 to 33 must be terminated if funds are used in a manner inconsistent with section 29.

Sec. 32. [480.254] [LEGAL SUPPORT ELIGIBILITY.]

A person is eligible for legal support under section 29 if the person:

(1) is a state resident;

(2) is or has been, within the preceding 24 months, a farmer, or a family shareholder of a family farm corporation;

(3) represents a farm business that has a debt-to-asset ratio greater than 60 percent; and

(4) has a reportable federal adjusted gross income of \$10,000 or less in the previous tax year and is financially unable to bind legal representation.

Qualifying farmers and small business operators whose bank loans are held by the Federal Deposit Insurance Corporation must be given priority.

Sec. 33. [480.256] [ANNUAL REPORT.]

A legal assistance provider shall submit a report to the supreme court, the senate committee on agriculture and natural resources, and the agriculture committee of the house of representatives by January 15 after each year of funding. The report must describe the activities and expenses under the contract during the previous calendar year and a summary of additional legal representation needed by distressed family farmers.

Sec. 34. Minnesota Statutes 1984, section 136C.13, is amended by adding a subdivision to read:

Subd. 5. [RETRAINING EXEMPTION.] A qualifying displaced farmer who is a Minnesota resident is exempted from paying tuition in designated vocational education programs. "Qualifying displaced farmer" for the purposes of this subdivision means a person who meets the criteria of a dislocated farmer or member of a dislocated farm family as established by the state board. Qualification criteria for waived tuition must be fully coordinated with the availability of grants through the higher education coordinating board and section 302(a) of the federal Jobs Training Partnership Act.

Sec. 35. [REACTIVATION OF THE AGRICULTURAL DATA TASK FORCE.]

The agricultural data collection task force created by Laws 1985, chapter 19, is reactivated.

Sec. 36. Laws 1985, chapter 19, section 2, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP.] The data collection task force is created to consist of two members of the house of representatives appointed by the speaker of the house, two members of the senate appointed by the senate committee on committees, the director of the agricultural extension service, the director of the vocational technical education system, a representative appointed by the governor, and two representatives appointed by the commissioner of agriculture. The commissioner of agriculture is primarily responsible for execution of data collection activities initiated by the task force. The director of the agricultural extension service is primarily responsible for data collection methodology and analysis.

Sec. 37. Laws 1985, chapter 19, section 2, subdivision 2, is amended to read:

Subd. 2. [DUTIES.] The duties of the data collection task force are to:

(1) (DEVELOP A) *continue the uniform procedure for collecting data on the financial status of agriculture in Minnesota;*

(2) (OVERSEE THE IMPLEMENTATION OF THE FARM CRISIS INTERVENTION ACT; AND)

((3)) *report the results of the program to the legislature no later than December 31, (1985) 1986.*

Sec. 38. Laws 1985, chapter 19, section 2, is amended by adding a subdivision to read:

Subd. 3a. [INFORMATION HELD BY TASK FORCE "NOT PUBLIC DATA" UNTIL RELEASED.] All information gathered by or for the task force or processed by staff and provided to the task force is "not public data" as defined in Minnesota Statutes, section 13.02, subdivision 8a, until it is released by a majority vote of the members of the task force.

Sec. 39. Laws 1985, chapter 19, section 6, subdivision 6, is amended to read:

Subd. 6. [EXPIRATION.] The data collection task force (SHALL CEASE TO EXIST WITHIN TEN DAYS OF SUBMITTING ITS REPORT) expires January 15, 1987, or 15 days after reporting to the legislature whichever date comes later, but in no circumstance later than March 1, 1987.

Sec. 40. [APPROPRIATION.]

\$70,000 is appropriated from the general fund to the commissioner of agriculture for the biennium ending June 30, 1987, for the purposes of sections 3 to 12.

Sec. 41. [APPROPRIATION.]

\$15,000,000 is appropriated from the general fund to the commissioner for purposes of sections 13 to 21 and \$75,000 of it may be spent for administrative expenses related to sections 13 to 21 for the biennium ending June 30, 1987.

Sec. 42. [APPROPRIATION.]

\$360,000 is appropriated from the general fund to the University of Minnesota agricultural extension service for purposes of sections 22 to 26 for the biennium ending June 30, 1987.

Sec. 43. [APPROPRIATION.]

\$740,000 is appropriated from the general fund to the commissioner of agriculture for the purposes of section 27 for the biennium ending June 30, 1987.

Sec. 44. [APPROPRIATION.]

\$500,000 is appropriated from the general fund to the supreme court to contract for legal assistance to farmers, for the biennium ending June 30, 1987.

Sec. 45. [APPROPRIATION; AGRICULTURAL EXTENSION SERVICE RESEARCH PROJECTS.]

\$250,000 in fiscal year 1986 is appropriated from the general fund to the board of regents of the University of Minnesota for agricultural experiment station research projects relating to water quality problems associated with the application of chemical inputs in production agriculture for the biennium ending June 30, 1987.

Sec. 46. [APPROPRIATION; "FINPAC."]

\$500,000 is appropriated from the general fund to the commissioner of finance to be available for grants-in-aid from the University of Minnesota extension service to the state office of the Farmers Home Administration. The extension service may make grants to the Farmers Home Administration to share in the cost of 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 may not exceed 50 percent of the total cost of new hardware and software purchased by the Farmers Home Administration for this purpose. Within the limits of this appropriation, the commissioner shall transfer to the extension service the same amount as expended by the extension service in the form of grants authorized by this section. This appropriation is for the biennium ending June 30, 1987.

Sec. 47. [APPROPRIATION.]

Subdivision 1. [DATA COLLECTION TASK FORCE.]
There is appropriated from the general fund to the legislative advisory committee \$10,000 to fund the activities of the agricultural data collection task force between the effective date of this act and March 15, 1987.

Subd. 2. [AVTI TUITION SUPPLEMENT.] *\$1,030,000 is appropriated from the general fund to the state board of vocational technical education, for the biennium ending June 30, 1987, for the following services in proportions deemed necessary by the board:*

(1) reduced tuition costs for existing farm business management and small business management programs;

(2) *tuition grants for displaced farmers as needed to supplement grants available through the higher education coordinating board; and*

(3) *new training workshops.*

Subd. 3. [AGRICULTURAL EXTENSION SERVICE PROJECTS.] \$1,425,000 is appropriated from the general fund to the board of regents of the University of Minnesota for the biennium ending June 30, 1987, for the following agricultural extension service projects: voluntary mediation training, project support program, farm financial management program, family financial and stress management education, community economy development education, and forest products marketing.

Sec. 48. [AGRICULTURAL EXTENSION SERVICE RETRENCHMENT.]

\$115,000 is appropriated from the general fund to the board of regents of the University of Minnesota for the Minnesota extension service to offset scheduled reduction of county extension agents. It is requested that consideration be made for those counties with the greatest need for mediation services. This appropriation is for the biennium ending June 30, 1987.

Sec. 49. [EFFECTIVE DATE.]

This act is effective the day following final enactment; appointments to the agricultural data collection task force must be made within 30 days after the effective date.

ARTICLE 5

STATE DEPARTMENTS AND AGENCIES,

LEGISLATURE, JUDICIARY

Section 1. [CHANGES IN APPROPRIATIONS, COMPLEMENTS.]

The sums in the columns marked "CHANGES" are changes in appropriations from the general fund, or any other fund named, to the agencies for the fiscal years indicated. The figures "1986," and "1987," in this article, mean that the changes listed under them are from the appropriations for the year ending June 30, 1986, or June 30, 1987, respectively. Reductions are in parentheses; other changes or unchanged numbers are not. Complement changes, if any, are also specified. Unless otherwise specified, the reductions are from the appropriations made in Laws 1985, First Special Session chapter 13. For the biennium ending June 30, 1987, if the appropriation to an agency listed in this

article in either year is insufficient to accomplish the specified reductions, the appropriation for the other year is available upon advance approval of the commissioner of finance.

SUMMARY OF CHANGES BY FUND

	1986	1987	TOTAL
	\$	\$	\$
General	(14,216,700)	(89,699,800)	(103,916,500)
Trunk Highway Fund	0	(2,567,500)	(2,567,500)
Highway User Tax Distribution Fund	0	(150,400)	(150,400)
Environmental	(300,000)	(672,000)	(972,000)
State Airport Fund	0	(7,000)	(7,000)
Game and Fish Fund	0	(400,000)	(400,000)
Special	348,700	2,317,000	2,660,700
Motor Vehicle Transfer	(2,000,000)	(2,000,000)	(4,000,000)
TOTAL	(16,173,000)	(91,179,700)	(107,352,700)

CHANGES for the Year Ending June 30

1986	1987
\$	\$

Sec. 2. LEGISLATURE

Subdivision 1. Total Reductions	(501,500)	(1,964,160)
Subd. 2. Senate	0	(394,660)
Subd. 3. House of Representatives	0	(531,800)
Subd. 4. Legislative Coordinating Commission	(501,500)	(1,037,700)

	1986	1987
	\$	\$

The reductions from this appropriation for each activity are as follows:

1986	1987
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(a) Legislative Reference Library

0	(28,100)
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(b) Revisor of Statutes

(160,700)	(189,200)
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(c) Legislative Commission on the
Economic Status of Women

(2,000)	(57,300)
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(d) Legislative Commission on
Economic Development Strategy

(85,000)	(85,000)
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(e) Legislative Commission on
Employee Relations

(8,200)	(44,400)
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(f) Legislative Commission on
Energy

(4,300)	(25,000)
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(g) Great Lakes Commission

(1,500)	(38,600)
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(h) Legislative Commission on
Pensions and Retirement

(100,000)	(100,000)
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(i) Legislative Commission on
Public Education

(1,000)	(50,000)
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	1986	1987
	\$	\$

(j) Legislative Commission to
Review Administrative Rules

0 (7,000)

(k) Legislative Commission on
Waste Management

0 (109,800)

The commission complement is reduced by 1.5 positions. One remaining position and operating expenses are funded by the \$30,000 transfer from the commissioner of health. House research and senate counsel shall assist the commission.

(l) Mississippi River Parkway
Commission

0 (19,500)

This reduction is from the trunk highway fund.

(m) Legislative Coordinating
Commission—General Support

(21,900) (121,500)

(n) Visitor Services

(30,000) (30,000)

Subd. 5. Legislative Auditor	(85,900)	(132,700)
Sec. 3. SUPREME COURT	(195,700)	(284,300)
Sec. 4. COURT OF APPEALS ..	(60,400)	(66,000)
Sec. 5. TRIAL COURTS	(100,000)	(310,000)
Sec. 6. BOARD ON JUDICIAL STANDARDS	(4,600)	(6,100)
Sec. 7. BOARD OF PUBLIC DEFENSE	0	(35,600)

	1986	1987
	\$	\$
Sec. 8. PUBLIC DEFENDER . . .	(86,700)	(119,200)
Sec. 9. GOVERNOR	(155,400)	(2,500)
Sec. 10. LIEUTENANT GOVERNOR	(16,000)	(2,700)
Sec. 11. STATE AUDITOR	(13,700)	(18,300)
Sec. 12. SECRETARY OF STATE	(57,000)	(57,000)

Summary by Fund

General

0 0

Special

(57,000) (57,000)

The secretary of state may make reductions in both years in any activity except data services.

Sec. 13. ATTORNEY GENERAL (732,600) (1,098,000)

\$106,651 is appropriated from the trunk highway fund for transfer by the commissioner of finance to the general fund on June 30, 1986, to reimburse the general fund for expenses not related to the fund. These represent amounts appropriated out of the general fund for legal services to trunk highway fund purposes of the department of public safety in fiscal year 1985.

The attorney general may designate an additional four positions as assistant attorney general, increasing the number from 16 to 20. No increase in complement is granted.

Sec. 14. INVESTMENT BOARD (52,600) (14,300)

	1986	1987
	\$	\$
Sec. 15. COMMISSIONER OF ADMINISTRATION	(475,400)	(1,841,000)

	1986	1987
Approved Complement—	0	(1.0)
General—	(1.5)	(4.5)
Dedicated—	1.5	3.5

Summary by Fund

General

(551,400) (2,000,000)

Special

76,000 159,000

In addition to the total reductions above, \$100,000 the first year and \$25,000 the second year shall be transferred to the general fund from the documents and publications enterprise fund as a return of retained earnings.

\$76,000 the first year and \$159,000 the second year is from the special revenue fund for the state architect's building code enforcement effort.

Up to \$400,000 per year of the appropriation in Laws 1985, First Special Session chapter 13, section 17, subdivision 4, for contributed capital to the plant management internal service fund may be used for operating costs of the fund.

\$150,000 of the appropriation in Laws 1985, First Special Session chapter 13, section 17, subdivision 2, for contributed capital to the central motor pool shall be transferred the second year to the general fund.

	1986	1987
	\$	\$

\$150,000 of the appropriation in Laws 1985, First Special Session chapter 13, section 17, subdivision 3, for contributed capital to the telecommunications fund shall be transferred the second year to the general fund.

\$300,000 of the appropriation in Laws 1985, First Special Session chapter 13, section 17, subdivision 3, for contributed capital to the computer services fund shall be transferred the second year to the general fund.

The cable communications activity is reduced by \$10,000 the first year and \$25,000 the second year.

The \$15,000 appropriated for a survey of public educational radio station listeners in Laws 1985, First Special Session chapter 13, section 17, subdivision 5, is canceled. Any additional reductions to the public broadcasting activity shall be in the area of equipment needs.

The commissioner of administration may not reassign a state department, agency, board, or council to different office space, and no state department, agency, board, or council may move to different office space unless the commissioner of administration or the agency has prepared a feasibility study and a fiscal note on the proposed move, and has submitted these documents to the chairs of the house appropriations and senate finance committees for their review at least 30 days before making a commitment to reassign the space or move.

Notwithstanding any law to the contrary, a state agency may purchase supplies, equipment, and other property without prior approval from the commissioner of administration subject only to the following limits: (1) the amount involved is less than

	1986	1987
	\$	\$

\$2,500; and (2) if the amount involved is more than \$100, the agency must solicit at least three price quotations. These quotations may be oral, but the agency must keep a written record of them.

\$2,000 the second year of the appropriation in Laws 1985, First Special Session chapter 13, section 17, subdivision 5, for the state employees' band is canceled.

The commissioner's office appropriation is reduced by \$123,000 the first year and \$122,000 the second year.

**Sec. 16. CAPITOL AREA
ARCHITECTURAL AND
PLANNING BOARD**

0	0
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During the biennium ending June 30, 1987, the board shall not approve any plans for substantially changing the exterior appearance of any public lands or buildings in the capitol area.

**Sec. 17. COMMISSIONER OF
FINANCE**

(447,500)	(224,600)
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Any unencumbered balance of the appropriation in Laws 1985, First Special Session chapter 13, section 19, subdivision 2, remaining in the first year does not cancel but is available for the second year.

**Sec. 18. COMMISSIONER OF
EMPLOYEE RELATIONS**

(337,200)	(116,700)
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**Sec. 19. COMMISSIONER OF
REVENUE**

**Subdivision 1. Total
Appropriations**

275,000	2,740,200
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	1986	1987
\$		\$

Summary by Fund**General**

191,600 1,661,100

Special

83,400 1,079,100

The reductions from this appropriation for each program are specified in the following subdivisions.

Subd. 2. Revenue Management

(25,000) (205,300)

Subd. 3. Income, Sales, and Use Tax Management

300,000 2,974,500

Summary by Fund**General**

216,600 1,895,400

Special

83,400 1,079,100

The commissioner of revenue may use this appropriation to fund any of the compliance initiatives in any program area except that this appropriation is not available for compliance initiatives in the corporate income tax area.

In addition to the amounts of corporate income tax receipts required to be credited to the special revenue fund pursuant to Laws 1985, First Special Session chapter 13, section 21, subdivi-

	1986	1987
\$		\$

sion 3, an additional \$83,400 of corporate income tax receipts in the first year and an additional \$1,079,100 of corporate income tax receipts in the second year must be credited to the special revenue fund to be used to fund compliance initiatives.

Subd. 4. Property and Special
Taxes Management

0 (25,300)

Summary by Fund

General

0 (25,300)

Highway User

0 0

Subd. 5. Assessors Board

0 (3,700)

Sec. 20. TAX COURT	(3,400)	(4,700)
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Sec. 21. COMMISSIONER OF NATURAL RESOURCES	0	(4,156,900)
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The commissioner of natural resources must offer any recreational lodging facilities owned by the state to a private concessionaire who offers a successful bid for a lease arrangement on expiration of current bargaining contract. The lease shall be in a form approved by the attorney general and for a term not to exceed 99 years. The competitive bidding procedures of Minnesota Statutes, section 16B.07, must be followed by the commissioner.

The department of natural resources must execute a lease agreement with a caretaker to reside on land owned by

	1986	1987
	\$	\$

the department in Hennepin county, commonly called "Wolsfeld Woods." The caretaker residing on the land must annually report to the department, in a form and time determined by the commissioner, on the condition of the land encompassing Wolsfeld Woods.

Sec. 22. ZOOLOGICAL BOARD	0	(205,400)
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Sec. 23. WATER RESOURCES BOARD	(65,700)	(125,200)
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Of the amount reduced in the second year, \$30,000 is transferred to the commissioner of state planning for expenditure in the biennium ending June 30, 1987. The money will be used to implement water planning studies as found in this article.

Sec. 24. POLLUTION CONTROL AGENCY	(2,647,900)	(2,783,500)
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Summary by Fund

General Fund

(347,900)	(111,500)
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Environmental

(300,000)	(672,000)
-----------	-----------

Motor Vehicle Transfer Fund

(2,000,000)	(2,000,000)
-------------	-------------

1986	1987
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Approved Complement—	(10)	(20)
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General—	0	0
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Environmental—	(10)	(20)
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	1986	1987
\$		\$

The commissioner of finance shall transfer \$2,000,000 the first year and \$2,000,000 the second year from the unencumbered balance of the motor vehicle transfer fund and credit it to the general fund.

The commissioner of finance shall transfer \$300,000 the first year and \$672,000 the second year from the environmental fund to the general fund.

Notwithstanding any law to the contrary, the Pollution Control Agency shall not adopt rules or regulatory strategies for enforcement purposes which are more stringent than those adopted by the federal government.

Sec. 25. WASTE MANAGEMENT BOARD	(97,800)	(617,200)
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The offices of the waste management board shall not be relocated, and no money appropriated by this paragraph or any other money shall be spent by the commissioner of administration for the relocation of the board, unless the board's authority is extended beyond June 30, 1987.

\$200,000 in the first year of the appropriation in Laws 1985, First Special Session chapter 15, section 3, subdivision 4, paragraph (e), for relocation of the pollution control agency and waste management board is canceled.

Sec. 26. COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT	(3,856,913)	(23,411,200)
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	1986	1987
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Approved		
Complement—	0	(161.5)
General—	0	(137)

		1986	1987
		\$	\$
Special—	0	(1.5)	
Federal—	0	(23)	

Summary by Fund

General

(3,856,913) (22,678,500)

Special

0 (57,500)

Motor Vehicle Transfer

0 (675,200)

Of the amount reduced in the second year, \$351,700 is transferred to the commissioner of administration for expenditure in the biennium ending June 30, 1987, and four full-time equivalency positions are transferred to the commissioner of administration for small business assistance, licensing information, environmental permit coordination, and information on set-aside contracts. The persons hired by the commissioner of administration to fill the four positions shall be knowledgeable in the areas required, and preference shall be given to those persons who held the positions in the department of energy and economic development.

Of the amount reduced in the second year, \$314,700 is transferred to the commissioner of corrections for expenditure in the biennium ending June 30, 1987, and two full-time equivalency positions are transferred to the commissioner of corrections for the administration of the juvenile justice, youth intervention, and other federally-matched corrections programs. The persons hired by the commissioner of

	1986	1987
	\$	\$

corrections to fill the two positions shall be knowledgeable in the areas required, and preference shall be given to those persons who held the positions in the department of energy and economic development.

The governor's council on rural development, including five full-time equivalencies and all funds are transferred to the department of agriculture. The persons hired by the commissioner of agriculture to fill the five positions shall be knowledgeable in the areas required, and preference shall be given to those persons who held the positions in the department of energy and economic development.

Of the amount reduced in the second year, \$1,032,500 and 29 full-time equivalencies from the general fund and 19 full-time federally-funded equivalencies are transferred to the director of state planning for expenditure in the biennium ending June 30, 1987, to carry out programs in article 2. The commissioner of finance shall transfer the amounts necessary to provide funding to support activities for these programs. The persons hired by the director shall be knowledgeable in the areas required and preference shall be given to those persons who held the positions in the department of energy and economic development.

Of the amount reduced in the second year, \$175,000 and five full-time equivalencies are transferred to the commissioner of revenue for expenditure in the biennium ending June 30, 1987, to carry out programs in article 2. The commissioner of finance shall transfer the amounts necessary to provide funding to support activities for these programs. The persons hired by the commissioner of revenue shall be knowledgeable in the areas required, and preference shall be given to those

1986

1987

\$

\$

persons who held the positions in the department of energy and economic development.

Of the amount reduced in the second year, \$205,000 and three full-time equivalencies are transferred to the state auditor in the biennium ending June 30, 1987, to carry out the programs in article 2. The persons hired by the state auditor shall be knowledgeable in the areas required, and preference shall be given to those persons who held the positions in the department of energy and economic development.

Of the amount reduced in the second year, \$30,000 and one full-time equivalency are transferred to the secretary of state in the biennium ending June 30, 1987, to carry out programs in article 2. The persons hired by the secretary of state shall be knowledgeable in the areas required, and preference shall be given to those persons who held the positions in the department of energy and economic development.

Of the amount reduced in the second year, \$490,000 and 14 full-time equivalencies are transferred to the commissioner of finance in the biennium ending June 30, 1987, to carry out programs in article 2. The commissioner of finance shall transfer the amounts necessary to provide funding to support the activities for these programs. The persons hired by the commissioner of finance shall be knowledgeable in the areas required, and preference shall be given to those persons who held the positions in the department of energy and economic development.

The commissioner of finance shall transfer from the department of energy and economic development to the department of natural resources those

	1986	1987
\$		\$

programs mandated to it by the legislative commission on Minnesota resources in the following amounts: recreation grant program, \$1,700,000; biomass energy cash crop projects, \$150,000; extraction from groundwater for public building, \$75,000.

On the effective date of article 2, from the unexpended balance in fiscal year 1986, \$1,614,180 shall be reserved for employee severance costs. Any remaining balance after severance obligations are met shall be returned to the general fund.

Sec. 27. STATE PLANNING AGENCY	(476,500)	(1,686,600)
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Sec. 28. COMMISSIONER OF LABOR AND INDUSTRY	(41,600)	100,400
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	1986	1987
Approved Complement—	7	7
General—	(24)	(24)
Special—	31	31

Summary By Fund

General

(101,900)	(781,500)
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Special

60,300	881,900
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The commissioner of labor and industry need not conduct the study of back vests required by Laws 1985, First Special Session chapter 13, section 32, subdivision 8.

Sec. 29. BUREAU OF MEDIATION SERVICES	(19,300)	(53,200)
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	\$ 1986	\$ 1987
Grants for area labor-management committees are reduced by \$10,000 the first year and \$50,000 the second year.		
Sec. 30. WORLD TRADE CENTER	(25,000)	(305,200)
Sec. 31. PUBLIC EMPLOYMENT RELATIONS BOARD	(500)	(1,900)
Sec. 32. MILITARY AFFAIRS DEPARTMENT	(262,100)	(133,600)
Sec. 33. COMMISSIONER OF VETERANS AFFAIRS	181,000	244,000
Summary by Fund		
General		
	0	(10,000)
Special		
	181,000	254,000

The commissioner of finance shall transfer the balance in the war orphans education fund to the veterans relief fund for general relief purposes.

Sec. 34. HOUSING FINANCE AGENCY	(12,115,000)	(11,891,700)
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The housing finance agency may not adopt income standard qualifications for loans at a higher level than those standards required by the United States Department of Housing and Urban Development.

Sec. 35. INDIAN AFFAIRS COUNCIL	(9,000)	(9,000)
Sec. 36. COUNCIL ON AFFAIRS OF SPANISH-SPEAKING PEOPLE	(4,400)	(4,400)
Sec. 37. COUNCIL ON BLACK MINNESOTANS	(4,300)	(4,400)

	1986	1987
\$	\$	
Sec. 38. COUNCIL ON ASIAN-PACIFIC MINNESOTANS	(2,600)	(2,600)
Sec. 39. COUNCIL FOR THE HANDICAPPED	(7,000)	(3,600)
Sec. 40. HUMAN RIGHTS COMMISSIONER	(81,200)	(78,800)
Sec. 41. DEBT SERVICE	7,876,900	(30,017,500)
Sec. 42. MINNEAPOLIS EMPLOYEES RETIREMENT FUND	(751,100)	(3,000,000)
Sec. 43. MINNESOTA STATE RETIREMENT ASSOCIATION	(40,700)	(4,300)
Sec. 44. TEACHERS' RETIREMENT FUND	(11,600)	0
Sec. 45. SALARY SUPPLEMENT	(750,000)	(14,880,600)
(a) General Fund		
	(750,000)	(11,755,700)
(b) State Airport Fund		
	0	(7,000)
(c) Game and Fish Fund		
	0	(400,000)
(d) Trunk Highway Fund		
	0	(2,567,500)
(e) Highway User Tax Distribution Fund		
	0	(150,400)

The salary increases for positions listed in Minnesota Statutes, section

	1986	1987
	\$	\$

15A.081, that were approved by the legislative commission on employee relations during the interim between the 1985 and 1986 legislative sessions are rejected effective on the day following the effective date of this section. The legislative commission on employee relations may not approve any salary increases for positions listed in Minnesota Statutes, section 15A.081, during the interim between the 1986 and 1987 legislative sessions.

Notwithstanding Laws 1985, First Special Session chapter 13, that ratified and appropriated money to pay for salary increases for legislators, judges, and constitutional officers, these increases are rejected and shall not take effect. However, the increase that took effect in January, 1986, shall remain in effect.

\$7,000,000 the second year of the appropriation in Laws 1985, First Special Session chapter 13, section 52, subdivision 1, paragraph (a), for comparability adjustments is canceled.

\$750,000 the first year and \$3,750,000 the second year of the appropriation in Laws 1985, First Special Session chapter 13, section 52, subdivision 1, paragraph (a), for Fair Labor Standards Act adjustments is canceled.

\$7,000 the second year of the appropriation in Laws 1985, First Special Session chapter 13, section 52, subdivision 1, paragraph (b), for comparability adjustments is canceled.

\$50,000 the second year of the appropriation in Laws 1985, First Special Session chapter 13, section 52, subdivision 1, paragraph (c), for comparability adjustments is canceled.

\$350,000 the second year of the appropriation in Laws 1985, First Spe-

	1986	1987
	\$	\$

cial Session chapter 13, section 52, subdivision 1, paragraph (c), for Fair Labor Standards Act adjustments is canceled.

\$650,000 the second year of the appropriation in Laws 1985, First Special Session chapter 13, section 52, subdivision 1, paragraph (d), for comparability adjustments is canceled.

\$1,900,000 the second year of the appropriation in Laws 1985, First Special Session chapter 13, section 52, subdivision 1, paragraph (d), for Fair Labor Standards Act adjustments is canceled.

\$150,000 the second year of the appropriation in Laws 1985, First Special Session chapter 13, section 52, subdivision 1, paragraph (e), for comparability adjustments is canceled.

None of the appropriation from the general fund may be transferred to the special revenue fund.

Sec. 46. Minnesota Statutes 1984, section 16A.72, is amended to read:

16A.72 [INCOME CREDITED TO GENERAL FUND; EXCEPTIONS.]

All income, including fees or receipts of any nature, shall be credited to the general fund, except:

- (1) federal aid;
- (2) contributions, or reimbursements received for any account of any division or department for which an appropriation is made by law;
- (3) income to the University of Minnesota;
- (4) income to revolving funds now established in institutions under the control of the commissioners of corrections or human services;

(5) *investment earnings resulting from the master lease program, except that the amount credited to another fund or account may not exceed the amount of the additional expense incurred by that fund or account through participation in the master lease program;*

(6) receipts from the operation of patients' and inmates' stores and vending machines, which shall be deposited in the social welfare fund in each institution for the benefit of the patients and inmates;

((6)) (7) money received in payment for services of inmate labor employed in the industries carried on in the state correctional facilities which receipts shall be credited to the current expense fund of those facilities;

((7)) (8) as provided in sections 16B.57 and 85.22; or

((8)) (9) as otherwise provided by law.

Sec. 47. Minnesota Statutes 1984, section 16B.50, is amended to read:

16B.50 [CENTRAL DUPLICATING AND PRINTING DIVISION.]

The commissioner shall maintain and operate for agencies a central duplicating and printing division (WHICH IS RESPONSIBLE FOR ALL DUPLICATING AND PRINTING). *The commissioner may not require an agency to use the services of the central duplicating and printing division. An agency seeking to obtain duplicating or printing services from a source outside of state government must notify the commissioner.* The commissioner shall prescribe and designate classes of state printing. The duplicating and printing work to be done by the division is restricted to producing any form, booklet or pamphlet to the extent the commissioner deems appropriate.

Sec. 48. Minnesota Statutes 1984, section 84.01, subdivision 3, is amended to read:

Subd. 3. Subject to the provisions of Laws 1969, Chapter 1129, sections 48 to 56, and 59 to 62, and to other applicable laws the commissioner shall organize the department and employ (TWO ASSISTANT COMMISSIONERS, BOTH OF WHOM) *a deputy commissioner who shall serve at the pleasure of the commissioner in the unclassified service, (ONE OF WHOM SHALL HAVE RESPONSIBILITY FOR COORDINATING AND DIRECTING THE PLANNING OF EVERY DIVISION WITHIN THE AGENCY,)* and such other officers, employees, and agents as he may deem necessary to discharge the functions of his department, define the duties of such officers, employees, and

agents and to delegate to them any of his powers, duties, and responsibilities subject to his control and under such conditions as he may prescribe. Appointments to exercise delegated power shall be by written order filed with the secretary of state.

Sec. 49. [84.012] [PURPOSE.]

The purpose of sections 48 to 56, and 59 to 62 is to further increase the accountability of the commissioner of natural resources by emphasizing the commissioner's primary responsibility for actions of the department, and to decentralize the field or out-state functions of the department now taken at the division level, by strengthening the role of the department's six administrative regions. By emphasizing the accountability of the commissioner and strengthening the role of the department's administrative regions, it is the legislature's purpose to:

(1) bring the administration and field functions of the department closer to the regional residents and thereby make the department more responsive to regional needs;

(2) recognize the diversity of the state's natural resources and facilitate planning around regional resources;

(3) reduce the control of the department's headquarters or central office and to thereby increase the opportunities for interdisciplinary exchanges and career development opportunities among department employees; and

(4) provide more effective, efficient, and accountable management of the state's natural resources.

Sec. 50. [84.014] [STRUCTURE OF DEPARTMENT.]

Subdivision 1. [CENTRAL OFFICE; REGIONS.] The department of natural resources consists of:

(1) a central office, composed of the office of the commissioner and deputy commissioner and four administrative units as provided in section 51; and

(2) geographically-designated administrative regions and areas as provided in section 52.

Subd. 2. [DEPARTMENT COORDINATING COMMITTEE.] There is created a department coordinating committee as provided for in section 53. The committee consists of the commissioner, deputy commissioner, and the directors of each of the regions.

Subd. 3. [CITIZENS REGIONAL ADVISORY COMMITTEE.] There is created a citizens advisory committee as pro-

vided for in section 52, subdivision 5, in each of the administrative regions.

Sec. 51. [84.016] [CENTRAL OFFICE.]

Subdivision 1. [ORGANIZATION.] The department central office is composed of the offices of the commissioner and deputy commissioner and the four administrative units provided in subdivisions 4 to 7. Each of the four units is under the immediate charge of a unit administrator, who shall be chosen by the commissioner, shall be knowledgeable and experienced in public administration, and shall serve in the unclassified service.

Subd. 2. [EMPLOYEE RATIOS.] The central office shall contain no more than one-sixth the total full-time employees of the department.

Subd. 3. [LEGAL COUNSEL.] The commissioner may choose and employ private legal counsel who shall be designated as special assistant attorney general.

Subd. 4. [ADMINISTRATIVE SERVICES UNIT.] The administrative services unit administrator may employ no more than seven managers to oversee the business of the unit. It is the duty of the commissioner, through the administrative services unit, to:

(1) provide financial management, including budgeting and audit services to the department;

(2) apply for and administer federal grants and administer cash gifts;

(3) provide assistance in personnel matters, including affirmative action requirements; the administrative services unit may not make ultimate employment decisions for regional positions;

(4) coordinate office services, licensing, and other records information systems; coordinate procurement of supplies and equipment of the department; and provide for a department library that shall be accessible to both department employees and members of the public;

(5) coordinate the enforcement operation of all conservation officers;

(6) coordinate planning and policymaking for the department programs administered by the unit;

(7) *acquire, exchange, sell and lease lands, but not timber permits, and minerals for the department, consistent with policies, law, and constitutional requirements of the state; the unit shall also keep and maintain all records, maps, and other documents relating to lands and minerals, including records of ownership rights as supplied by regional surveying teams; records shall also be kept of lands and mineral transactions to provide equitable rental and royalty income for land and mineral accounts; administer the mined land reclamation, and in lieu of tax payments programs;*

(8) *review and report to the commissioner, at the commissioner's discretion, on the budget planning process of the regional directors that are not reviewed and reported by the administrators of the lands and waters units; and*

(9) *provide other and further services in support of the regional directors consistent with the purposes of the unit, as assigned by the commissioner.*

Subd. 5. [COMMUNITY DEVELOPMENT UNIT.] *The administrator of the community development unit may employ no more than two managers to oversee the business of the unit. It is the duty of the commissioner, through the community development unit, to:*

(1) *coordinate planning and policymaking for the department programs administered by the unit, including the youth conservation corps program; coordinate the operation of volunteer programs and the tourism functions of the department;*

(2) *provide and coordinate department research services to collect data and information on forestry, wildlife, fisheries, minerals, climate, waters, and demography; in providing research services, the unit shall establish, within the limits of appropriations, joint research programs with the University of Minnesota and the units of the state university system designated in sections 136.01 and 136.017, and other public and private educational institutions, and in so doing, the unit may station department personnel at any of the universities, colleges, or institutions; and*

(3) *provide such other and further services in support of the regional directors, consistent with the purposes of the unit, as assigned by the commissioner.*

Subd. 6. [LANDS UNIT.] *The administrator of the lands unit may employ no more than three managers to oversee the business of the unit. It is the duty of the commissioner, through the lands unit, to:*

(1) *coordinate department programs in the areas of forestry, including forest management and firefighting; wildlife, includ-*

ing special game management and wildlife acquisition; and recreation, including forest recreation, trails, parks, water recreation, and recreation vehicles;

(2) coordinate planning and policymaking for the department programs administered by the unit, including forestry management and guidelines, wildlife population goals, and establishing hunting season times and other rules;

(3) review and report to the commissioner, at his discretion, on the budget planning of the regional directors in the subject areas administered by the unit; and

(4) provide such other and further services in support of the regional directors, consistent with the purposes of the unit, as assigned by the commissioner.

Subd. 7. [WATERS UNIT.] *The administrator of the waters unit may employ no more than two managers to oversee the business of the unit. It is the duty of the commissioner, through the waters unit, to:*

(1) coordinate department programs in the areas of fisheries, including fish management and hatcheries; and water administration, including water use management and water information systems;

(2) coordinate planning and policy making for the department programs administered by the unit, including setting fish population goals and establishing fishing season times and other rules;

(3) review and report to the commissioner, at his discretion, on the budget planning of the regional directors in the subject areas of waters and fisheries;

(4) develop and critique rules for water permit and shoreland administration; and

(5) provide such other and further services in support of the regional directors, consistent with the purposes of the unit, as assigned by the commissioner.

Sec. 52. [84.018] [GEOGRAPHIC REGIONS AND AREAS.]

Subdivision 1. [DESIGNATION OF REGIONS; HEAD-QUARTERS.] *The department's field operations are divided into those geographic regions designated by the commissioner on June 28, 1974. Each region shall have a regional headquarters at a place designated by the commissioner. A regional headquarters may employ no more than one-fifth of the total number of re-*

gional employees, unless the additional employee serves more than one region.

Subd. 2. [DIVISION OF REGIONS INTO AREAS; AREA SUPERVISOR AND BUDGET.] *The director of each region shall further divide the region into administrative areas for administrative and management purposes. The area's boundaries shall be based upon the existence, use, and administration of natural resources within the region and shall be designed to facilitate efficiency in management of the resource and use of regional personnel. Each area within a region is under the immediate charge of an area supervisor who shall be appointed by the regional director and who shall be knowledgeable in the administration of the area supervised.*

Subd. 3. [REGIONAL DIRECTOR; DEPUTY DIRECTOR.] *The commissioner shall appoint a regional director and deputy regional director to oversee the business of each region. The directors and deputy directors serve at the pleasure of the commissioner, the director in the unclassified service, and the deputy director in the classified service. Regional directors shall be knowledgeable and experienced in public administration and shall perform those duties assigned by the commissioner. Deputy regional directors shall perform those duties assigned by the regional directors. Regional directors shall give a bond to the state in an amount determined by the department of administration.*

Subd. 4. [REGION ADMINISTRATION.] *Each regional director shall provide for region administration for the functions of planning, lands and minerals, waters, community liaison, enforcement, and office management and shall appoint a manager for each function in the regional office who shall be assigned those duties determined by the regional director.*

Department employees in each area and region shall have job descriptions that are the same from area to area and region to region, but the percentage of time spent on any employment activity may differ based on the resource characteristics of the area and region.

Subd. 5. [BUDGET DEVELOPMENT.] *Each regional director shall develop and propose a division budget to the commissioner. Revenues derived from general fund appropriations and from the various dedicated funding sources shall be divided among regions and within a region and area according to the percentage of time spent by the regions and areas in managing the resource for which the appropriation has been made or the fund has been dedicated.*

Subd. 6. [REGIONAL CITIZENS' ADVISORY COMMITTEE.] *There is a citizens' advisory committee in each region, composed of nine residents of the region, who shall be interested*

in the natural resources of the region and shall be appointed by the regional director. Members shall be appointed for terms of four years, except that initial appointments shall be for terms of differing number of years as determined by the regional director. Members shall not be considered employees or agents of the department for any purpose and shall receive no compensation of any kind for their service on a committee. The committee shall advise the regional director on subjects concerning the administration and management of the region and its natural resources. Advisory committees shall elect a chair and vice chair and shall meet at the call of the chair, but no less often than four times each year. Written minutes shall be made of each meeting with the assistance of staff provided by the regional director.

Sec. 53. [84.02] [DEPARTMENT COORDINATING COMMITTEE.]

There is a department coordinating committee composed of the commissioner, deputy commissioner, and the regional directors. The committee shall be chaired by the commissioner, and shall meet at least quarterly, and at other times specified by the commissioner. The committee shall make recommendations to the commissioner to coordinate the policy, planning, and budgeting of the department and make other recommendations to the commissioner concerning the operation of the department as the committee shall determine. The deputy commissioner shall appoint department employees to serve as full-time staff to the committee. Committee members shall be compensated in the manner provided by section 15.0575, subdivision 3. Written minutes of each committee meeting shall be made with the assistance of the staff provided by the deputy commissioner.

Sec. 54. Minnesota Statutes 1984, section 84.028, subdivision 3, is amended to read:

Subd. 3. The operation of the game warden service in the division of game and fish as constituted before July 1, 1967 is under the direct control and supervision of the commissioner. The name of the personnel in such game warden service is changed to conservation officers. Conservation officers shall continue to have the powers and duties of game wardens as they existed before July 1, 1967 and may be assigned to public relations, conservation instructional activities, and the enforcement of laws relating to resources management which the commissioner shall direct. (THE COMMISSIONER SHALL CREATE A SEPARATE DIVISION ENTITLED THE DIVISION OF ENFORCEMENT AND FIELD SERVICE, TO BE COMPOSED OF CONSERVATION OFFICERS AND SHALL APPOINT A DIRECTOR OF THE DIVISION. THE COMMISSIONER MAY PLACE THE DIRECTOR'S POSITION IN THE UNCLASSIFIED SERVICE IF THE POSITION MEETS THE CRITERIA ESTABLISHED IN SECTION 43A.08, SUBDIVISION 1A.)

Sec. 55. Minnesota Statutes 1984, section 84.082, is amended to read:

84.082 [VACANCIES.]

In case of a vacancy in the office of commissioner or of any *regional director or unit administrator*, his deputy shall have all of the powers and perform all of the duties thereof until a successor, either as an acting or regular incumbent, has been appointed and has qualified; provided, no deputy commissioner serving as commissioner in the event of a vacancy shall have power to discharge a director or to revise or change the assignments of activities among the (DIVISIONS) *regions or other units* of the department or to designate another deputy. While serving in such vacated office a deputy shall receive the same salary as the regular incumbent.

Sec. 56. Minnesota Statutes 1984, section 84.086, is amended to read:

84.086 [SEALS, UNIFORMS AND BADGES.]

Subdivision 1. [SHALL HAVE SEALS.] The department of natural resources (AND THE SEVERAL DIVISIONS THERE-OF) shall have seals in the form and design heretofore adopted, bearing the words "State of Minnesota, Department of Natural Resources (,)" (ALSO, IN CASE OF A DIVISION SEAL, THE TITLE OF THE DIVISION). The seals may be used to authenticate the official acts of the commissioner (OR THE DIRECTORS, RESPECTIVELY), but omission or absence of the seal shall not affect the validity or force of any such act.

Subd. 2. [COMMISSIONER MAY FURNISH BADGES AND UNIFORMS.] (a) The commissioner may provide for the issuance at state expense of such badges and uniforms as he may deem necessary and suitable for officers or employees of the department (AND ITS DIVISIONS).

(b) Uniforms for conservation officers and their supervisors shall be equipped with distinctive emblems, and shall be distinctive from the uniforms of any (DIVISION OR) section of the department of natural resources, the state patrol, or any other state department or agency.

Sec. 57. Minnesota Statutes 1984, section 84.54, is amended to read:

84.54 [TOPOGRAPHIC SURVEY.]

The commissioner of (ENERGY, PLANNING AND DEVELOPMENT) *natural resources* shall study the general topographic survey and mapping needs of the state (, AND SHALL ADVISE

THE COMMISSIONER OF NATURAL RESOURCES IN DETERMINING THE ORDER OF SURVEYS AND OTHERWISE PLANNING THE OPERATIONS,) and shall promote coordination of survey and mapping activities of public and private agencies within the state.

Sec. 58. Minnesota Statutes 1984, section 85.016, is amended to read:

85.016 [BICYCLE TRAIL PROGRAM.]

The commissioner of natural resources shall establish a program for the development of bicycle trails utilizing the state trails authorized by section 85.015, other state parks and recreation land, and state forests. "Bicycle trails", as used in this section, includes bicycle lanes and bicycle ways as those terms are used in sections 160.263 and 160.264. The program shall be coordinated with the (LOCAL PARK TRAIL GRANT PROGRAM ESTABLISHED BY THE COMMISSIONER OF ENERGY, PLANNING AND DEVELOPMENT PURSUANT TO SECTION 116J.406, WITH THE) bicycle trail program established by the commissioner of transportation pursuant to section 160.265, and with existing and proposed local bicycle trails. In the metropolitan area as defined in section 473.121, the program shall be developed in accordance with plans and priorities established by the metropolitan council. The commissioner shall provide technical assistance to local units of government in planning and developing bicycle trails in local parks. The bicycle trail program shall, as a minimum, describe the location, design, construction, maintenance and land acquisition needs of each component trail and shall give due consideration to the model standards for the establishment of recreational vehicle lanes promulgated by the commissioner of transportation pursuant to section 160.262. The program shall be developed after consultation with the state trail council and regional and local units of government and bicyclists organizations.

Sec. 59. Minnesota Statutes 1984, section 97.41, subdivision 2, is amended to read:

Subd. 2. All provisions of chapters 97 to 102 shall be construed as subject to, and not changing or modifying the authority of the commissioner to delegate powers, duties and functions as conferred by (SECTIONS 84.083 AND) *section* 84.088.

Sec. 60. Minnesota Statutes 1984, section 105.40, subdivision 1, is amended to read:

Subdivision 1. (THE DIRECTOR OF THE DIVISION OF WATERS, SOILS AND MINERALS OF THE DEPARTMENT OF NATURAL RESOURCES SHALL BE A REGISTERED PROFESSIONAL ENGINEER, SKILLED IN HYDRAULICS.

UNDER THE DIRECTION OF) The commissioner (, HE) shall make the surveys and engineering investigations required by sections 105.37 to 105.55 and perform the following duties.

Sec. 61. Minnesota Statutes 1984, section 105.40, subdivision 2, is amended to read:

Subd. 2. A complete copy of all preliminary and final engineers' maps, plans and reports on all public ditches hereafter initiated in the state shall be filed in the office of the (DIRECTOR) *commissioner or the commissioner's designee* by the respective county auditors or clerks of district court, and the (DIRECTOR) *commissioner or the commissioner's designee* shall report thereon to the county boards of commissioners or judges of the district court, as required by the county and judicial ditch laws of this state.

Sec. 62. [IMPLEMENTATION AND TRANSITION.]

Subdivision 1. [COMMISSIONER'S DUTIES.] The commissioner of natural resources shall on July 1, 1986, begin to implement sections 48 to 56, and 59 to 62. The commissioner may take any action not otherwise prohibited by law to implement those sections and shall complete the changes required by those sections on December 31, 1986.

Subd. 2. [CONTINUATION OF PROGRAMS AND PROCEEDINGS.] The provisions of sections 48 to 56, and 59 to 62 enact a reorganization of the structure of the department of natural resources and shall be construed to be a continuation of the programs administered by the department and a continuation of the powers of the commissioner except as expressly limited or changed by those sections. Elimination of or changes in the department's programs shall not be made by the commissioner unless expressly required by sections 48 to 56, and 59 to 62 or other law or appropriations, and all actions and proceedings involving the department pending on the effective date of sections 48 to 56, and 59 to 62 continue with the same force and effect after July 1, 1986.

Subd. 3. [EMPLOYEES AND POSITIONS.] (a) To the maximum extent possible, all employee positions existing on the effective date of sections 48 to 56, and 59 to 62 and all persons employed by the department on that date shall be continued and retained after July 1, 1986, and any employees not retained after that date have a preference in application for any position with the department for which they are otherwise qualified.

(b) For any position proposed by the commissioner of natural resources to be created or reclassified as a result of the commissioner's action under subdivision 1, the commissioner of employee relations shall, within 45 days after receipt of the

commissioner's proposed creation or reclassification, forward recommendations to the commissioner concerning the positions proposed to be created or reclassified. The commissioner of natural resources shall consider the recommendations of the commissioner of employee relations in creating or reclassifying the positions, and those positions are not subject to any further regulation by the commissioner of employee relations until the commissioner of natural resources has complied with subdivision 1.

(c) Employees of any of the divisions of waters, minerals, forestry, fish and wildlife, parks and recreation, trails and waterways, and enforcement and field services, as those divisions exist on the date prior to the effective date of this section, are eligible for any comparable position, in any region or area created under section 52, in which they are knowledgeable.

Subd. 4. [APPROPRIATION.] The legislative commission on Minnesota resources may make available to the commissioner the amount of money the commission determines necessary to implement sections 48 to 56, and 59 to 62 that is not otherwise available to the commissioner.

Sec. 63. Minnesota Statutes 1985 Supplement, section 110B.-02, is amended by adding a subdivision to read:

Subd. 2a. [AGENCY.] "Agency" means the state planning agency or its director.

Sec. 64. Minnesota Statutes 1985 Supplement, section 110B.-08, subdivision 5, is amended to read:

Subd. 5. [STATE REVIEW.] (a) After conducting the public hearing but before final adoption, the county board must submit its comprehensive water plan, all written comments received on the plan, a record of the public hearing under subdivision 4, and a summary of changes incorporated as a result of the review process to the (BOARD) agency for review. The (BOARD) agency shall complete the review within 90 days after receiving a comprehensive water plan and supporting documents. The (BOARD) agency shall consult with the departments of agriculture, health, and natural resources; the pollution control agency; (THE STATE PLANNING AGENCY; THE ENVIRONMENTAL QUALITY BOARD;) and other appropriate state agencies during the review.

(b) The board may disapprove a comprehensive water plan if the board determines the plan is not consistent with state law. If a plan is disapproved, the board shall provide a written statement of its reasons for disapproval. A disapproved comprehensive water plan must be revised by the county board and resubmitted for approval by the board within 120 days after receiving

notice of disapproval of the comprehensive water plan, unless the board extends the period for good cause. The decision of the board to disapprove the plan may be appealed by the county to district court.

Sec. 65. Minnesota Statutes 1985 Supplement, section 110B.10, subdivision 1, is amended to read:

Subdivision 1. [GENERAL.] The board shall:

(1) develop guidelines for the contents of comprehensive water plans that provide for a flexible approach to meeting the different water and related land resources needs of counties and watersheds across the state;

(2) coordinate assistance of state agencies to counties and other local units of government involved in preparation of comprehensive water plans, including identification of pertinent data and studies available from the state and federal government;

(3) conduct an active program of information and education concerning the requirements and purposes of sections 110B.01 to 110B.30 in conjunction with the association of Minnesota counties;

(4) determine contested cases under section 110B.25; and

(5) (ESTABLISH A PROCESS FOR REVIEW OF COMPREHENSIVE WATER PLANS THAT ASSURES THE PLANS ARE CONSISTENT WITH STATE LAW; AND)

((6)) report to the legislative commission on Minnesota resources as required by section 110B.28.

Sec. 66. Minnesota Statutes 1984, section 112.36, is amended by adding a subdivision to read:

Subd. 4a. [AGENCY.] "Agency" means the state planning agency.

Sec. 67. Minnesota Statutes 1984, section 115A.15, subdivision 5, is amended to read:

Subd. 5. [REPORTS.] By January 1 of each odd-numbered year, the commissioner of administration shall submit a report to the governor and to the *chair of the* legislative commission on *waste management* summarizing past activities and proposed goals of the program for the following biennium. By July 1 of each even-numbered year director of the pollution control agency (AND THE COMMISSIONER OF ENERGY, PLANNING AND DEVELOPMENT) shall submit recommendations to the commissioner regarding the operation of the program.

Sec. 68. [115A.306] [STATE INDEMNIFICATION OF DEVELOPER AND HAULER.]

Subdivision 1. [GENERAL PRINCIPLE OF INDEMNITY.] Notwithstanding any other provision of law, a person developing an integrated facility under sections 115A.18 to 115A.30 or, an owner or operator of the facility shall be indemnified under this section without subrogation for any damages, loss, expense, or costs that result from the release, as defined in section 115B.02, subdivision 15, or threatened release of a hazardous waste by the owner or operator.

Subd. 2. [METHOD OF INDEMNIFICATION.] The state shall in a manner determined by the agency, provide indemnity by direct payment, insurance, coinsurance, or any other method, upon proof by the owner or operator satisfactory to the agency of an indemnifiable damage, loss, expense, or cost.

Subd. 3. [APPROPRIATION.] The amount necessary to indemnify an owner or operator and to pay the administrative costs of the agency under this section is annually appropriated to the agency from the environmental response, compensation and compliance fund created in section 115B.20, subdivision 1.

Sec. 69. Minnesota Statutes 1984, section 115A.912, is amended by adding a subdivision to read:

Subd. 4. [AGENCY ACTION.] If after issuing an abatement order the agency determines the owner cannot or will not take financial responsibility for the recycling of the waste tires, the agency shall develop a remedial investigation or action plan, advertise for competitive bids, and award a contract as provided in chapter 16B. The agency shall notice in the State Register the specifications for the remedial action. The agency may request reports in the contract on the progress of the cleanup, the process which will be used in the recycling, and any other information necessary to determine compliance with the contract.

Sec. 70. Minnesota Statutes 1984, section 115B.20, subdivision 5, is amended to read:

Subd. 5. [(RECOMMENDATION BY LCWM) RECOMMENDATIONS.] The (LEGISLATIVE COMMISSION ON WASTE MANAGEMENT) pollution control agency shall make recommendations to the standing legislative committees on finance and appropriations regarding appropriations from the fund.

Sec. 71. Minnesota Statutes 1984, section 115B.20, subdivision 6, is amended to read:

Subd. 6. [REPORT TO LEGISLATURE.] By November 1, 1984, and each year thereafter, the agency shall submit to the

senate finance committee, the house appropriations committee and the *chair of the* legislative commission on waste management a report detailing the activities for which money from the environmental response, compensation and compliance fund has been spent during the previous fiscal year.

Sec. 72. Minnesota Statutes 1984, section 116.07, is amended by adding a subdivision to read:

Subd. 10. [RULES; FEDERAL STANDARDS.] Notwithstanding any law to the contrary, except in the case of low level and high level radioactive waste, the pollution control agency may not adopt rules or regulatory strategies that are more stringent than those adopted by the federal government.

Sec. 73. Minnesota Statutes 1984, section 116J.406, subdivision 2, is amended to read:

Subd. 2. [GRANTS FOR PARKS AND TRAILS.] The commissioner of *natural resources* shall administer a program to provide grants to units of government located within standard metropolitan statistical areas, as designated by the United States office of management and budget, but outside of the metropolitan area defined in section 473.121. The grants shall be for acquisition and betterment by units of government of public land and improvements needed for parks, trails, conservatories, zoos and other special use facilities having recreational significance for the entire population of the particular standard metropolitan statistical area. Appropriations made for this purpose shall be expended with the approval of the governor after consultation with the legislative advisory commission. The legislative commission on Minnesota resources shall make recommendations to the legislative advisory commission regarding the expenditures. The local contribution required shall be not less than ten percent. The program shall be administered so as to ensure the maximum possible use of available federal money.

Sec. 74. Minnesota Statutes 1984, section 116J.406, subdivision 3, is amended to read:

Subd. 3. [GRANTS FOR TRAILS IN LOCAL PARKS.] The commissioner of *natural resources* shall administer a program to provide grants to units of government for the betterment of public land and improvements needed for recreational trails in parks owned and operated by units of government. A grant shall not exceed 40 percent of the costs of the betterment of the trail. To be eligible for a grant, a unit of government must provide at least ten percent of the costs of the betterment of the trail.

Sec. 75. Minnesota Statutes 1984, section 116J.406, subdivision 4, is amended to read:

Subd. 4. [GRANTS FOR LOCAL OUTDOOR ATHLETIC COURTS.] The commissioner of *natural resources* shall administer a program to provide grants to units of government for the betterment of public land and improvements needed for local athletic courts. A grant shall not exceed 50 percent of the costs of the betterment of the athletic court. To be eligible for a grant, a unit of government must provide at least 50 percent of the costs of the betterment of the athletic court. In making grants the commissioner shall consider, among other factors, evidence of cooperation between units of government, local need and available financial resources, and court locations that encourage maximum use, patronage, and availability.

Sec. 76. Minnesota Statutes 1984, section 116J.406, subdivision 5, is amended to read:

Subd. 5. [POWERS; RULES.] The commissioner of *natural resources* shall have all powers necessary and convenient in order to establish programs for recreational betterment grants-in-aid for parks, trails, and athletic courts pursuant to this section including, but not limited to, the authority to adopt rules for the programs, pursuant to chapter 14, and emergency rules to commence immediately the programs, pursuant to sections 14.05 to 14.36.

Sec. 77. Minnesota Statutes 1984, section 160.265, subdivision 1, is amended to read:

Subdivision 1. [STATE BICYCLE TRAILS.] The commissioner of transportation shall establish a program for the development of bicycle trails primarily on existing road rights of way. "Bicycle trails", as used in this section, includes bicycle lanes and bicycle ways as those terms are used in sections 160.263 and 160.264. The program shall include a system of bicycle trails to be established, developed, maintained, and operated by the commissioner of transportation and a system of state grants for the development of local bicycle trails primarily on existing road rights of way. The program shall be coordinated with the local park trail grant program established by the commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *natural resources* pursuant to section 116J.406, with the bicycle trail program established by the commissioner of natural resources pursuant to section 85.016, with the development of the statewide transportation plan pursuant to section 174.03, and with existing and proposed local bicycle trails. In the metropolitan area as defined in section 473.121, the program shall be developed in accordance with plans and priorities established by the metropolitan council. The program shall be developed after consultation with the state trail council, local units of government, and bicyclist organizations. The program shall be administered in accordance with the provisions of sections 160.262 to 160.264 and standards promulgated pursuant thereto. The commissioner shall compile and maintain a current registry of bicycle trails in

the state and shall publish and distribute the information contained in the registry in a form and manner suitable to assist persons wishing to use the trails. The metropolitan council, the commissioner of natural resources, (THE COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT,) the Minnesota historical society, and local units of government shall cooperate with and assist the commissioner of transportation in preparing the registry. The commissioner shall have all powers necessary and convenient to establish the program pursuant to this section including but not limited to the authority to adopt rules pursuant to chapter 14.

Sec. 78. Minnesota Statutes 1984, section 161.1419, subdivision 8, is amended to read:

Subd. 8. The commission shall expire on (THE DATE PROVIDED BY SECTION 15.059, SUBDIVISION 5) *June 30, 1986*.

Sec. 79. Minnesota Statutes 1984, section 176.183, subdivision 1, is amended to read:

Subdivision 1. When any employee sustains an injury arising out of and in the course of employment while in the employ of an employer, other than the state or its political subdivisions, not insured or self-insured as provided for in this chapter, the employee or the employee's dependents shall nevertheless receive benefits as provided for in this chapter from the special compensation fund, and the commissioner has a cause of action against the employer for reimbursement for all moneys paid out or to be paid out, and, in the discretion of the court, as punitive damages an additional amount not exceeding 50 percent of all moneys paid out or to be paid out. As used in this subdivision, "employer" includes officers of corporations who have legal control, either individually or jointly with another or others, of the payment of wages. An action to recover the moneys shall be instituted unless the commissioner determines that no recovery is possible. All moneys recovered shall be deposited in the (GENERAL) *special compensation* fund. There shall be no payment from the special compensation fund if there is liability for the injury under the provisions of section 176.215, by an insurer or self-insurer.

Sec. 80. Minnesota Statutes 1984, section 176.183, subdivision 1a, is amended to read:

Subd. 1a. When an employee or the employee's dependent is entitled to benefits under this chapter from a self-insurer, present or past, other than the state and its municipal subdivisions, but the self-insurer fails to pay the benefits, the employee or the employee's dependents, regardless of the date when the accident, personal injury, occupational disease, or death occurred, shall nevertheless receive the benefits from the special compensation fund. The commissioner has a cause of action against the self-insuring employer for reimbursement for all benefits and

other expenditures paid out or to be paid out and, in the discretion of the court, the self-insurer is liable for punitive damages in an amount not to exceed 50 percent of the total of all benefits and other expenditures paid out or to be paid out. The commissioner shall institute an action to recover the total expenditures from the fund unless the commissioner determines that no recovery is possible. All proceeds recovered shall be deposited in the (GENERAL) *special compensation fund*.

Sec. 81. Minnesota Statutes 1984, section 176.603, is amended to read:

176.603 [COST OF ADMINISTERING CHAPTER, PAYMENT.]

The annual cost to the commissioner of the department of labor and industry of administering this chapter in relation to state employees and the necessary expenses which the department of labor and industry or the attorney general incurs in investigating, *administering*, and defending a claim against the state for compensation shall be paid from (THE MONEYS BIENNIALY APPROPRIATED TO THE DEPARTMENT AND NOT FROM) the state compensation revolving fund.

Sec. 82. Minnesota Statutes 1984, section 176.611, subdivision 2, is amended to read:

Subd. 2. [(SELF-SUSTAINING) STATE DEPARTMENTS.] (EXCEPT THAT THE TRANSPORTATION DEPARTMENT) *Every department of the state, including the University of Minnesota, shall reimburse the fund for moneys paid (TO ITS EMPLOYEES OR THEIR DEPENDENTS) for the administration of its claims at such times and in such amounts as the commissioner of the department of labor and industry (ORDERS, EVERY SELF-SUSTAINING DEPARTMENT OF THE STATE SHALL PAY INTO SUCH FUND AT THE END OF EVERY FISCAL YEAR SUCH AMOUNTS AS THE COMMISSIONER OF THE DEPARTMENT OF LABOR AND INDUSTRY) shall certify has been paid out of the fund (FOR) on its (EMPLOYEES OR THEIR DEPENDENTS) behalf. (FOR THE PURPOSES OF THIS SECTION, A "SELF-SUSTAINING DEPARTMENT" IS ONE IN WHICH THE INCOME AND REVENUE FROM ITS ACTIVITIES SUBSTANTIALLY OFFSETS ITS COST OF OPERATION) The heads of the departments shall anticipate these payments by including them in their budgets.*

Sec. 83. Minnesota Statutes 1984, section 197.23, subdivision 2, is amended to read:

Subd. 2. [(ACCOUNT) FUNDS FOR MARKER PURCHASE.] (AN ACCOUNT MUST BE CREATED BY THE DEPARTMENT OF FINANCE UNDER THE CONTROL OF

THE COMMISSIONER OF VETERANS AFFAIRS THAT MUST BE USED TO PURCHASE MARKERS. THE COMMISSIONER SHALL PROVIDE THE AVAILABLE FUNDS FOR EACH COUNTY IN THE RATIO OF THE NUMBER OF MARKERS PLACED IN THE COUNTY TO THE TOTAL NUMBER OF MARKERS PLACED IN APPROXIMATELY THE SAME RATIO AS FUNDS THAT MAY BE RECEIVED FROM THAT COUNTY TO THE TOTAL AMOUNT OF FUNDS.) *As cash flow permits in the veterans relief fund, the commissioner shall provide to county veterans service officers or any congressionally chartered veterans organization matching money for the purchase of bronze star grave markers. The funds of each county includes the county government and any donations from organizations and individuals that are headquartered or resident in the county.*

Sec. 84. Minnesota Statutes 1984, section 197.481, is amended by adding a subdivision to read:

Subd. 9. [ADMINISTRATIVE HEARING COSTS.] Any amounts billed to the commissioner or the department of veterans affairs by the office of administrative hearings for veterans preference contested case hearings shall be assessed by the office of administrative hearings or the department of veterans affairs against the public employer. The assessment shall be paid into the state treasury within 30 days after a bill has been mailed to the public employer. The bill constitutes notice of the assessment and demand for payment of it. Money received shall be credited to a special account and is appropriated to the department of veterans affairs for payment to the office of administrative hearings. Assessment costs will include administrative law judge's fees, administrative costs by the office of administrative hearings, transcription of hearing tapes if requested, and travel and per diem rates to and from hearing locations.

Sec. 85. Minnesota Statutes 1984, section 197.481, is amended by adding a subdivision to read:

Subd. 10. [INTEREST ON ASSESSMENTS.] The amounts assessed against any public employer not paid after 30 days after the mailing of a notice advising the public employer of the amount assessed against it, shall draw interest at the rate of one percent per month, and upon failure to pay the assessment the attorney general shall proceed by action in the name of the state against the public employer to collect the amount due, together with interest and the cost of the suit.

Sec. 86. Minnesota Statutes 1984, section 270.067, subdivision 5, is amended to read:

Subd. 5. [REVENUE ESTIMATES; LEGISLATIVE BILLS.] Upon reasonable notice from the chairman of the

house or senate tax committee that a bill is scheduled for hearing, the commissioner of revenue shall prepare an estimate of the effect on the state's tax revenues which would result from the passage of a legislative bill establishing, extending, or restricting a tax expenditure. (THESE REVENUE ESTIMATES SHALL CONTAIN THE SAME INFORMATION AS PROVIDED IN SUBDIVISION 4 FOR EXPENDITURE ITEMS CONTAINED IN THE TAX EXPENDITURE BUDGET, AS APPROPRIATE.)

Sec. 87. Minnesota Statutes 1985 Supplement, section 270A.07, subdivision 1, is amended to read:

Subdivision 1. [NOTIFICATION REQUIREMENT.] On or before December 15 any claimant agency, seeking collection of a debt through set-off against a refund due in the succeeding year, shall submit to the commissioner information indicating the amount of each debt and information identifying the debtor, as required by section 270A.04, subdivision 3. Subject to the notification deadline specified above, the notification shall be effective only to initiate set-off for claims against refunds that would be made in the calendar year subsequent to the year in which notification is made to the commissioner.

Except for certifications where the recaptured amount will be deposited as nondedicated general fund receipts, the claimant agency shall submit to the commissioner the amount of \$3 per certification. The payment must accompany the certification. The claimant agency shall increase the amount of each debt certified by \$3 and this total amount is subject to recapture. If the total debt is not recaptured by the commissioner, the \$3 addition to the debt may be collected by the claimant agency from the debtor and must be considered an obligation of the debtor. The \$3 will not be refunded if the recapture is not accomplished.

Sec. 88. Minnesota Statutes 1984, section 271.01, subdivision 1, is amended to read:

Subdivision 1. [MEMBERSHIP, APPOINTMENT, QUALIFICATIONS.] There is hereby created a tax court as an independent agency of the executive branch of the government. The tax court shall consist of three judges, each of whom shall be *learned in the law* and a citizen of the state (.). *The tax court judges shall be appointed by the governor, by and with the advice and consent of the senate, for a term of six years commencing at the expiration of the preceding term. Any vacancy shall be filled by the governor for the unexpired term, subject to confirmation by the senate. The terms of the judges shall end on the first Monday in January. The terms of the judges shall be staggered. The initial three terms to be filled pursuant to Laws 1977, Chapter 307 will expire on the first Monday in January in the following years: 1979, 1981,*

and 1983. Judges may serve until their successors are appointed and qualify. They shall be selected on the basis of their experience with and knowledge of taxation (AND), tax laws, and civil litigation. The judges of the tax court shall be subject to the provisions of the Minnesota Constitution, Article VI, Section 6, the jurisdiction of the commission on judicial standards, as provided in sections 490.15 and 490.16, and the provisions of the code of judicial conduct.

Sec. 89. Minnesota Statutes 1984, section 271.01, is amended by adding a subdivision to read:

Subd. 1a. [RETIRED JUDGES.] Upon the retirement of any judge of the tax court or the district court, the chief judge of the tax court may, with the retired judge's consent, assign the retired judge to hear any case properly assignable to a judge of the tax court and to act on it with the full powers of a judge of the tax court. A retired judge performing this service shall receive pay and expenses in the amount and manner provided by law for judges serving on the court, less the amount of retirement pay which the judge is receiving pursuant to chapter 352 or 490.

Sec. 90. [462.3971] [COUNTY WITHDRAWAL.]

A county board may by resolution decide to withdraw the county from the commission. The decision takes effect upon notification of the commission by the county. When a county withdraws from a commission, the commission may not include members from the county board or from governmental units within the county or members who are residents of the county. When a county withdraws from a commission, the county and governmental units within the county are not subject to the provisions of sections 462.381 to 462.398, except that any tax levied by the commission under sections 462.396 or 462.397 before notification of county withdrawal remains in force and effect in accordance with the terms of the levy certification.

Sec. 91. Minnesota Statutes 1984, section 471.992, is amended to read:

471.992 [EQUITABLE COMPENSATION RELATIONSHIPS.]

Subject to sections 179A.01 to 179A.25 but notwithstanding any other law to the contrary, every political subdivision of this state shall establish equitable compensation relationships between female-dominated, male-dominated, and balanced classes of employees. In all interest arbitration held pursuant to sections 179A.01 to 179A.25, the arbitrator shall follow the equitable compensation relationship standards established under Laws 1984, chapter 651, sections 1 to 10. This section will become effective August 1, (1987) 1989.

Sec. 92. Minnesota Statutes 1984, section 471.996, is amended to read:

471.996 [PRIVATE DATA.]

Except as provided in section 471.995, the results of any job evaluation system established under section 471.994 and the reports compiled under section 471.995 shall be considered personnel data as defined in section 13.43, subdivision 1, and treated as private data under section 13.43, subdivisions 4 and 5, until July 31, (1987) 1989. The director of mediation services is authorized to release the job evaluation system results and reports to labor organizations as provided under section 13.43, subdivision 6.

Sec. 93. Minnesota Statutes 1984, section 471.997, is amended to read:

471.997 [HUMAN RIGHTS ACT EXCEPTION.]

Neither the commissioner of human rights nor any state court shall use or consider the results of any job evaluation system established under section 471.994 and the reports compiled under section 471.995 in any proceeding or action commenced alleging discrimination before August 1, (1987) 1989, under chapter 363.

Sec. 94. Minnesota Statutes 1984, section 471.9975, is amended to read:

471.9975 [SUITS BARRED.]

No cause of action arises before August 1, (1987) 1989 for failure to comply with the requirements of Laws 1984, chapter 651.

Sec. 95. [EMERGENCY ASSISTANCE FOR LOGGERS OF STATE TIMBER.]

Subdivision 1. [LEGISLATIVE FINDINGS.] The legislature finds as follows that the absence of markets for aspen, spruce, and tamarack timber, has caused severe distress and hardship to loggers.

Subd. 2. [LOGGERS WHO MAY APPLY.] A purchaser of a permit to cut timber on state trust lands issued before the effective date of this section who, on the effective date of this section, has not cut all or any portion of the aspen or spruce or tamarack timber from the lands covered by the permit may make written application to the commissioner of natural resources for cancellation of any or all obligations to cut and remove any aspen, spruce, or tamarack timber or any other timber species covered by the permit.

Subd. 3. [TERMS OF APPLICATION.] The application to the commissioner, which shall be in the form of an affidavit, must show:

(1) the quantity and timber species covered by the permit for which the permittee seeks release from permit obligations;

(2) the permittee has not cut the timber for which the permittee is requesting release from permit obligations; and

(3) the permittee has no profitable market for aspen, spruce, or tamarack.

Subd. 4. [CANCELLATION OF PERMITS.] If the application meets the requirements of subdivision 2, the commissioner shall grant the application under the following conditions:

(a) If there has been no cutting of any timber whatsoever, and the permittee agrees, as a condition of cancellation, to forfeit the 25 percent payment made at the time of sale in the case of a state timber permit acquired at an auction sale under Minnesota Statutes, section 90.121 or 90.151, or, in the case of an informal sale, to forfeit 25 percent of the cash payment made on a permit acquired at an informal sale under section 90.191, with the balance to be refunded as provided by law for refunds on informal permits, the commissioner shall grant the application and cancel the permit.

(b) If there has been cutting of some but not all of the timber covered by the permit, regardless of the type of permit, and the permittee agrees, as a condition of cancellation, to forfeit 25 percent of the appraised price of the uncut timber, the commissioner shall grant the application and cancel the permit.

Sec. 96. [INSTRUCTION TO REVISOR.]

Subdivision 1. [NATURAL RESOURCES DEPARTMENT.] The revisor of statutes is directed to change the words "director" and "division" when referring to a director and division of the department of natural resources to "commissioner" and "department" or "department of natural resources," respectively, unless such terms would result in duplication or confusion of statutory language, in which case the revisor shall eliminate the reference to "director" or "division," or make another appropriate change consistent with sections 48 to 56, and 59 to 62.

By requiring the revisor to make these changes it is not the purpose of the legislature to prevent the commissioner from delegating his authority to the deputy commissioner or other department employee consistent with section 15.06, subdivision 6.

Subd. 2. [WATER RESOURCES BOARD.] The revisor of statutes is directed to change the words "water resources board"

when they refer to duties and powers assigned to the water resources board to "state planning agency" in Minnesota Statutes, chapters 110 and 112, and sections 473.877 and 473.878.

Sec. 97. [REPEALER.]

Subdivision 1. Minnesota Statutes 1984, sections 84.081; 84.083; and 89.014, subdivision 2 are repealed.

Subd. 2. Minnesota Statutes 1984, sections 177.41, 177.42, 177.43, and 177.44 are repealed.

Subd. 3. Minnesota Statutes 1984, sections 3.351, subdivisions 1, 2, 4, and 5; 3.865; 105.40, subdivision 7; 105.71, subdivisions 1, 1a, and 3; 105.72; 105.73; 105.75; 105.76; 105.77; 105.78; 105.79; 112.36, subdivision 4; and 270.067, subdivisions 1, 2, 3, and 4; and Minnesota Statutes 1985 Supplement, sections 3.303, subdivision 5; 3.351, subdivision 3; 3.875; 105.74; and 110B.02, subdivision 2 are repealed.

Sec. 98. [EFFECTIVE DATE.]

Subdivision 1. All sections in this article are effective the day following final enactment unless a different time is stated in this section.

Subd. 2. Sections 48 to 56; 59 to 62; 96, subdivision 1; and 97, subdivision 1 are effective July 1, 1986.

Subd. 3. Section 97, subdivision 2, is effective the day following final enactment and applies to projects commenced and contracts entered into after that date.

ARTICLE 6

**ENERGY AND ECONOMIC DEVELOPMENT
DEPARTMENT; TRANSFERS**

Section 1. Minnesota Statutes 1984, section 15.01, is amended to read:

15.01 [DEPARTMENTS OF THE STATE.]

The following agencies are designated as the departments of the state government: the department of administration; the department of agriculture; the department of commerce; the department of corrections; the department of education; the department of economic security; (THE DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT;) the department of finance; the department of health; the department of human rights; the department of labor and industry; the department of

military affairs; the department of natural resources; the department of employee relations; the department of public safety; the department of public service; the department of human services; the department of revenue; the department of transportation; the department of veterans affairs; and their successor departments.

Sec. 2. Minnesota Statutes 1984, section 15.057, is amended to read:

15.057 [PUBLICITY REPRESENTATIVES.]

No state department, bureau or division, whether the same operates on funds appropriated or receipts or fees of any nature whatsoever, except the department of transportation, the (DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT) *office of tourism*, the game and fish division, the department of economic security, and the state agricultural society shall use any of such funds for the payment of the salary or expenses of a publicity representative. The head of any such department, bureau, or division shall be personally liable for funds used contrary to this provision. This act shall not be construed, however, as preventing any such department, bureau, or division from sending out any bulletins or other publicity required by any state law or necessary for the satisfactory conduct of the business for which such department, bureau, or division was created.

Sec. 3. [16A.81] [SUCCESSOR.]

The commissioner of finance is the legal successor in all respects of the small business finance agency and the Minnesota energy and economic development authority as originally named and constituted, and all bonds, resolutions, contracts, and liabilities of those agencies are the bonds, resolutions, contracts, and liabilities of the commissioner of finance. The commissioner is bound by and shall administer all contracts entered into by the authority or the commissioner of energy and economic development unless authority for contract administration has transferred to another agency. The commissioner shall fulfill the terms of all pledges made by the authority to its bondholders, trustees, or other persons. The commissioner shall administer all loans made by the authority. The commissioner shall not issue any new bonds or make any new loans under chapter 116M unless this action is required by a contract entered into before the effective date of this section.

The commissioner may establish procedures to be followed by financial institutions and to be taken by the commissioner in the event of default on loans issued by the Minnesota energy and economic development authority, including time for filing claims, rights and interests to be assigned and documents to be furnished by the financial institution, principal and interest to be included in the claim, and conditions, if any, upon which

the commissioner will pay the principal amount in default after foreclosure and receipt of marketable title to property.

Sec. 4. Minnesota Statutes 1984, section 16B.20, subdivision 1, is amended to read:

Subdivision 1. [COMMISSIONER OF ADMINISTRATION.] The (COMMISSIONERS) *commissioner* of administration (AND ENERGY AND ECONOMIC DEVELOPMENT) shall publicize the provisions of the set-aside program, attempt to locate small businesses able to perform set-aside procurement awards, and encourage participation. When the commissioner of administration determines that a small business is unable to perform under a set-aside contract, the commissioner shall (INFORM THE COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT WHO SHALL) assist the small business in attempting to remedy the causes of the inability to perform a set-aside award. (IN ASSISTING THE SMALL BUSINESS, THE COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT IN COOPERATION WITH THE COMMISSIONER OF ADMINISTRATION SHALL USE MANAGEMENT OR FINANCIAL ASSISTANCE PROGRAMS MADE AVAILABLE BY OR THROUGH THE DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT, OTHER STATE OR GOVERNMENTAL AGENCIES, OR PRIVATE SOURCES.)

Sec. 5. Minnesota Statutes 1984, section 41A.02, subdivision 15, is amended to read:

Subd. 15. [STATE.] "State" actions contemplated in sections 41A.01 to 41A.06 may be taken on behalf of the state by (RESOLUTIONS OF THE AGRICULTURAL RESOURCE LOAN GUARANTY BOARD) *the commissioner of finance*, subject to approval by the governor if required by the governor (, OR BY A MEMBER OF THE BOARD OR ANOTHER STATE OFFICER IN THE DEPARTMENT HEADED BY THE MEMBER, PURSUANT TO AUTHORITY DELEGATED BY RESOLUTION OF THE BOARD. RESOLUTIONS OF THE BOARD ARE EFFECTIVE WHEN APPROVED BY THE VOTE OF A MAJORITY OF ITS MEMBERS).

Sec. 6. Minnesota Statutes 1985 Supplement, section 41A.04, subdivision 4, is amended to read:

Subd. 4. [RULEMAKING AUTHORITY.] In order to effectuate the purposes of sections 41A.01 to 41A.07, the (BOARD) *commissioner of finance* shall adopt rules which are subject to the provisions of chapter 14. The (BOARD) *commissioner* may adopt emergency rules and permanent rules.

Sec. 7. Minnesota Statutes 1985 Supplement, section 41A.05, subdivision 1, is amended to read:

Subdivision 1. [(ESTABLISHMENT OF) FUND.] (FOR THE PURPOSE OF DEVELOPING THE STATE'S AGRICULTURAL RESOURCES BY EXTENDING CREDIT ON REAL ESTATE SECURITY,) The agricultural resource loan guaranty fund is established as a special and dedicated fund to be held and invested separately from all other funds of the state. All money appropriated to the fund, and all guaranty fees, retail sales taxes, property tax increments, and other money from any source which may be credited to the fund pursuant to law or pursuant to the terms of grants, contributions, or contracts are appropriated and shall remain available for the purposes of the fund until those purposes have been fully accomplished. The (BOARD) *commissioner of finance* may establish within the guaranty fund reserve funds, project accounts, or other restrictions (IT) *the commissioner* determines necessary or appropriate to carry out the purposes of this chapter. Except as otherwise provided in this section, the fund may be used only for paying amounts due under loan guaranties and principal and interest assistance contracts entered into by the state, pursuant to the agricultural resource loan guaranty program.

Sec. 8. Minnesota Statutes 1985 Supplement, section 41A.05, subdivision 2, is amended to read:

Subd. 2. [ISSUANCE OF BONDS.] (a) (SUBJECT TO SECTION 16A.80, UPON APPLICATION PURSUANT TO SECTION 41A.04, THE BOARD BY RESOLUTION MAY EXERCISE THE POWERS OF A RURAL DEVELOPMENT AUTHORITY UNDER SECTIONS 362A.01 TO 362A.05 AND THE POWERS OF A MUNICIPALITY UNDER CHAPTER 474 FOR THE PURPOSES OF PROVIDING MONEY TO PAY THE COSTS OF A PROJECT, INCLUDING THE ISSUANCE OF BONDS AND THE LOAN OF THE BOND PROCEEDS PURSUANT TO A LEASE OR OTHER AGREEMENT. THE BONDS MUST BE ISSUED, SOLD, AND SECURED ON THE TERMS AND CONDITIONS AND IN THE MANNER DETERMINED BY RESOLUTION OF THE BOARD. SECTIONS 16A.80 AND 474.23 DO NOT APPLY TO THE BONDS.) Notwithstanding subdivision 1, a reserve established for the bonds provided by the borrower, including out of bond proceeds, may be deposited and held in a separate account in the guaranty fund and applied to the last installments of principal or interest on the bonds, subject to the reserves being withdrawn for any purpose permitted by subdivision 1. The (BOARD) *commissioner of finance* may by (RESOLUTION OR) indenture pledge any or all amounts in the guaranty fund, including any reserves and investment income on amounts in the fund, to secure the payment of principal and interest on any or all series of bonds, upon the terms and conditions as provided in the resolution or indenture. To the extent the (BOARD) *commissioner* deems necessary or desirable to prevent interest on bonds from becoming subject to federal income taxation, (1) the amounts in the guaranty fund shall be invested in obligations or securities with restricted yields and (2) the investment income on the amounts are released from

the pledge securing the bonds or loan guaranty and appropriately applied to prevent taxation.

(b) Bonds issued pursuant to this chapter are not general obligations of the state or the board. The full faith and credit and taxing powers of the state (AND THE BOARD) are not and may not be pledged for the payment of the bonds. No person may compel the levy of a tax for the payment or compel the appropriation of money of the state or the board for the payment of the bonds, except as specifically provided in this chapter.

((C) THE ISSUANCE OF BONDS PURSUANT TO THIS SUBDIVISION IS SUBJECT TO SECTIONS 474.18 TO 474.25. FOR PURPOSES OF SECTIONS 474.16 TO 474.20, THE BOARD IS A LOCAL ISSUER AND MAY APPLY FOR ALLOCATIONS OF AUTHORITY TO ISSUE PRIVATE ACTIVITY OBLIGATIONS AND MAY ENTER INTO AN AGREEMENT FOR THE ISSUANCE OF OBLIGATIONS BY ANOTHER ISSUER.)

Sec. 9. Minnesota Statutes 1985 Supplement, section 41A.05, subdivision 3, is amended to read:

Subd. 3. [COVENANT.] In fulfillment of the state's covenant with the beneficiary of each loan guaranty executed (BY THE BOARD) on behalf of the state pursuant to the agricultural resource loan guaranty program, (IN ACCORDANCE WITH SECTION 41A.04, SUBDIVISION 3,) the state will not limit or alter the rights vested in the (BOARD) state to comply with the terms of the loan guaranties.

Sec. 10. Minnesota Statutes 1984, section 41A.05, subdivision 4, is amended to read:

Subd. 4. [INCOME TAX EXEMPTION.] In the issuance of state bonds and the making of loan guaranties for the purposes of the program, the commissioner of finance (AND THE BOARD) may and shall make all provisions and do or cause to be done all acts and things, consistent with sections 41A.01 to 41A.06, which are or may be effective under federal laws and regulations to comply with conditions for the exemption of interest on such bonds from federal income taxation. However, if for any reason, whether existing at the date of issue of any bonds or the date of execution of any loan guaranty or thereafter, the interest on any such bonds shall be or become subject to federal income taxes, this shall not impair or affect the validity of the bonds or of any loan guaranty or the provisions made for the security thereof, and shall not impair or affect the covenant made by the state in subdivision 3. Nothing herein affects the federal or state income tax treatment of interest on obligations of a borrower other than the state, whether or not guaranteed by the state.

Sec. 11. Minnesota Statutes 1985 Supplement, section 41A.05, subdivision 5, is amended to read:

Subd. 5. [GUARANTY FUND; REDUCTION.] Amounts in the guaranty fund (MAY) *shall* be transferred to the general fund if the remaining amount in the fund exceeds the principal amount and one year's interest on the outstanding bonds and the guaranteed portion of outstanding guaranteed loans.

Sec. 12. Minnesota Statutes 1984, section 41A.06, subdivision 2, is amended to read:

Subd. 2. [ALLOCATION TO PROJECT ACCOUNTS.] Receipts of charges related to a particular project shall be deposited and recorded in its project account in the guaranty fund; but the (BOARD) *commissioner of finance* may reallocate receipts in any project account which cause the amount held in the account to exceed the *required* minimum (BALANCE ESTABLISHED INITIALLY PURSUANT TO SECTION 41A.04, SUBDIVISION 3, CLAUSE (2)). The reallocation may be made to another project account for the purpose of maintaining the minimum balance in the account.

Sec. 13. Minnesota Statutes 1985 Supplement, section 41A.06, subdivision 5, is amended to read:

Subd. 5. [PROPERTY TAX INCREMENTS.] If tax increment financing is to be used for the project, the applicant for a loan guaranty or bonds for any project, and the county in which the project is situated, shall do all acts and things necessary for the computation and segregation of property tax increments resulting from the construction of the project in accordance with the provisions of section 362A.05, and for the remittance to the commissioner of finance, for deposit in the loan guaranty fund, of all tax increments received from and after the date of the conditional commitment for the loan guaranty. If the project account contains an amount equal to the average annual payment of principal and interest on the bonds or for the guaranteed portion of a guaranteed loan, the (BOARD) *commissioner of finance* must annually return the excess tax increment to be distributed as provided by section 273.75, subdivision 2, clause (d), until the increment has been discharged under the agreement or section 362A.05.

Sec. 14. [84.95] [GRANTS.]

The commissioner of natural resources shall receive and administer the land and water conservation grant program authorized by Congress under the Land and Water Conservation Fund Act of 1965 as amended.

Sec. 15. Minnesota Statutes 1985 Supplement, section 92.35, is amended to read:

92.35 [DUTIES AND POWERS.]

The (COMMISSIONER) *director* of (ENERGY AND ECONOMIC DEVELOPMENT) *the state planning agency* must classify all public and private lands in the state by the use to which the lands are adapted, but principally as to adaptability to present known uses, such as agriculture and forestry. This classification must be based on consideration of the known physical and economic factors affecting use of the land. The commissioner must consult private, state, and federal agencies concerned with land use. The commissioner may appoint advisory committees of residents of the state concerned with and interested in land use. The advisory committees shall serve without pay, at the pleasure of the commissioner. The advisory committee must consider and report on land use problems submitted by the commissioner. The classification must be done first in the counties having land classification committees. In determining the land classification, the commissioner must consult and cooperate with the land classification committee. The determination of the land classification committee is final.

Sec. 16. Minnesota Statutes 1985 Supplement, section 92.36, is amended to read:

92.36 [LANDS CLASSIFIED.]

Upon the basis of all of the facts concerning land use now obtainable and as provided in sections 92.34 to 92.37 the (COMMISSIONER) *director* of (ENERGY AND ECONOMIC DEVELOPMENT) *the state planning agency* shall temporarily classify land areas with reference to the known uses to which the areas are adapted or adaptable. A certified copy of the temporary classification, together with a brief statement of the reasons for it, must be recorded in the office of the county recorder in each county containing the lands classified. No fees need be paid for this recording. After the temporary classification has been adopted by the commissioner, none of the lands classified as non-agricultural may be sold or leased by the state for agricultural purposes.

Sec. 17. Minnesota Statutes 1984, section 104.35, subdivision 2, is amended to read:

Subd. 2. The commissioner shall make the proposed management plan available to affected local governmental bodies, shoreland owners, conservation and outdoor recreation groups, (THE COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT,) the governor, and the general public. The (COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT AND THE) governor shall review the proposed management plan (PURSUANT TO THE CRITERIA SPECIFIED IN SECTION 86A.09, SUBDIVISION 3,) and submit any written comments to the commissioner within 60 days after receipt of

the proposed management plan. Not less than 60 days after making such information available, the commissioner shall conduct a public hearing on the proposed management plan in the county seat of each county which contains a portion of the designated area, in the manner provided in chapter 14.

Sec. 18. Minnesota Statutes 1984, section 104.35, subdivision 3, is amended to read:

Subd. 3. (UPON RECEIPT OF THE ADMINISTRATIVE LAW JUDGE'S REPORT, THE COMMISSIONER SHALL IMMEDIATELY FORWARD THE PROPOSED MANAGEMENT PLAN AND THE ADMINISTRATIVE LAW JUDGE'S REPORT TO THE COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT FOR REVIEW PURSUANT TO SECTION 86A.09, SUBDIVISION 3, EXCEPT THAT THE REVIEW BY THE COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT SHALL BE COMPLETED OR BE DEEMED COMPLETED WITHIN 30 DAYS AFTER RECEIVING THE ADMINISTRATIVE LAW JUDGE'S REPORT AND THE REVIEW BY THE GOVERNOR SHALL BE COMPLETED OR BE DEEMED COMPLETED WITHIN 15 DAYS AFTER RECEIPT.) Within 60 days after receipt of the administrative law judge's report, the commissioner shall decide whether to designate by order the river or segment thereof as a wild, scenic, or recreational river and, if so designated, shall adopt a management plan to govern the area. The commissioner shall notify and inform public agencies and private landowners of the plan and its purposes so as to encourage their cooperation in the management and use of their land in a manner consistent with the plan and its purposes.

Sec. 19. Minnesota Statutes 1984, section 116C.24, subdivision 2a, is amended to read:

Subd. 2a. "Commissioner" means the commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *administration*.

Sec. 20. Minnesota Statutes 1984, section 116C.25, is amended to read:

116C.25 [ENVIRONMENTAL PERMITS COORDINATION UNIT.]

The commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *administration* shall direct the bureau of business licenses to act as the coordination unit to implement and administer the provisions of sections 116C.22 to 116C.34. (THE COMMISSIONER SHALL EMPLOY NECESSARY STAFF TO WORK FOR THE COORDINATION UNIT ON A CONTINUOUS BASIS.)

Sec. 21. Minnesota Statutes 1984, section 116J.01, subdivision 3, is amended to read:

Subd. 3. [(DEPARTMENTAL ORGANIZATION) *TOURISM.*] (THE COMMISSIONER SHALL ORGANIZE THE DEPARTMENT AS PROVIDED IN SECTION 15.06. THE DEPARTMENT SHALL BE ORGANIZED INTO FOUR DIVISIONS, WHICH SHALL BE DESIGNATED THE ENERGY DIVISION, THE COMMUNITY DEVELOPMENT DIVISION, THE ECONOMIC DEVELOPMENT DIVISION, AND THE FINANCIAL MANAGEMENT DIVISION; AND THE OFFICE OF TOURISM. EACH DIVISION AND OFFICE IS RESPONSIBLE FOR ADMINISTERING THE DUTIES AND FUNCTIONS ASSIGNED TO IT BY LAW. WHEN THE DUTIES OF THE DIVISIONS OR OFFICE ARE NOT ALLOCATED BY LAW, THE COMMISSIONER MAY ESTABLISH AND REVISE THE ASSIGNMENTS OF EACH DIVISION AND OFFICE. EACH DIVISION SHALL BE UNDER THE DIRECTION OF A DEPUTY COMMISSIONER IN THE UNCLASSIFIED SERVICE.) The office of tourism is under the direction of a director of tourism in the unclassified service. The governor shall appoint the director of tourism.

Sec. 22. Minnesota Statutes 1984, section 116J.16, subdivision 1, is amended to read:

Subdivision 1. [PURPOSE.] The purpose of this section is to grant to the (COMMISSIONER) *director of public service* authority to exercise specific power to deal with shortages of refined petroleum products. Authority granted shall be exercised for the purpose of minimizing the adverse impacts of shortages and dislocations upon the citizens and the economy of the state and nation.

Sec. 23. Minnesota Statutes 1984, section 116J.16, subdivision 2, is amended to read:

Subd. 2. [ESTABLISHMENT.] The (COMMISSIONER) *director of public service* shall establish and is responsible for a state set-aside system for motor gasoline and middle distillates to provide emergency petroleum requirements and thereby relieve the hardship caused by shortage, supply dislocations, or other emergencies. The (COMMISSIONER) *director*, for purposes of administration, may exercise all of the powers granted by this chapter.

Sec. 24. Minnesota Statutes 1984, section 116J.16, subdivision 4, is amended to read:

Subd. 4. [SET-ASIDE REQUIRED.] Every prime supplier shall allocate for sale or exchange monthly upon order of the

(COMMISSIONER) *director of public service* a volume of motor gasoline and middle distillate not exceeding the monthly set-aside amount. The amount of gasoline subject to monthly set-aside shall be an amount equal to three percent of the prime supplier's monthly supply estimate. The amount of middle distillate subject to monthly set-aside shall be an amount equal to four percent of the prime supplier's monthly supply estimate.

Sec. 25. Minnesota Statutes 1984, section 116J.16, subdivision 5, is amended to read:

Subd. 5. [REPORT OF ESTIMATED VOLUME.] Every prime supplier shall file with the (COMMISSIONER) *director of public service* a monthly report of its estimated volume of gasoline and middle distillate deliveries. The report shall be in a form prescribed by the (COMMISSIONER) *director* and shall be submitted by the 25th day of the month preceding the month covered by the report. Each prime supplier shall allocate monthly for sale or exchange upon order of the (COMMISSIONER) *director* three percent of estimated motor gasoline supplies and four percent of estimated middle distillate supplies as shown by the report.

Sec. 26. Minnesota Statutes 1984, section 116J.16, subdivision 6, is amended to read:

Subd. 6. [PRIME SUPPLIER OBLIGATIONS.] Each prime supplier shall designate a representative to act for and on behalf of the prime supplier in respect to department of (ENERGY AND ECONOMIC DEVELOPMENT STATE) *public service* set-aside orders to be issued to the prime supplier. A prime supplier shall provide the amount of allocated product stated in the energy state set-aside order.

Sec. 27. Minnesota Statutes 1984, section 116J.16, subdivision 7, is amended to read:

Subd. 7. [RULES.] The (COMMISSIONER) *director of public service* shall adopt rules, including emergency rules pursuant to sections 14.29 to 14.36, to govern the administration of the set-aside system. Rules shall cover matters such as the form and procedure for applications for set-aside allocations by dealers of bulk purchasers, reports on available gasoline and middle distillate supplies, orders and procedure for set-aside allocation and distribution and other rules deemed necessary or desirable in the implementation and administration of the set-aside system, including monthly reports of anticipated deliveries and actual sales of gasoline, middle distillates, propane, aviation fuels, and residual oils.

Sec. 28. Minnesota Statutes 1984, section 116J.16, subdivision 8, is amended to read:

Subd. 8. [CRITERIA.] The (COMMISSIONER) *director of public service* may allocate gasoline and middle distillates from the set-aside system in accordance with the criteria in section 116J.15 and rules adopted pursuant thereto. The (COMMISSIONER) *director* may prescribe additional priorities by rule.

Sec. 29. Minnesota Statutes 1984, section 116J.29, is amended to read:

116J.29 [SUBPOENA POWER.]

The (COMMISSIONER) *director of public service* shall have the power, for the purposes of (SECTIONS 116J.05 TO 116J.30) *section 116J.16*, to issue subpoenas for production of books, records, correspondence and other information and to require attendance of witnesses. The subpoenas may be served anywhere in the state by any person authorized to serve processes of courts of record. If a person does not comply with a subpoena, the (COMMISSIONER) *director* may apply to the district court of Ramsey county and the court shall compel obedience to the subpoena by a proper order. A person failing to obey the order is punishable by the court as for contempt.

Sec. 30. Minnesota Statutes 1984, section 116J.36, subdivision 10, is amended to read:

Subd. 10. [RECEIPTS.] All principal and interest payments received by the commissioner of finance in repayment of the *district heating and qualified energy improvement* loans (AUTHORIZED BY THIS SECTION) shall be deposited in the state treasury and credited to the state bond fund (AND ARE APPROPRIATED TO THE COMMISSIONER OF FINANCE FOR THE PURPOSES OF THAT ACCOUNT).

Sec. 31. Minnesota Statutes 1984, section 116J.37, subdivision 6, is amended to read:

Subd. 6. [RECEIPTS; APPROPRIATION.] The commissioner of finance shall deposit in the state treasury all principal and interest payments received in repayment of (THE) *energy conservation investment* loans (AUTHORIZED BY THIS SECTION) *made to school districts*. These payments shall be credited to the state building fund (AND ARE APPROPRIATED TO THE COMMISSIONER OF FINANCE FOR THE PURPOSES OF THAT ACCOUNT).

Sec. 32. Minnesota Statutes 1984, section 116J.401, is amended to read:

116J.401 [POWERS AND DUTIES.]

The (COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT) *director of the state planning agency* shall:

(1) provide regional development commissions, the metropolitan council, and units of local government with information, technical assistance, training, and advice on using federal and state programs;

(2) receive and administer the small cities community development block grant program authorized by Congress under the Housing and Community Development Act of 1974, as amended;

(3) receive and administer the section 107 technical assistance program grants authorized by Congress under the Housing and Community Development Act of 1974, as amended;

(4) (RECEIVE AND ADMINISTER GRANTS FOR THE MINNESOTA JAIL RESOURCE CENTER AUTHORIZED BY CONGRESS UNDER THE JUVENILE JUSTICE AND DELINQUENCY PREVENTION ACT OF 1974, AS AMENDED;)

((5) RECEIVE AND ADMINISTER THE LAND AND WATER CONSERVATION GRANT PROGRAM AUTHORIZED BY CONGRESS UNDER THE LAND AND WATER CONSERVATION FUND ACT OF 1965, AS AMENDED;)

((6)) receive and administer other state and federal grants and grant programs for planning, community affairs, community development purposes, and other state and federal programs assigned to the department by law or by the governor in accordance with section 4.07; and

((7)) (5) receive applications for state and federal grants and grant programs for planning, community affairs, and community development purposes, and other state and federal programs assigned to the department by law or by the governor in accordance with section 4.07.

Sec. 33. [116J.4011] [ADMINISTRATION OF SMALL CITIES COMMUNITY DEVELOPMENT BLOCK GRANT.]

Subdivision 1. [RURAL DEVELOPMENT FUND CREATED; APPROPRIATION.] The rural development fund is created as a special revenue account in the state treasury. The fund shall consist of one-half of the federal money received annually under the provisions of the Housing and Community Development Act of 1974, as amended, and all of the repayment funds received annually from statutory and home rule charter cities, counties, and towns receiving economic development assistance from the fund. The fund shall be expended only for economic development activities authorized under the Housing and Community Development Act of 1974, as amended, and the

contents of the fund are continually appropriated to the director for those purposes. Cities, counties, and towns receiving economic development assistance money from the fund shall repay to the fund any assistance received according to the rules adopted by the director of the state planning agency.

Subd. 2. [EMERGENCY RULEMAKING AUTHORITY.] The director may adopt emergency rules under chapter 14 to implement this section.

Sec. 34. Minnesota Statutes 1984, section 116J.402, is amended to read:

116J.402 [COOPERATIVE CONTRACTS.]

The (COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT) *director of the state planning agency* may apply for, receive, and spend money for community development from municipal, county, regional, and other planning agencies. The (COMMISSIONER) *director* may also apply for, accept, and disburse grants and other aids for community development and related planning from the federal government and other sources. The (COMMISSIONER) *director* may enter into contracts with agencies of the federal government, local governmental units, regional development commissions, and the metropolitan council, other state agencies, the University of Minnesota, and other educational institutions, and private persons as necessary to perform his duties. Contracts made according to this section, except those with private persons, are not subject to the provisions of chapter 16 concerning competitive bidding.

The (COMMISSIONER) *director* may apply for, receive, and spend money made available from federal sources or other sources for the purposes of carrying out the duties and responsibilities of the (COMMISSIONER) *director* relating to community development.

Money received by the (COMMISSIONER) *director* under this section must be deposited in the state treasury and is appropriated to the (COMMISSIONER) *director* for the purposes for which the money has been received. The money does not cancel and is available until spent.

Sec. 35. Minnesota Statutes 1984, section 116J.403, is amended to read:

116J.403 [RULES.]

Except as provided in section 33, subdivision 1, no money made available to the (COMMISSIONER) director of the state planning agency for the small cities community development block grant program shall be spent by him for community development

and related planning programs until he adopts rules prescribing standards and procedures to govern the expenditure. The rules must be adopted under the Administrative Procedure Act in chapter 14 and must conform with all terms and conditions imposed on the (COMMISSIONER) *director* when the money is made available to him. The (COMMISSIONER) *director* may adopt emergency rules under sections 14.29 to 14.36 so that he can carry out promptly his responsibilities for administering federally funded community development grant programs.

Sec. 36. Minnesota Statutes 1984, section 116J.404, is amended to read:

116J.404 [JUVENILE JUSTICE.]

The governor shall designate the department of (ENERGY AND ECONOMIC DEVELOPMENT) *corrections* as the sole agency responsible for supervising the preparation and administration of the state plan for juvenile justice required by the Juvenile Justice and Delinquency Prevention Act of 1974, as amended. *The commissioner shall receive and administer grants, including grants for the jail resource center, under this act.*

The governor shall designate the Juvenile Justice Advisory Committee as the supervisory board for the department of (ENERGY AND ECONOMIC DEVELOPMENT) *corrections* with respect to preparation and administration of the state plan and award of grants.

The governor shall appoint members to the Juvenile Justice Advisory Committee in accordance with membership requirements of the Juvenile Justice and Delinquency Prevention Act of 1974, as amended.

Sec. 37. Minnesota Statutes 1984, section 116J.405, is amended to read:

116J.405 [GRANTS-IN-AID TO YOUTH INTERVENTION PROGRAMS.]

Subdivision 1. The commissioner of *corrections* may make grants to nonprofit agencies administering youth intervention programs in communities where the programs are or may be established.

“Youth intervention program” means a nonresidential community based program providing advocacy, education, counseling, and referral services to youth and their families experiencing personal, familial, school, legal, or chemical problems with the goal of resolving the present problems and preventing the occurrence of the problems in the future.

Subd. 2. Applications for a grant-in-aid shall be made by the administering agency to the commissioner. The grant-in-aid is contingent upon the agency having obtained from the community in which the youth intervention program is established local matching money two times the amount of the grant that is sought.

The commissioner shall provide by rule the application form, procedures for making application form, criteria for review of the application, and kinds of contributions in addition to cash that qualify as local matching money. No grant to any agency shall exceed \$25,000.

Sec. 38. Minnesota Statutes 1984, section 116J.58, subdivision 2, is amended to read:

Subd. 2. [PROMOTIONAL CONTRACTS.] In order to best carry out his duties and responsibilities and to serve the people of the state in the promotion of tourism (AND ECONOMIC DEVELOPMENT), the (COMMISSIONER) *director of the office of tourism* may engage in programs and projects jointly with a private person, firm, corporation or association and may enter into contracts under terms to be mutually agreed upon to carry out such programs and projects not including acquisition of land or buildings. Such contracts may be negotiated and shall not be subject to the provisions of chapter 16, insofar as such provisions relate to competitive bidding.

Sec. 39. Minnesota Statutes 1984, section 116J.58, subdivision 3, is amended to read:

Subd. 3. [(COMMISSIONER MAY ENTER INTO) PROJECT AGREEMENTS.] The (COMMISSIONER) *director of the office of tourism* may enter into project agreements with organizations or corporations for the purpose of developing the tourism potential of the state. If in the judgment of the (COMMISSIONER) *director* a project will make a meaningful contribution to the tourism development of the state, he may enter into local or regional agreements.

Sec. 40. Minnesota Statutes 1985 Supplement, section 116J.58, subdivision 4, is amended to read:

Subd. 4. [FEDERAL LIMITATION ACT ALLOCATION.] The commissioner of *finance* shall:

(1) in accordance with sections 474.16 to 474.23, review applications for and grant allocations of authority to issue bonds or other obligations subject to a federal limitation act; and

(2) adopt rules, including emergency rules under sections 14.29 to 14.36, to provide for the allocation of the amount of

issuance authority allocated pursuant to section 474.17, subdivision 3. The rules shall contain criteria and procedures for allocation of authority for use by the department, and to other state agencies, political subdivisions, or other authorities authorized by other law to issue bonds subject to a federal limitation act.

For the purposes of this subdivision, a "federal limitation act" is an act of Congress defined in section 474.16, subdivision 5.

Sec. 41. Minnesota Statutes 1984, section 116J.60, is amended to read:

116J.60 [PROMOTIONAL EXPENSES.]

In the promotion of tourism (AND ECONOMIC DEVELOPMENT OF THE STATE), the (COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT) *director of the office of tourism* may expend money appropriated by the legislature for these purposes in the same manner as private persons, firms, corporations, and associations make expenditures for these purposes. An expenditure for food, lodging, or travel is not governed by the travel rules of the commissioner of employee relations. No money shall be expended for the appearance in radio or television broadcasts by an elected public official.

Sec. 42. Minnesota Statutes 1984, section 116J.63, is amended to read:

116J.63 [SALE OF PAMPHLETS AND PUBLICATIONS; FEES; ADVERTISING.]

Subdivision 1. The (COMMISSIONER) *director of tourism* may sell reports, publications, or related publicity or promotional material of the (DEPARTMENT) *office* that in his judgment should not be supplied gratis to those who wish to employ them in the conduct of their business.

Subd. 2. The (COMMISSIONER) *director* shall recommend a schedule of fees pursuant to section 16A.128 to be charged for these materials and for services rendered by the (DEPARTMENT) *office* in furnishing them. The fees prescribed by the (COMMISSIONER) *director* shall be commensurate with the distribution objective of the (DEPARTMENT) *office* for the material produced or with the cost of furnishing the services. All fees for materials and services shall be deposited in the general fund.

Subd. 3. (DEPARTMENT) *Office* publications may contain advertising and may receive advertising revenue from profit and nonprofit organizations, associations, individuals and corporations, and other state, federal or local government agencies. Advertising revenues shall be deposited in the general fund. The

(COMMISSIONER) *director* shall set advertising rates and fees commensurate with services rendered and distribution objectives.

Sec. 43. Minnesota Statutes 1984, section 116J.66, is amended to read:

116J.66 [BUSINESS ASSISTANCE.]

The commissioner of *administration* shall establish within the department a business assistance center. The center shall consist of (1) a bureau of small business which shall have as its sole function the provision of assistance to small businesses in the state and (2) a bureau of licenses to assist all businesses in obtaining state licenses and permits. This center shall be accorded at least equal status with the other major operating units within the department.

Sec. 44. Minnesota Statutes 1984, section 116J.68, subdivision 2, is amended to read:

Subd. 2. The bureau shall:

(a) provide information and assistance with respect to all aspects of business planning and business management related to the start-up, operation, or expansion of a small business in Minnesota;

(b) refer persons interested in the start-up, operation, or expansion of a small business in Minnesota to assistance programs sponsored by federal agencies, state agencies, educational institutions, chambers of commerce, civic organizations, community development groups, private industry associations, and other organizations;

(c) plan, develop, and implement a master file of information on small business assistance programs of federal, state, and local governments, and other public and private organizations so as to provide comprehensive, timely information to the bureau's clients;

(d) employ staff with adequate and appropriate skills and education and training for the delivery of information and assistance;

(e) seek out and utilize, to the extent practicable, contributed expertise and services of federal, state, and local governments, educational institutions, and other public and private organizations;

(f) maintain a close and continued relationship with the director of the procurement program within the department of administration so as to facilitate the department's duties and

responsibilities under sections 16.083 to 16.086 relating to the small business set aside program of the state;

(g) develop an information system which will enable the commissioner of *administration* and other state agencies to efficiently store, retrieve, analyze, and exchange data regarding small business development and growth in the state. All executive branch agencies of state government and the secretary of state shall to the extent practicable, assist the bureau in the development and implementation of the information system;

(h) establish and maintain a toll free telephone number so that all small business persons anywhere in the state can call the bureau office for assistance. An outreach program shall be established to make the existence of the bureau well known to its potential clientele throughout the state;

(i) conduct research and provide data as required by state legislature;

(j) develop and publish material on all aspects of the start-up, operation, or expansion of a small business in Minnesota;

(k) collect and disseminate information on state procurement opportunities, including information on the procurement process;

(l) develop a public awareness program through the use of newsletters, personal contacts, and electronic and print news media advertising about state assistance programs for small businesses, including those programs specifically for socially disadvantaged small business persons;

(m) publicize to small businesses the provisions of Laws 1983, chapter 188, requiring consideration of small business issues in state agency rulemaking.

Sec. 45. Minnesota Statutes 1984, section 116J.74, subdivision 5, is amended to read:

Subd. 5. [COMMISSIONER.] "Commissioner" means the commissioner of (THE DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT) *administration*.

Sec. 46. Minnesota Statutes 1984, section 116J.80, subdivision 6, is amended to read:

Subd. 6. [FAILURE TO PROVIDE ACCURATE OR PERTINENT INFORMATION.] The provisions of subdivision 5 shall not apply if the commissioner (OF ENERGY AND ECONOMIC DEVELOPMENT) determines that the master application contained false, misleading, or deceptive information, or

failed to include pertinent information, the lack of which could reasonably lead an agency to misjudge the applicability of licenses under its jurisdiction, or if new license requirements or related standards subsequently became effective for which an agency had no discretion in establishing the effective date.

Sec. 47. Minnesota Statutes 1984, section 116J.873, subdivision 4, is amended to read:

Subd. 4. [GRANT LIMITS.] (AN ECONOMIC RECOVERY GRANT MAY NOT BE APPROVED FOR AN AMOUNT OVER \$500,000. THE DIVISION MAY RECOMMEND LESS FUNDING THAN REQUESTED IF, IN THE OPINION OF THE DIVISION, THE AMOUNT REQUESTED IS MORE THAN IS NECESSARY TO MEET THE APPLICANT'S NEEDS. IF THE AMOUNT OF THE GRANT IS REDUCED, THE REASONS FOR THE REDUCTION SHALL BE GIVEN TO THE APPLICANT.) The portion of an economic recovery grant that exceeds \$100,000 must be repaid to the state when it is repaid to the local community or recognized Indian tribal government by the person or entity to which it was loaned by the local community or Indian tribal government. Money repaid to the state is (APPROPRIATED TO THE COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT FOR THE PURPOSE OF MAKING ADDITIONAL ECONOMIC RECOVERY GRANTS) *to be deposited in the general fund.*

Sec. 48. Minnesota Statutes 1985 Supplement, section 116J.951, subdivision 2, is amended to read:

Subd. 2. [COMMISSIONER.] "Commissioner" means the commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *agriculture.*

Sec. 49. Minnesota Statutes 1985 Supplement, section 116J.961, subdivision 1, is amended to read:

Subdivision 1. [ESTABLISHMENT.] The governor's rural development council is established in the department of (ENERGY AND ECONOMIC DEVELOPMENT) *agriculture.* The council shall consist of one representative from each of the state's development regions, including the seven-county metropolitan area, and the commissioner.

Sec. 50. [116K.14] [CONTRACTS.]

The director of the state planning agency may make all contracts and do all things necessary to cooperate with the United States government, and to qualify for, accept, and disburse any grant intended for the administration of energy programs. Except to the extent that authority is specifically granted to the commissioner of jobs and training, the director is designated the

state agent to apply for, receive, and accept federal or other funds available to the state for purposes of energy programs.

Sec. 51. Minnesota Statutes 1984, section 116M.03, subdivision 2, is amended to read:

Subd. 2. [AUTHORITY.] "Authority" means the Minnesota energy and economic development authority (CREATED IN SECTION 116M.06).

Sec. 52. Minnesota Statutes 1984, section 116M.03, is amended by adding a subdivision to read:

Subd. 2a. "*Commissioner*" means the commissioner of finance.

Sec. 53. Minnesota Statutes 1985 Supplement, section 116M.-03, subdivision 17, is amended to read:

Subd. 17. [FUNDS.] "Funds" means the group of funds controlled by the (AUTHORITY) *commissioner*, including the economic development fund created by section 116M.06, subdivision 4, the energy loan insurance account created by section 116M.11, the energy development account created by section 116M.12, and other accounts created to reflect the money deposited in the state treasury and under the control of the (AUTHORITY) *commissioner*.

Sec. 54. Minnesota Statutes 1985 Supplement, section 116M.-04, subdivision 8a, is amended to read:

Subd. 8a. The (ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY) *commissioner of finance* shall be named as an assignee of the rights of a state-funded community development corporation on any loan or other evidence of debt provided by a community development corporation to a private enterprise. The assignment of rights shall provide that it will be effective upon the dormancy or cessation of existence of the community development corporation. "Dormancy" for the purpose of this section means the continuation of the corporation in name only without any functioning officers or activities. Upon the cessation of the activities of a state-funded community development corporation, any assigned money paid to the (ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY) *commissioner* shall be deposited into the (ECONOMIC DEVELOPMENT FUND TO BE USED FOR THE PURPOSES AS SET OUT IN THIS CHAPTER) *general fund*.

Sec. 55. Minnesota Statutes 1984, section 116M.05, subdivision 1, is amended to read:

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

(THE AUTHORITY SHALL UTILIZE THE DEVELOPMENT COMPANY PROGRAM TO STIMULATE THE STATE'S ECONOMIC ACTIVITY.)

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

Sec. 56. Minnesota Statutes 1985 Supplement, section 116M.06, subdivision 2, is amended to read:

Subd. 2. [USE OF FUNDS.] (THE AUTHORITY MAY USE THE ENERGY LOAN INSURANCE ACCOUNT AS PROVIDED IN SECTION 116M.11. THE AUTHORITY MAY USE THE ECONOMIC DEVELOPMENT FUND IN CONNECTION WITH SMALL BUSINESS LOANS, POLLUTION CONTROL LOANS, AND FARM LOANS TO PROVIDE FINANCIAL ASSISTANCE TO ELIGIBLE SMALL BUSINESSES; IT MAY USE THE ECONOMIC DEVELOPMENT FUND IN CONNECTION WITH BUSINESS LOANS WHEN THE LOANS ARE MADE AS A PART OF THE SPECIAL ASSISTANCE PROGRAM UNDER SECTION 116M.07, SUBDIVISION 11; AND THE AUTHORITY MAY USE THE ENERGY DEVELOPMENT ACCOUNT IN CONNECTION WITH ENERGY LOANS TO PROVIDE FINANCIAL ASSISTANCE TO BUSINESSES; AS FOLLOWS:)

((A) TO PROVIDE LOAN GUARANTEES OR INSURANCE, IN WHOLE OR IN PART, TO BUSINESSES IN CONNECTION WITH BUSINESS LOANS, SMALL BUSINESS LOANS, ENERGY LOANS, FARM LOANS, OR POLLUTION CONTROL LOANS;)

((B) TO PROVIDE DIRECT LOANS TO BUSINESSES IN CONNECTION WITH BUSINESS LOANS, SMALL BUSINESS LOANS, ENERGY LOANS, FARM LOANS, OR POLLUTION CONTROL LOANS;)

((C) TO PARTICIPATE IN OTHER INVESTMENT PROGRAMS AS APPROPRIATE UNDER THE TERMS OF THIS CHAPTER AND CHAPTERS 472 AND 474;)

((D) TO PURCHASE LOAN PACKAGES MADE TO BUSINESSES BY FINANCIAL INSTITUTIONS IN THE STATE IN CONNECTION WITH BUSINESS LOANS, SMALL BUSINESS LOANS, ENERGY LOANS, FARM LOANS, OR POLLUTION CONTROL LOANS;)

((E) TO ENTER INTO OR TO PAY FEES ON INSURANCE CONTRACTS, LETTERS OF CREDIT, MUNICIPAL BOND INSURANCE, SURETY BONDS, OR SIMILAR OBLIGATIONS AND OTHER AGREEMENTS OR CONTRACTS WITH FINANCIAL INSTITUTIONS OR PROVIDERS OF SIMILAR SERVICES;)

((F) TO GUARANTEE OR INSURE BONDS AND NOTES ISSUED BY THE AUTHORITY, IN WHOLE OR IN PART;)

((G) TO MAKE INTEREST SUBSIDY PAYMENTS ON BEHALF OF ELIGIBLE SMALL BUSINESSES TO BE APPLIED TO THE PAYMENT OF INTEREST ON BONDS OR NOTES OF THE AUTHORITY EQUAL TO THE DIFFERENCE IN INTEREST PAYABLE ON LOANS AND THE INTEREST PAYABLE ON BONDS OR NOTES OF THE AUTHORITY WHERE THE PROCEEDS OF THESE BONDS OR NOTES ARE USED TO MAKE OR PARTICIPATE IN MAKING THESE LOANS;)

((H) FOR ANY LEGAL PURPOSE OR PROGRAM OF THE AUTHORITY, INCLUDING WITHOUT LIMITATION THE PAYMENT OF THE COST OF ISSUING AUTHORITY BONDS AND NOTES AND AUTHORITY ADMINISTRATIVE COSTS AND EXPENSES, BUT NOT FOR PERSONNEL COSTS OF POSITIONS IN THE APPROVED COMPLEMENT OF THE DEPARTMENT OR THE AUTHORITY.)

((I) TO PAY TAX REIMBURSEMENTS FOR QUALIFIED ECONOMIC DIVERSIFICATION PROJECTS UNDER THE SPECIAL ASSISTANCE PROGRAM PURSUANT TO SECTION 116M.07, SUBDIVISION 11, PARAGRAPH (D).)

(IN ADDITION, THE AUTHORITY MAY USE THE ECONOMIC DEVELOPMENT FUND TO PURCHASE, LEASE, OR LICENSE TECHNOLOGY RELATED PRODUCTS FOR EDUCATION OR TRAINING OR TO PARTICIPATE IN PROGRAMS WHERE TECHNOLOGY RELATED PRODUCTS ARE PURCHASED, LEASED, OR LICENSED.)

The (AUTHORITY) *commissioner of finance* may (CREATE) *maintain* separate accounts within any of the funds (FOR USE IN ACCORDANCE WITH THE SEPARATE PURPOSES LISTED IN THIS SECTION) *created by the authority* and may irrevocably pledge and allocate money on deposit in any of the funds to the accounts for the purposes. The (AUTHORITY MAY MAKE) *commissioner shall administer the authority's*

contracts with note and bond holders, trustees for them, financial institutions, or other persons interested in the disposition of money in the funds or their accounts with respect to the conditions upon which money in any fund or its accounts is to be held, invested, applied, and disposed of and the use of the fund and its accounts and the termination of accounts. (THE AUTHORITY MAY DETERMINE TO LEVERAGE AMOUNTS IN ACCOUNTS TO BE USED TO GUARANTEE OR INSURE BONDS AND NOTES OF THE AUTHORITY OR LOANS TO BUSINESSES AND MAY COVENANT AS TO THE RATE OF LEVERAGING WITH HOLDERS OF THE AUTHORITY'S BONDS AND NOTES OR ANY TRUSTEE FOR THEM, FINANCIAL INSTITUTIONS, OR OTHER PERSONS.) Money in the funds and their accounts shall, consistent with contracts with holders of the (AUTHORITY'S) *commissioner's* bonds and notes or any trustee for them, financial institutions, or other interested persons, be invested in accordance with section 116M.-08, subdivision 15, and the investment income from them, absent contractual provisions to the contrary, shall be added to and retained in the funds or their accounts if provided by the (AUTHORITY) *commissioner*. The repayments to the (AUTHORITY) *commissioner* of any direct loans made by the authority from money in the funds or their accounts shall be (PAID BY THE AUTHORITY) *deposited by the commissioner* into the (PARTICULAR FUND THAT WAS USED IN CONJUNCTION WITH THE LOAN BEING REPAYED, OR, AS PROVIDED BY THE AUTHORITY, INTO ANOTHER ACCOUNT) *general fund*. The (AUTHORITY) *commissioner* may collect fees, initially or from time to time, or both, with respect to any direct loan (IT EXTENDS) *extended* or any insurance or guarantee (IT GRANTS) *granted by the authority*. The (AUTHORITY MAY ENTER INTO) *commissioner shall administer* contracts and security instruments with businesses, with bond and note holders or any trustee for them, or financial institutions or other persons *entered into by the authority* to provide for and secure the repayment to the authority of money provided by the authority from the funds or their accounts for direct loans or which have been paid by the authority from a fund or account pursuant to an authority guarantee or insurance.

The state covenants with all holders of the authority's bonds and notes *issued before the effective date of this section*, financial institutions, and other persons interested in the disposition of money in the funds or their accounts, which money the authority has irrevocably pledged and allocated for any authorized purpose described in this subdivision, that the state will not take any action to limit the effect of the pledge and allocation and will not take any action to limit the effect of contracts entered into as authorized in this subdivision with respect to the pledge and allocation and will not limit or alter the rights vested in the authority or the state to administer the application of money pursuant to the pledge and allocation and to perform its obligations under the contracts *before the effective date of this section*. The authority may include and

recite this covenant of the state in any of its bonds or notes benefiting from the pledges and allocation or contracts or related documents or resolutions.

The commissioner shall deposit in the general fund any money in the funds that is not legally bound to guarantee any outstanding loan, bond or note, or that is not pledged or obligated in any contract entered into by the authority or its successor.

Sec. 57. Minnesota Statutes 1984, section 116M.06, subdivision 4, is amended to read:

Subd. 4. [(CREATION OF) ECONOMIC DEVELOPMENT FUND.] (THERE IS CREATED) The economic development fund is to be administered by the (AUTHORITY) *commissioner*. (ALL MONEY IN THE FUND IS APPROPRIATED TO THE AUTHORITY TO ACCOMPLISH THE AUTHORITY'S PURPOSES.)

(THE MONEY IN THE ECONOMIC DEVELOPMENT FUND MUST BE USED AS PROVIDED IN THIS CHAPTER AND CHAPTERS 472 AND 474, TO PROVIDE FINANCIAL ASSISTANCE TO BUSINESSES, ELIGIBLE SMALL BUSINESSES, TARGETED SMALL BUSINESSES, AND FARM BUSINESSES. THIS FINANCIAL ASSISTANCE INCLUDES BUSINESS LOANS, POLLUTION CONTROL LOANS, SMALL BUSINESS LOANS, AND FARM LOANS AND THE PURCHASING, LEASING, OR LICENSING OF TECHNOLOGY RELATED PRODUCTS OR RIGHTS TO THE PRODUCTS.)

Sec. 58. Minnesota Statutes 1984, section 116M.06, subdivision 7, is amended to read:

Subd. 7. Neither the state nor any other agency or political subdivision of the state shall be liable on any bond, note or other obligation (OF THE AUTHORITY) *issued under this chapter*, and no bond, note, or other obligation (OF THE AUTHORITY) *issued under this chapter* shall constitute a debt or loan of credit of the state or any political subdivision or any individual member of the authority.

Sec. 59. Minnesota Statutes 1984, section 116M.06, subdivision 8, is amended to read:

Subd. 8. The state pledges and agrees with all holders of obligations of the authority that it will not limit or alter the rights vested in the (AUTHORITY) *commissioner* to fulfill their terms, and will not in any way impair the rights or remedies of the holders, until all of the obligations and interest on them, with interest on any unpaid installments of interest and all costs and

expenses in connection with any action or proceeding by or on behalf of such holders to enforce the payment and other provisions of the obligations, are fully met and discharged. The authority is authorized to include and recite this pledge and agreement of the state in any obligation or related document *issued before the effective date of this section.*

Sec. 60. Minnesota Statutes 1984, section 116M.06, subdivision 10, is amended to read:

Subd. 10. The property of the authority *and its successor* and (ITS) *their* income and operation shall be exempt from all taxation by the state or any of its political subdivisions.

Sec. 61. Minnesota Statutes 1984, section 116M.07, subdivision 12, is amended to read:

Subd. 12. [REPORTS.] (a) Each financial institution that participates in a pollution control or business loan with the (AUTHORITY) *commissioner* shall annually on or before March 1 submit a report for the prior calendar year to the authority on a form prescribed by the commissioner. The report shall include a listing of each (NEW AND) outstanding loan in which the financial institution is a participant, (THE AMOUNT AND TERMS OF THE LOAN, THE PURPOSE OF THE LOAN,) and any other information as the commissioner may reasonably require.

(b) The (AUTHORITY) *commissioner* shall annually on or before May 1 submit a report (ON A FORM PRESCRIBED BY THE COMMISSIONER) for the prior calendar year to the state auditor (ON ALL LOANS THAT IT MAKES, PURCHASES, OR PARTICIPATES IN). The report shall include a listing of each (NEW AND) outstanding loan (IN WHICH THE FINANCIAL INSTITUTION IS A PARTICIPANT, THE AMOUNT AND TERMS OF THE LOAN, THE PURPOSE OF THE LOAN) *that the commissioner has made, purchased, or participated in,* and any other information as the state auditor may reasonably require.

(c) The state auditor shall annually on or before July 1 submit a report for the prior calendar year to the governor and the legislature summarizing the report submitted pursuant to clause (b).

(d) The cost of preparing and submitting the reports required by this subdivision shall be borne by the party submitting it. (ANY FINANCIAL INSTITUTION THAT FAILS TO COMPLY WITH THE REQUIREMENTS OF THIS SUBDIVISION SHALL BE PROHIBITED FROM PARTICIPATING IN FUTURE LOANS UNTIL IT COMPLIES.)

Sec. 62. Minnesota Statutes 1985 Supplement, section 116M.08, subdivision 1, is amended to read:

Subdivision 1. In implementing the purposes and the programs described in this chapter and chapters 472 and 474, the (AUTHORITY SHALL HAVE) *commissioner* has the powers and duties set forth in this section.

Sec. 63. Minnesota Statutes 1984, section 116M.08, subdivision 2, is amended to read:

Subd. 2. (IT) *The commissioner* may sue and be sued.

Sec. 64. Minnesota Statutes 1984, section 116M.08, subdivision 3, is amended to read:

Subd. 3. (IT) *The commissioner* may have a seal and alter the same at will.

Sec. 65. Minnesota Statutes 1984, section 116M.08, subdivision 4, is amended to read:

Subd. 4. (IT) *The commissioner* may adopt, amend, and repeal rules, (INCLUDING EMERGENCY RULES,) not inconsistent with the provisions of this chapter and chapters 472 and 474 as necessary to effectuate its purposes. (THE AUTHORITY TO ADOPT EMERGENCY RULES EXPIRES JUNE 30, 1985.)

Sec. 66. Minnesota Statutes 1984, section 116M.08, subdivision 5, is amended to read:

Subd. 5. (IT) *The commissioner* may acquire, hold and dispose of personal property (FOR ITS CORPORATE PURPOSES).

Sec. 67. Minnesota Statutes 1984, section 116M.08, subdivision 6, is amended to read:

Subd. 6. (IT) *The commissioner* may enter into agreements or other transactions with any federal or state agency, any person and any domestic or foreign partnership, corporation, association or organization.

Sec. 68. Minnesota Statutes 1984, section 116M.08, subdivision 7, is amended to read:

Subd. 7. (IT) *The commissioner* may acquire real property, or an interest therein (, IN ITS OWN NAME,) by purchase or foreclosure, where such acquisition is necessary or appropriate to protect any loan in which the (AGENCY) *the commissioner* has an interest and may sell, transfer and convey any such prop-

erty to a buyer and, in the event such sale, transfer or conveyance cannot be effected with reasonable promptness or at a reasonable price, may lease such property to a tenant.

Sec. 69. Minnesota Statutes 1984, section 116M.08, subdivision 8, is amended to read:

Subd. 8. (IT) *The commissioner* may sell, at public or private sale, any note, mortgage or other instrument or obligation evidencing or securing a loan.

Sec. 70. Minnesota Statutes 1984, section 116M.08, subdivision 9, is amended to read:

Subd. 9. (IT) *The commissioner* may procure insurance against any loss in connection with (ITS) property in the amounts, and from the insurers, as may be necessary or desirable. (IT) *The commissioner* may obtain municipal bond insurance, letters of credit, surety obligations, or equivalent security for its bonds and notes.

Sec. 71. Minnesota Statutes 1984, section 116M.08, subdivision 10, is amended to read:

Subd. 10. (IT) *The commissioner* may consent, whenever it deems it necessary or desirable in the fulfillment of (ITS) *this chapter's* purpose, to the modification of the rate of interest, time of payment, or any installment of principal or interest, or other term, of a contract or agreement of any kind to which the (AUTHORITY) *commissioner* is a party.

Sec. 72. Minnesota Statutes 1985 Supplement, section 116M.-08, subdivision 14, is amended to read:

Subd. 14. (IT MAY ESTABLISH AND) *The commissioner shall collect (REASONABLE) fees and interest and amortization payments on loans made by the authority, and (IN CONNECTION THEREWITH MAY ESTABLISH AND COLLECT OR AUTHORIZE THE COLLECTION OF REASONABLE FEES AND CHARGES OR REQUIRE) shall administer money (TO BE) placed in escrow with the authority (, SUFFICIENT TO PROVIDE FOR THE PAYMENT AND SECURITY OF ITS BONDS, NOTES, COMMITMENTS AND OTHER OBLIGATIONS AND FOR THE SERVICING THEREOF, TO PROVIDE REASONABLE ALLOWANCES FOR OR INSURANCE AGAINST LOSSES WHICH MAY BE INCURRED AND TO COVER THE COST OF ISSUANCE OF OBLIGATIONS AND TECHNICAL, CONSULTATIVE, AND PROJECT ASSISTANCE SERVICES).*

Sec. 73. Minnesota Statutes 1985 Supplement, section 116M.-08, subdivision 15, is amended to read:

Subd. 15. (IT) *The commissioner* may cause any money not required for immediate disbursement, including the general reserve account, to be invested in direct obligations of or obligations guaranteed as to principal and interest by the United States, or in insured savings accounts, up to the amount of the insurance, in any institution the accounts of which are insured by the federal savings and loan insurance corporation or to be deposited in a savings or other account in a bank insured by the federal deposit insurance corporation or to be invested in time certificates of deposit issued by a bank insured by the federal deposit insurance corporation and maturing within one year or less and in the investments described in section 11A.24, subdivision 4, except clause (d) of subdivision 4. (IT) *The commissioner* may deposit money in excess of the amount insured with security as provided in chapter 118. Notwithstanding the foregoing, (IT) *the commissioner* may invest and deposit money into accounts established pursuant to resolutions or indentures securing its bonds or notes in such investments and deposit accounts or certificates, and with such security, as may be agreed therein with the holders or a trustee for the holders.

Sec. 74. Minnesota Statutes 1984, section 116M.08, subdivision 17, is amended to read:

Subd. 17. Financial information, including, but not limited to, credit reports, financial statements and net worth calculations, received or prepared by the (AUTHORITY) *commissioner* regarding any authority loan, financial assistance, or insurance is private data with regard to data on individuals as defined in section 13.02, subdivision 9 and nonpublic data with regard to data not on individuals as defined in section 13.02, subdivision 12.

Sec. 75. Minnesota Statutes 1984, section 116M.08, subdivision 19, is amended to read:

Subd. 19. Proceeds of the (AUTHORITY'S) *commissioner's* bonds, notes, and other obligations; amounts granted or appropriated to the authority for the making or purchase or the insurance or guaranty of loans or for bond reserves; income from investment; money in the funds; and all revenues from loans, fees, and charges of the authority including rentals, royalties, dividends, or other proceeds in connection with technology-related products, energy conservation products, or other equipment are annually appropriated to the authority for the accomplishment of (ITS CORPORATE) *the commissioner's* purposes and shall be expended, administered, and accounted for in accordance with the applicable provisions of all bond and note resolutions, indentures, and other instruments, contracts, and agreements of the agency. Notwithstanding section 16A.28, these appropriations are available until expended.

Sec. 76. Minnesota Statutes 1984, section 116M.08, subdivision 20, is amended to read:

Subd. 20. The (AUTHORITY) *commissioner* may receive payments in the form of royalties, dividends, or other proceeds in connection with technology-related products, energy conservation products, or other equipment which (IT) *the commissioner* has purchased or in which it has participated.

Sec. 77. Minnesota Statutes 1984, section 116M.08, subdivision 21, is amended to read:

Subd. 21. The (AUTHORITY) *commissioner* may do all things necessary and proper to fulfill (ITS PURPOSE AND) the purposes (AS) provided in this chapter and chapters 472 and 474.

Sec. 78. Minnesota Statutes 1985 Supplement, section 116M.-11, subdivision 1, is amended to read:

Subdivision 1. [ENERGY LOAN INSURANCE ACCOUNT.] An energy loan insurance account is (CREATED) in the energy fund. (THE ACCOUNT SHALL BE USED BY THE AUTHORITY AS A REVOLVING ACCOUNT, AND ALL MONEY IN THE ACCOUNT IS APPROPRIATED TO THE AUTHORITY, FOR CARRYING OUT THE PROVISIONS OF THIS SECTION WITH RESPECT TO LOANS INSURED UNDER SUBDIVISION 2.)

Sec. 79. Minnesota Statutes 1985 Supplement, section 116M.-12, subdivision 3, is amended to read:

Subd. 3. [ENERGY DEVELOPMENT ACCOUNT.] An energy development account is (CREATED) in the energy fund (AND IS ELIGIBLE TO RECEIVE APPROPRIATIONS). The (AUTHORITY MAY IRREVOCABLY PLEDGE AND APPROPRIATE ALL OR A SEGREGATED PORTION OF THE ENERGY DEVELOPMENT ACCOUNT TO MAKE PRINCIPAL AND INTEREST PAYMENTS WHEN DUE ON ALL OR ONE OR MORE SERIES OF ITS OBLIGATIONS FOR WHICH OTHER MONEY IS NOT AVAILABLE, PURSUANT TO THE TERMS AND CONDITIONS THE AUTHORITY SHALL PRESCRIBE. THE AUTHORITY MAY OTHERWISE OPERATE THE ACCOUNT ACCORDING TO SECTION 116M.06. IN THE EVENT THE AUTHORITY SHALL DETERMINE THAT THE ENERGY DEVELOPMENT ACCOUNT IS OR WILL BE DEPLETED IN CONNECTION WITH THE USE OF THE ACCOUNT AS AUTHORIZED BY THE ACT WHICH HAS BEEN APPROVED OR GIVEN PRELIMINARY APPROVAL BY THE AUTHORITY, THEN THE AUTHORITY MAY BY RESOLUTION TRANSFER MONEY FROM THE ENERGY LOAN INSURANCE ACCOUNT CREATED PURSUANT TO SECTION 116M.11) *commissioner shall administer the account in accordance with pledges made by the authority.*

Sec. 80. Minnesota Statutes 1985 Supplement, section 116M.12, subdivision 4, is amended to read:

Subd. 4. [INVESTMENT INCOME.] All interest and profits accruing from investment of the energy development account's money shall be credited to and be part of the energy development account, and any loss incurred in the principal of the investment of the reserve account shall be borne by the energy development account. Assets of the energy development account shall be invested only in direct obligations or obligations of agencies of the United States or in insured depository accounts, up to the amount of the insurance, in any institution insured by an agency of the United States government, or in other obligations or depository accounts referred to in section 11A.24, subdivision 4, except clause (d) of that subdivision. Other money (OF THE AUTHORITY) shall be invested or deposited in the manner and with the security provided in bond or note resolutions or indentures under which obligations of the authority (ARE) *have been* issued for the program.

Sec. 81. Minnesota Statutes 1984, section 116M.12, subdivision 6, is amended to read:

Subd. 6. [FUNDING.] All proceeds of the (AUTHORITY'S) *commissioner's* bonds, notes, and other obligations, any amounts granted or appropriated to the (AUTHORITY) *commissioner* to make, purchase, or insure loans, or for bond reserves, all income from the investment thereof, and all revenues from loans, fees, and charges of the authority are annually appropriated to the (AUTHORITY) *commissioner* to accomplish its purposes and shall be expended, administered, and accounted for in accordance with the applicable provisions of all bond and note resolutions, indentures, and other instruments, contracts, and agreements of the authority.

Sec. 82. Minnesota Statutes 1985 Supplement, section 173.085, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY TO ERECT.] (a) A lesser populated statutory or home rule charter city of Minnesota that has received instruction and expertise from (THE DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT) *a state agency* on attracting and retaining businesses for the city and subsequently has been designated (AND ANNUALLY RE-CERTIFIED) as a star city for economic development (BY THAT DEPARTMENT) may erect star city signs upon payment of a fee required under section 173.13, subdivision 4, to the department of transportation. One sign may be erected at each approach to the city within the right-of-way of an interstate or other highway that passes inside the city limits.

(b) Notwithstanding the provisions of paragraph (a), a lesser populated statutory or home rule charter city that has an

official sign in an adjacent area of an approach of an interstate highway passing through or near the city as of August 1, 1985 may replace that sign with a star city sign upon payment of a fee required under section 173.13, subdivision 4, to the department of transportation.

Sec. 83. [216A.086] [EMERGENCY ENERGY ALLOCATION.]

The director of public service shall prepare and adopt an emergency allocation plan specifying actions to be taken in the event of an impending serious shortage of energy or a threat to the public health, safety, or welfare.

Sec. 84. Minnesota Statutes 1984, section 273.1312, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section:

(1) "Commissioner" means the commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *revenue*.

(2) "Enterprise zone" means an area in the state designated as such by the commissioner upon proper application by the governing body of the area in which it is located.

(3) "Governing body" means the county board of a county except with respect to an area in a city, whose governing body is the city council or other body designated by its charter, or an area constituting part or all of an Indian reservation, whose governing body is that tribal or federal agency recognized as such by the United States secretary of the interior.

(4) "HUD" means the United States secretary of housing and urban development or his delegate or successor.

(5) "Indian reservation" means an area determined to be such by the United States secretary of the interior.

(6) "SMSA" means a standard metropolitan statistical area as defined in section 103A(1)(4)(B) of the Internal Revenue Code of 1954, as amended through December 31, 1981.

Sec. 85. Minnesota Statutes 1984, section 273.1314, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given.

(a) "City" means a statutory or home rule charter city.

(b) "Commissioner" means the commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *revenue*.

(c) "Legislative advisory commission" means the legislative advisory commission established under section 3.30.

(d) "Municipality" means a city or a county for an area located outside the boundaries of a city. If an area lies in two or more cities or in both incorporated and unincorporated areas, municipality shall include an entity formed pursuant to section 471.59 by the governing bodies of the cities with jurisdiction over the incorporated area and the counties with jurisdiction over the unincorporated area.

Sec. 86. Minnesota Statutes 1985 Supplement, section 273.-1314, subdivision 9, is amended to read:

Subd. 9. [AUTHORIZED FORMS OF STATE TAX REDUCTIONS.] (a) The following types of tax reductions may be approved by the commissioner for businesses located in an enterprise zone:

(1) an exemption from the general sales tax imposed by chapter 297A for purchases of construction materials or equipment for use in the zone if the purchase was made after the date of application for the zone;

(2) a credit against the income tax of an employer for additional workers employed in the zone, other than workers employed in construction, up to a maximum of \$3,000 per employee per year;

(3) an income tax credit for a percentage of the cost of debt financing to construct new or expanded facilities in the zone;

(4) a state paid property tax credit for a portion of the property taxes paid by a new commercial or industrial facility or the additional property taxes paid by an expansion of an existing commercial or industrial facility in the zone; and

(5) a complete abatement of all corporate income and excise taxes under chapter 290, property taxes, and sales and use taxes under chapter 297A on the purchase of construction materials or equipment for use in the zone if the zone is designated pursuant to section 273.1312, subdivision (4), paragraph (c), clause (4). Local taxing authorities with an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (4), will be reimbursed by the state for foregone property taxes only to the extent that the local taxing authority can demonstrate the development within that zone has imposed an additional net financial burden on its budget. The additional net financial burden shall be determined by subtracting the increase in the total

equalized assessed property value of the local taxing authority that is in excess of a statewide average increase in equalized assessed property values as determined by the commissioner (OF REVENUE), multiplied by the mill rate of the local taxing authority for taxes payable in the current year, from the additional direct costs the development has placed on the local taxing authority's budget for the current year. The commissioner (OF ENERGY AND ECONOMIC DEVELOPMENT, IN CONSULTATION WITH THE COMMISSIONER OF REVENUE,) shall review that local taxing authority's demonstration of additional financial burden and determine the amount which the state will reimburse the local taxing authority for foregone property tax revenue.

(b) The municipality shall specify in its application for designation the types of tax reductions it seeks to be made available in the zone and the percentage rates and other appropriate limitations on the reductions.

(c) Upon designation of an enterprise zone and approval by the commissioner of the tax reductions to be made available therein, the commissioner (OF REVENUE) shall take the steps necessary to implement the tax reductions.

(d) The tax reductions provided by this subdivision shall not apply to any facility described in section 103(b)(6)(O) of the Internal Revenue Code of 1954, as amended through January 15, 1983, or to any regulated public utility.

(e) The commissioner shall approve tax reductions authorized by paragraph (a) within an enterprise zone designated pursuant to section 273.1312, subdivision 4, paragraph (c), clause (3), only after the governing body of a city designated as an enterprise zone has designated an area or areas, each consisting of at least 100 acres, of the city not in excess of 400 acres in which the tax reductions may be provided.

(f) In addition to the tax reductions authorized by paragraph (a), for an enterprise zone designated under section 273.1312, subdivision 4, paragraph (c), clause (3), the following types of tax reductions may be approved:

(1) A credit against income tax for workers employed in the zone and not qualifying for a credit under paragraph (a), clause (2), subject to a maximum of \$1,500 per employee per year;

(2) A state paid property tax credit for a portion of the property taxes paid by a commercial or industrial facility located in the zone. Notwithstanding paragraph (d), the credits provided by this paragraph may be provided to the businesses described in section 103 (b) (6) (O) (i) of the Internal Revenue Code of 1954, as amended through December 31, 1983.

(g) Each tax reduction provided to a business pursuant to this subdivision shall terminate not longer than five years after the effective date of the tax reduction for the business. Subject to the five-year limitation, the tax reductions may be provided after expiration of the zone's designation.

(h) The income tax credits provided pursuant to clauses (a) and (f) may be refundable.

Sec. 87. Minnesota Statutes 1984, section 273.1314, subdivision 16, is amended to read:

Subd. 16. [INFORMATION SHARING.] Notwithstanding the provisions of sections 290.61 and 297A.43, the commissioner (OF REVENUE) may share information with (THE COMMISSIONER OR WITH) a municipality receiving an enterprise zone designation, insofar as necessary to administer the funding limitations provided by subdivision 8.

Sec. 88. Minnesota Statutes 1985 Supplement, section 273.74, subdivision 2, is amended to read:

Subd. 2. [CONSULTATIONS; COMMENT AND FILING.] Before formation of a tax increment financing district, the authority shall provide an opportunity to the members of the county boards of commissioners of any county in which any portion of the proposed district is located and the members of the school board of any school district in which any portion of the proposed district is located to meet with the authority. The authority shall present to the members of the county boards of commissioners and the school boards its estimate of the fiscal and economic implications of the proposed tax increment financing district. The members of the county boards of commissioners and the school boards may present their comments at the public hearing on the tax increment financing plan required by subdivision 3. The county auditor shall not certify the original assessed value of a district pursuant to section 273.76, subdivision 1, until the county board of commissioners has presented its written comment on the proposal to the authority, or 30 days has passed from the date of the transmittal by the authority to the board of the information regarding the fiscal and economic implications, whichever occurs first. Upon adoption of the tax increment financing plan, the authority shall file a copy of the plan with the commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *revenue*. The authority must also file with the commissioner a copy of the development plan for the project area.

Sec. 89. Minnesota Statutes 1984, section 273.74, subdivision 5, is amended to read:

Subd. 5. [ANNUAL DISCLOSURE.] For all tax increment financing districts, whether created prior or subsequent to August 1, 1979, on or before July 1 of each year, the authority shall

submit to the county board, the school board, the commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *revenue* and, if the authority is other than the municipality, the governing body of the municipality a report of the status of the district. The report shall include the following information: the amount and the source of revenue in the account, the amount and purpose of expenditures from the account, the amount of any pledge of revenues, including principal and interest on any outstanding bonded indebtedness, the original assessed value of the district, the captured assessed value retained by the authority, the captured assessed value shared with other taxing districts, the tax increment received and any additional information necessary to demonstrate compliance with any applicable tax increment financing plan. An annual statement showing the tax increment received and expended in that year, the original assessed value, captured assessed value, amount of outstanding bonded indebtedness and any additional information the authority deems necessary shall be published in a newspaper of general circulation in the municipality.

Sec. 90. Minnesota Statutes 1984, section 290.069, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] (a) "Small business assistance office" means a nonprofit corporation which is formed under chapter 317, is an exempt organization under section 501(c)(3) of the Internal Revenue Code, and satisfies the following conditions:

(1) The primary purpose of the corporation is to aid in the formation of new businesses which create jobs in the state by training or providing other direct assistance to entrepreneurs, managers, inventors, and other individuals in the development, financing, and operation of qualified small businesses.

(2) The corporation provides audited financial statements to all contributors and the commissioner of energy and economic development within 90 days following the close of the corporation's fiscal year.

(3) The corporation employs, at least, two full-time professional employees or the equivalent. This clause is satisfied if the corporation employs one full-time professional employee and shares a professional employee with another organization engaged in related activities, including but not limited to providing development financing or other services to businesses.

(4) The corporation is not engaged in providing financing or primarily engaged in arranging financing for businesses.

(5) The commissioner of energy and economic development certifies that the corporation satisfies the requirements of this paragraph for the calendar year.

(b) "Technology" means a proprietary process, formula, pattern, device, or compilation of scientific or technical information unless it

- (1) is in the public domain; or
- (2) cannot be accurately valued.

(c) "Controlled group of corporations" means the controlled group of corporations as defined in section 1563 of the Internal Revenue Code, and if the corporation is part of a unitary business, includes the corporations or entities constituting the unitary business which are not in the controlled group of corporations as defined in section 1563.

(d) An "innovation center public corporation" is a nonprofit public corporation located at a state university in Minnesota that has the purpose of assisting, encouraging, developing, and advancing the high technology small business prosperity and economic welfare of the state.

(e) The "Internal Revenue Code" means the Internal Revenue Code of 1954, as amended through December 31, 1983.

(f) "Qualified small business" means an entity, whether organized as a corporation, partnership, or proprietorship, organized for profit that satisfies the following conditions.

(1) The entity had 20 or fewer employees and had less than \$1,000,000 in gross annual receipts in each of its three previous taxable years. The number of employees for purposes of this clause and clause (2) shall be determined on an annualized full-time equivalent basis.

(2) The entity is not a subsidiary or an affiliate of an entity which employs more than 20 employees or which had total gross receipts for the previous year of more than \$1,000,000, computed by aggregating all of the employees and gross receipts of the business entities affiliated with the business.

(3) The entity has its commercial domicile in this state.

(4) The entity did not derive more than 20 percent of its gross receipts from royalties, rents, dividends, interest, annuities, and sales or exchanges of stock or securities in one or more of the three previous taxable years. Gross receipts from the sale of stock or securities shall be taken into account only to the extent of gains realized. If the business was not in operation for an entire year at the time of application for certification, this clause is not satisfied if the entity engages in or intends to engage in a trade or business producing or is likely to

derive more than 20 percent of its gross receipts from rents, royalties, dividends, interest, annuities, and sales or exchanges of stock or securities. This clause does not apply to the first taxable year of the entity if the total amount of passive income for the year is less than \$3,000 or to a sole proprietor.

(5) The entity is not engaged in a trade or business, the primary purpose of which is described in section 103(b)(6)(O) of the Internal Revenue Code of 1954, as amended through December 31, 1983.

(6) The commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *revenue* certifies that the entity satisfies the requirements of clauses (1) to (5). An income tax return filed with the commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *revenue* in order to obtain a certification is nonpublic data or private data on individuals, whichever is applicable, as defined in section 13.02.

A qualified small business does not include an entity engaged primarily in providing licensed professional services.

Sec. 91. Minnesota Statutes 1985 Supplement, section 297A.-257, subdivision 1, is amended to read:

Subdivision 1. [DESIGNATION OF DISTRESSED COUNTIES.] (a) The commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *revenue* shall annually on June 1 designate those counties which are distressed. A county is distressed if it satisfies either of the following two criteria:

(1) The county has an average unemployment rate of ten percent or more for the one-year period ending on April 30 of the year in which the designation is made; or

(2) the unemployment rate for the entire county was greater than 110 percent of the state average for the 12-month period ending the previous April 30, and 20 percent or more of the county's economy, as determined by the commissioner of economic security, is dependent upon agriculture.

If, as a result of a plant closing, layoffs or another similar event affecting a significant number of employees in the county, the commissioner has reason to believe that the average unemployment in the county will exceed ten percent during the one-year period beginning April 30, the commissioner may designate the county as distressed, notwithstanding clause (1).

(b) The commissioner shall designate a portion of a county containing a city of the first class located outside of the metropolitan area as a distressed county if:

(1) that portion of the county has an unemployment rate of ten percent or more for the one-year period ending on April 30 of the year in which the designation is made; and

(2) that portion of the county has a population of at least 50,000 as determined by the 1980 federal census.

(c) A county or the portion of a county designated pursuant to this subdivision shall be considered a distressed county for purposes of this section and chapter 116M.

(d) Except as otherwise specifically provided, the determination of whether a county is distressed must be made using the most current data available from the state demographer. The designation of a distressed county is effective for the 12-month period beginning July 1. A county may be designated as distressed as often as it qualifies.

(e) The authority to designate counties as distressed expires on June 30, 1989.

Sec. 92. Minnesota Statutes 1985 Supplement, section 297A.-257, subdivision 3, is amended to read:

Subd. 3. [RULEMAKING AUTHORITY.] In order to carry out the purposes of this section, the commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *revenue* may adopt administrative rules under chapter 14. The commissioner may adopt emergency rules effective through December 31, 1986.

Sec. 93. Minnesota Statutes 1984, section 301A.07, subdivision 1, is amended to read:

Subdivision 1. All the corporate powers of the corporation shall be exercised by a board of not less than nine elected directors who shall be residents of Minnesota. One-third of the directors shall be elected from persons who are actively engaged in the vacation travel industry in the region of incorporation. The remaining number of directors shall be elected from persons representative of and involved in any of the lending institutions which are nonstockholder members of the corporation. The (COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT) *director of the office of tourism* or his designated representative and the director or chairman of the regional development or planning agency as designated in the bylaws, or his designated representative, shall be ex officio directors, with all the authority but without the liability as directors, except for gross negligence or willful misconduct. The number of directors and their terms of office shall be determined by the bylaws. If a vacancy occurs in the board of directors through death, resignation, or otherwise, the remaining directors may elect a person to fill the vacancy until the next annual meeting of the corporation.

Sec. 94. Minnesota Statutes 1984, section 325F.19, subdivision 3, is amended to read:

Subd. 3. "Commissioner" means the commissioner of (ENERGY AND ECONOMIC DEVELOPMENT) *commerce*.

Sec. 95. Minnesota Statutes 1984, section 325F.24, subdivision 3, is amended to read:

Subd. 3. The provisions of (SECTION 325F.22) *sections 325F.20 to 325F.23* may be enforced by the attorney general pursuant to section 8.31. The attorney general may recover costs and disbursements, including costs of investigation and reasonable attorney's fees. In addition to the remedies otherwise provided by law, any person injured by a violation of sections 325F.20, 325F.22, or 325F.23 may bring a civil action and recover damages together with costs of investigation and reasonable attorney's fees, and receive other equitable relief as determined by the court. The court may as appropriate enter a consent judgment or decree without the finding of illegality.

Sec. 96. Minnesota Statutes 1984, section 362A.06, is amended to read:

362A.06 [APPROVAL BY COMMISSIONER OF (ENERGY AND ECONOMIC DEVELOPMENT) *FINANCE*.]

(ANY AUTHORITY CONTEMPLATING THE EXERCISE OF THE POWERS GRANTED BY SECTIONS 362A.01 TO 362A.08 MAY APPLY TO THE COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT FOR INFORMATION, ADVICE, AND ASSISTANCE.) No authority shall undertake any project herein authorized until the commissioner of *finance* has approved the project, on the basis of preliminary information he may require, as tending to further the purposes and policies of sections 362A.01 to 362A.08. The commissioner is authorized to handle the preliminary information in a confidential manner, to the extent requested by the authority. Approval shall not be deemed to be an approval by the commissioner or the state of the feasibility of the project or the terms of the lease to be executed or the bonds to be issued therefor, and the commissioner shall so state in communicating the approval.

Sec. 97. Minnesota Statutes 1984, section 462.384, subdivision 7, is amended to read:

Subd. 7. "Commissioner" means the (COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT) *director of the state planning agency* exercising the authority conferred upon him by sections 116K.01 to 116K.07.

Sec. 98. Minnesota Statutes 1984, section 462A.04, subdivision 1, is amended to read:

Subdivision 1. There is created a public body corporate and politic to be known as the "Minnesota Housing Finance Agency," which shall perform the governmental functions and exercise the sovereign powers delegated to it in this chapter in furtherance of the public policies and purposes declared in section 462A.02. The agency shall consist of the (COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT,) state auditor, and (FIVE) *six* public members appointed by the governor with advice and consent of the senate. No more than two public members shall reside in the area of jurisdiction of the metropolitan council as provided in section 473.123, subdivision 1, and no more than one public member shall reside in any one of the development regions established under the provisions of sections 462.381 to 462.396. Each member shall hold office until his successor has been appointed and has qualified. A certificate of appointment or reappointment of any member shall be conclusive evidence of the due and proper appointment of the member.

Sec. 99. Minnesota Statutes 1984, section 462A.04, subdivision 4, is amended to read:

Subd. 4. The chairman of the board of directors shall be designated by the governor from among the public members appointed. (THE VICE CHAIRMAN OF THE BOARD SHALL BE THE COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT.)

Sec. 100. Minnesota Statutes 1984, section 462A.05, subdivision 15b, is amended to read:

Subd. 15b. It may make grants to assist in energy conservation rehabilitation measures for existing owner occupied housing including, but not limited to: insulation, storm windows and doors, furnace or space heater repair, cleaning or replacement, chimney construction or improvement, weatherstripping and caulking, and structural or other directly related repairs essential for energy conservation. The grant to any household shall not exceed \$2,000.

To be eligible for an emergency energy conservation grant, a household must be certified as eligible to receive emergency residential heating assistance under either the federal or the state program, and either (1) have had a heating cost for the preceding heating season that exceeded 120 percent of the regional average for the preceding heating season for that energy source as determined by the (COMMISSIONER OF ENERGY AND ECONOMIC DEVELOPMENT) *executive director of the agency*, or (2) be eligible to receive a federal energy conservation grant, but be precluded from receiving the grant because of a need for directly related repairs that cannot be paid for under the federal program. The housing finance agency shall make a reasonable effort to determine whether other state or federal loan and grant programs are available and adequate to finance

the intended improvements. An emergency energy conservation grant may be made in conjunction with grants or loans from other state or federal programs that finance other needed rehabilitation work. The receipt of a grant pursuant to this section shall not affect the applicant's eligibility for other housing finance agency loan or grant programs.

Sec. 101. Minnesota Statutes 1984, section 462A.05, subdivision 21, is amended to read:

Subd. 21. The agency may make or purchase loans to owners of rental property that is occupied or intended for occupancy primarily by low and moderate income tenants and which does not comply with the standards established in *Minnesota Statutes 1984*, section 116J.27, subdivision 3, for the purpose of energy improvements necessary to bring the property into compliance with these standards. For property which meets the other requirements of this subdivision and, in addition, is at least 15 years old, a loan may also be used for moderate rehabilitation of the property. The authority granted in this subdivision is in addition to and not in limitation of any other authority granted to the agency in this chapter. The limitations on eligible mortgagors contained in section 462A.03, subdivision 13, do not apply to loans under this subdivision.

Sec. 102. Minnesota Statutes 1984, section 462A.05, subdivision 23, is amended to read:

Subd. 23. The agency may participate in loans or establish a fund to insure loans, or portions of loans, that are made by any banking institution, savings and loan association, or other lender approved by the agency, organized under the laws of this or any other state or of the United States having an office in this state, to owners of renter occupied homes or apartments that do not comply with standards set forth in *Minnesota Statutes 1984*, section 116J.27, subdivision 3, without limitations relating to the maximum incomes of the owners or tenants. The proceeds of the insured portion of the loan must be used to pay the costs of improvements, including all related structural and other improvements, that will reduce energy consumption.

Sec. 103. Minnesota Statutes 1984, section 465.74, subdivision 1, is amended to read:

Subdivision 1. [CITIES OF THE FIRST CLASS.] Any city operating or authorized to operate a public utility pursuant to chapter 452 or its charter is authorized to acquire, construct, own, and operate a municipal district heating system pursuant to the provisions of that chapter or its charter. Acquisition or construction of a municipal district heating system shall not be subject to the election requirement of sections 452.11 and 452.12, or city charter provision, but must be approved by a three-fifths

vote of the city's council or other governing body. (LOANS OBTAINED BY A MUNICIPALITY PURSUANT TO SECTION 116J.36 ARE NOT SUBJECT TO THE LIMITATIONS ON THE AMOUNT OF MONEY WHICH MAY BE BORROWED UPON A PLEDGE OF THE CITY'S FULL FAITH AND CREDIT OR THE ELECTION REQUIREMENTS FOR GENERAL OBLIGATION BORROWING, CONTAINED IN SECTION 452.08.)

Sec. 104. Minnesota Statutes 1984, section 465.74, subdivision 4, is amended to read:

Subd. 4. [NET DEBT LIMITS.] The loan obligations or debt incurred by a political subdivision pursuant to section (116J.36 OR) 475.525 shall not be considered as a part of its indebtedness under the provisions of its governing charter or of any law of this state fixing a limit of indebtedness.

Sec. 105. Minnesota Statutes 1984, section 465.74, subdivision 6, is amended to read:

Subd. 6. [DEFINITION.] For the purposes of this section, and chapters 474 and 475, "district heating system" means any existing or proposed facility for (1) the production, through cogeneration or otherwise, of hot water or steam to be used for district heating, or (2) the transmission and distribution of hot water or steam for district heating either directly to heating consumers or to another facility or facilities for transmission and distribution, or (3) any part or combination of the foregoing facilities.

(IN KEEPING WITH THE PUBLIC PURPOSE OF SECTION 116J.36, SUBDIVISION 1, TO ENCOURAGE STATE AND LOCAL LEADERSHIP AND AID IN PROVIDING AVAILABLE AND ECONOMICAL DISTRICT HEATING SERVICE,) The definition of "district heating system" under this section should be broadly construed to allow municipal government sufficient flexibility and authority to evaluate and undertake such policies and projects as will most efficiently and economically encourage local expansion of district heating service.

Sec. 106. Minnesota Statutes 1985 Supplement, section 472.03, subdivision 9, is amended to read:

Subd. 9. "Minnesota account" means the account appropriated to the (ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY) *state planning agency* by section 472.13, to assist a local agency in financing or planning a redevelopment project.

Sec. 107. Minnesota Statutes 1985 Supplement, section 472.03, is amended by adding a subdivision to read:

Subd. 2a. "State agency" means the state planning agency.

Sec. 108. Minnesota Statutes 1985 Supplement, section 472.-11, subdivision 3, is amended to read:

Subd. 3. Money loaned by the (ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY) *state agency* to the local agency shall be withdrawn from the Minnesota account established by section 472.13, and paid over to the local agency in such manner as shall be provided and prescribed by the rules and regulations of the (ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY) *state agency*.

Sec. 109. Minnesota Statutes 1985 Supplement, section 472.-11, subdivision 9, is amended to read:

Subd. 9. The (ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY) *state planning agency* is empowered to provide technical assistance loans from the Minnesota account for the development and planning of redevelopment projects. The technical assistance loans may be provided through the payment of money to: (a) other state agencies or departments; (b) the employment of private individuals; (c) the employment of public, private, or nonprofit firms; (d) state, area, district, or local organizations; or (e) other nonprofit institutions. Money awarded pursuant to clauses (b) and (c) shall be in the form of loans and shall be repaid unless the project is deemed unfeasible by the (ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY) *state planning agency*. The (ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY) *state planning agency* shall require the repayment of some or all technical assistance money and shall prescribe the terms and conditions of the repayment. The amount of technical assistance loans is limited to an aggregate of ten percent of the money available in the Minnesota account. The technical assistance loans shall not be included when computing the 20 percent limitation provided in section 472.125. The (ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY) *state planning agency* may loan technical assistance money in cooperation with the technical assistance grant programs of any agency of the federal government. The (ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY) *state planning agency* may prescribe rules to carry out the purposes of this subdivision.

Sec. 110. Minnesota Statutes 1985 Supplement, section 472.13, is amended to read:

472.13 [MINNESOTA ACCOUNT.]

Subdivision 1. [ACCOUNT CREATED.] In the economic development fund created in section 116M.06, subdivision 4, there is created a Minnesota account, to be drawn upon and used by

the (AUTHORITY) *state planning agency* in the manner and for the purposes provided for in sections 472.01 to 472.16.

Subd. 2. [LOANS.] The (AUTHORITY) *state planning agency* shall have the power, from time to time, to draw upon the Minnesota account the amounts the (AUTHORITY) *agency* determines for loans to local or area redevelopment agencies for the financing and planning of redevelopment projects. When the amounts so allocated by the (AUTHORITY) *agency* as loans to local or area redevelopment agencies are repaid to the (AUTHORITY) *agency* pursuant to the terms of its agreements with the local agency, the (AUTHORITY) *agency* shall pay the amounts into the Minnesota account, it being the purpose and intent of this section that the account shall operate as a revolving account whereby all appropriations and payments made to it may be applied and reapplied to the purposes of sections 472.01 to 472.16 and shall not revert to the general fund of the state.

Subd. 3. [EXCESS MONEY.] If the (AUTHORITY) *state planning agency* determines that money held for the credit of the Minnesota account is in excess of the amounts needed by the (AUTHORITY) *agency* to carry out the purposes of sections 472.01 to 472.16, the (AUTHORITY) *agency* may by resolution release the excess from the account and transfer it to the general fund of the state treasury.

Subd. 4. [MATCHING MONEY.] The (AUTHORITY) *agency* may utilize any money in the Minnesota account for the purpose of matching federal money available under the Public Works and Economic Development Act of 1965.

Sec. 111. [REVISOR'S INSTRUCTION.]

In the next and subsequent editions of Minnesota Statutes, the revisor shall substitute the title "secretary of state" for "commissioner of energy and economic development" in every place where the latter title appears in sections 462.411 to 462.601. The revisor shall substitute the title "state auditor" for "commissioner of energy and economic development" in every place where the latter title appears in sections 462.605 to 462.716.

In the next and subsequent editions of Minnesota Statutes, the revisor shall substitute the title "commissioner of finance" for "energy and economic development authority," for "commissioner of energy and economic development," and for "department of energy and economic development" in every place where the latter titles appear in sections 474.01 and 474.16 to 474.26.

The revisor shall renumber statutory sections that are amended by sections 1 to 110 to transfer functions, so that the amended sections are codified in the chapter where the duties are transferred.

Sec. 112. [TRANSITION.]

Section 15.039 applies to transfer of functions mandated by sections 1 to 110, to the extent that transfer of personnel and funds is not specifically provided for in sections 1 to 110.

The commissioner of employee relations shall assist in the placement of incumbents of abolished positions in suitable classifications in state employment where vacancies exist during the biennium ending June 30, 1987.

Sec. 113. [REPEALER.]

Minnesota Statutes 1984, sections 16B.21, subdivision 2; 41A.02, subdivisions 2, 3, 9, and 10; 41A.03, subdivision 2; 41A.04, subdivision 2; 41A.07; 86A.09, subdivisions 1, 2, 3, and 4; 86A.10; 115A.07, subdivision 1; 115A.08, subdivisions 1, 2, and 3; 115A.162; 115A.90, subdivision 4; 116J.01, subdivisions 1 and 2; 116J.03; 116J.035, as amended by Laws 1985, First Special Session chapter 14, article 9, section 4; 116J.04; 116J.05; 116J.06, subdivisions 4, 5, 6, 7, 8, 10, 11, 12, and 13; 116J.07; 116J.08; 116J.09; 116J.10; 116J.11; 116J.12; 116J.13; 116J.14; 116J.15; 116J.17; 116J.18; 116J.19, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, and 14; 116J.20; 116J.21; 116J.22; 116J.23; 116J.24; 116J.26; 116J.261; 116J.262; 116J.27; 116J.30, subdivision 5; 116J.31; 116J.315; 116J.32; 116J.33; 116J.34; 116J.35; 116J.36, subdivisions 1, 2, 3, 3a, 3b, 3c, 4, 4a, 5, 7, 8, 8a, 9, and 11; 116J.37, subdivisions 2, 3, 4, 5, and 7; 116J.373; 116J.38; 116J.381; 116J.58, subdivision 1; 116J.59; 116J.61; 116J.873, subdivisions 1, 2, and 3; 116M.01; 116M.02; 116M.03, subdivisions 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, and 26; 116M.04, subdivisions 1, 1a, 2, 3, 4, 5, 7, 8, 10, and 11; 116M.05, subdivision 6; 116M.06, subdivisions 1, 6, 11, 12, and 13; 116M.07, subdivisions 1, 3, 5, 6, 7, and 10; 116M.08, subdivisions 13, 16, and 18; 116M.09; 116M.10, as amended by Laws 1985, First Special Session chapter 13, section 266; 116M.12, subdivisions 1, 2, and 5; 116M.13, subdivisions 1, 2, and 3; 144A.071, subdivision 5; 161.1419, as amended by Laws 1985, chapter 285, section 9; 174.03, subdivision 7; 216B.165, subdivision 2; 301A.01, subdivision 1; 402.045; 402.062, subdivision 1; 402.095; 451.09, subdivision 2; 462.375; 462.421, subdivision 21; 462.445, subdivision 8; 462.595; 462A.072; and 472.03, subdivision 2; Minnesota Statutes 1985 Supplement, sections 3.875; 13.76; 41A.01; 41A.02, subdivision 7; 41A.03, subdivisions 1 and 3; 41A.04, subdivisions 1 and 3; 41A.08; 116J.19, subdivision 13; 116J.36, subdivision 6; 116J.37, subdivision 1; 116J.94; 116M.03, subdivision 27; 116M.04, subdivisions 6 and 9; 116M.05, subdivision 8; 116M.06, subdivisions 3 and 5; 116M.07, subdivisions 2, 4, 7a, 7b, 7c, 8, 9, 11, and 13; 116M.08, subdivisions 11 and 12; 116M.105; 116M.11, subdivisions 2, 3, and 4; 268.66, subdivision 2; and 474.17, subdivision 3, are repealed.

Sec. 114. [EFFECTIVE DATE.]

Sections 1 to 113 are effective May 1, 1986.

ARTICLE 7

HUMAN SERVICES; CORRECTIONS; HEALTH;
JOBS AND TRAINING; BOARDS AND COMMISSIONS

Section 1. [CHANGES IN APPROPRIATIONS, COMPLEMENTS.]

The sums in the columns marked "CHANGES" are changes in appropriations from the general fund, or any other fund named, to the agencies for the fiscal years indicated. The figures "1986," and "1987," in this article, mean that the changes listed under them are from the appropriations for the year ending June 30, 1986, or June 30, 1987, respectively. Reductions are in parentheses; other changes or unchanged numbers are not. Complement changes, if any, are also specified. The reductions are from the appropriations made in Laws 1985, First Special Session chapter 9.

SUMMARY OF CHANGES BY FUND

	1986	1987	TOTAL
General	(\$20,735,200)	(\$81,589,100)	(\$102,324,300)
Special	\$ 23,000	\$ 77,000	\$ 100,000
Total	(\$20,712,200)	(\$81,512,100)	(\$102,224,300)

CHANGES
for the Year
Ending June 30,

	1986	1987
	\$	\$

Sec. 2. COMMISSIONER OF
HUMAN SERVICES

Subdivision 1. Medical Assistance	(2,172,500)	(24,109,900)
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The following amounts are reduced from the general fund for the biennium ending June 30, 1987, and are

	1986	1987
	\$	\$

reduced from the amounts in Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 5, paragraph (b).

(a) For services rendered on or after May 1, 1986, payments to vendors of medical care under medical assistance shall be reduced by 15 percent.

(b) The maximum pharmacy dispensing fee under medical assistance shall be \$3.90 for services rendered on or after May 1, 1986.

(c) \$312,500 the first year and \$750,000 the second year for basing payments for prescription drugs upon generic prices, as authorized under Minnesota Statutes 1984, section 151.21.

(d) \$1,000,000 in the second year for requiring recipients of public assistance with health maintenance organization or other third-party coverage to use that coverage for medical services prior to making a claim under medical assistance.

(e) \$160,000 the first year and \$370,000 the second year for savings attributable to implementing the medical assistance waiver for chronically ill children.

(f) \$1,000,000 the first year and \$3,000,000 the second year for collecting money from nursing home escrow accounts.

(g) \$5,000,000 in the second year for eliminating the medical assistance federal benefit disregard for persons receiving retired, survivor's, and disability insurance benefits, veterans administration benefits, and railroad retirement benefits.

	1986	1987
	\$	\$

(h) \$75,000 in the second year for eliminating two positions to staff the prepayment initiatives under medical assistance.

(i) \$700,000 in the first year and \$800,000 in the second year for increased collections from third party payers and individuals for the cost of care of state hospital and state nursing home residents.

For the biennium ending June 30, 1987, the commissioner of human services shall increase recoveries of overpayments by \$300,000 through more aggressive surveillance and utilization review of providers rendering medical services to public assistance recipients.

For the biennium ending June 30, 1987, the commissioner of human services shall increase recoveries by \$2,300,000 through settling outstanding nursing home rate appeals.

Subd. 2. General Assistance		
Medical Care	0	(4,968,900)

The following amounts are reduced from the general fund for the biennium ending June 30, 1987, and are reduced from the amounts in Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 5, paragraph (b).

(a) For services rendered on or after May 1, 1986, payments to vendors of medical care under general assistance medical care shall be reduced by 28 percent.

(b) The maximum pharmacy dispensing fee under general assistance medical care shall be \$3.90 for services rendered on or after May 1, 1986.

Subd. 3. All other		
human services	(7,065,100)	(60,175,700)

	1986	1987
	\$	\$

The following amounts are reduced from the general fund for the bien-nium ending June 30, 1987, and are reduced from the amounts in Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 1.

(a) \$1,100,000 in the first year and \$1,100,000 in the second year for central office administration costs.

(b) \$1,423,000 in each year for the purpose of suspending equaliza-tion aid payments to the counties un-der Minnesota Statutes, section 245.74.

(c) \$774,300 in the first year and \$6,022,800 in the second year for com-munity social services subsidies.

(d) \$500,000 each year in reduced administrative aids to the counties.

(e) \$920,700 in the second year in reduced social service and mental health grants. The reduction shall be equally distributed among all social service and mental health grants.

(f) \$250,000 in the first year and \$350,000 in the second year for imple-menting a sliding fee schedule for clients who are not eligible for med-ical assistance, but who are receiving alternative care grants.

(g) \$2,048,800 in the first year and \$2,143,400 in the second year for deferring the filling of new positions for staff working with mentally ill persons in fiscal year 1986 and phas-ing in the positions in fiscal year 1987.

(h) \$969,000 in the first year and \$836,000 in the second year for elimi-nation of the central office space con-solidation funds.

	1986	1987
	\$	\$

(i) \$150,000 in the second year for a reduction in the licensing complement by five positions.

(j) \$3,300,000 in the second year for delaying the general assistance family subsidy increase in Minnesota Statutes 1985 Supplement, section 256D.01, subdivision 1a, paragraph (a) until July 1, 1987.

(k) \$58,900 in the second year for the central office chemical dependency administration costs.

(l) \$41,000 in the second year for elimination of the American Indian chemical dependency grant inflation.

(m) \$215,000 in the second year for the funding of the Mash-Ka-Wisen treatment facility.

(n) \$263,000 in the second year for the Lakeside Center at Ah-Gwah-Ching nursing home.

(o) \$185,400 in the second year for abolishing three assistant commissioner positions.

The commissioner of human services shall increase the federal cost share by \$200,000 in the second year for the Title IVE child welfare project.

When the health, safety or welfare of a mentally ill individual would be in jeopardy, and where appropriate rehabilitation and support services are not available in the community, the individual may continue to reside in the state hospital until such time when appropriate services become available.

Subd. 4. Increases	0	10,896,800
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	1986	1987
	\$	\$

The following amounts are appropriated from the general fund for the biennium ending June 30, 1987, and are added to the amounts in Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 1.

(a) \$776,800 the second year for the state share of assistance payments and food stamps information system development. Federal money received during the biennium for this system is appropriated to the commissioner for purposes of system development and implementation.

(b) \$750,000 the second year for purposes of paying federal sanctions, in accordance with Minnesota Statutes 1985 Supplement, section 256.01, subdivision 2, paragraph (14), for quality control errors made in the food stamp program that exceed the federal tolerance level.

(c) \$3,500,000 the second year for work readiness administration and employment services.

(d) \$5,000,000 in the second year for the purpose of funding the catastrophic health expense protection plan in sections 13 to 17.

(e) \$500,000 in the second year for the purpose of funding the start-up costs of the state operated community-based services pilot projects in Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 6, paragraph (a), clause (1).

(f) \$20,000 in the second year for the purpose of the medical assistance study required in section 45.

Sec. 3. COMMISSIONER OF
JOBS AND TRAINING (7,423,000) (2,827,000)

	1986	1987
	\$	\$

Of this amount, \$7,000,000 in fiscal year 1986 is reduced from the jobs program appropriation made in Laws 1985, First Special Session chapter 9, article 1, section 3, subdivision 2.

Of this amount, \$150,000 in fiscal year 1987 is reduced from the job training for opportunity industrialization centers appropriation made in Laws 1985, First Special Session chapter 9, article 1, section 3, subdivision 3.

Of this amount, \$300,000 in fiscal year 1987 is reduced from the economic opportunity appropriation made in Laws 1985, First Special Session chapter 9, article 1, section 3, subdivision 5.

Of this amount, \$1,200,000 in fiscal year 1987 is reduced from the youth employment program appropriation made in Laws 1985, First Special Session chapter 9, article 1, section 3, subdivision 3.

Of this amount, \$600,000 in fiscal year 1987 is reduced from the general assistance job placement appropriation made in Laws 1985, First Special Session chapter 9, article 1, section 3, subdivision 3.

**Sec. 4. OFFICE OF FULL
PRODUCTIVITY AND
OPPORTUNITY**

(1,500,000)	0
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**Sec. 5. HAZARDOUS WASTE
VICTIMS COMPENSATION
BOARD**

(81,600)	(81,900)
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Of the amount reduced from the second year, \$30,000 is transferred to the commissioner of health who shall transfer the same amount to the legislative commission on waste management for expenditure in the biennium

	1986	1987
	\$	\$

ending June 30, 1987. The commission may increase its complement by one position.

Sec. 6. MINNESOTA JOB SKILLS PARTNERSHIP BOARD	(600,000)	0
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Sec. 7. COMMISSIONER OF CORRECTIONS	(1,827,900)	(1,259,800)
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The corrections commissioner shall transfer \$874,300 of dedicated revenue to the general fund for purposes of the reduction by June 30, 1987.

Notwithstanding any law to the contrary, the commissioner of corrections may, where economically feasible, convert the heating plant in any institution under the commissioner's control to fiber burning fuel.

Sec. 8. SENTENCING GUIDELINES COMMISSION	(7,700)	0
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Sec. 9. CORRECTIONS OMBUDSMAN	(2,400)	(2,400)
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Sec. 10. COMMISSIONER OF HEALTH		
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Reductions	(55,000)	(240,300)
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Of these amounts, \$55,000 for the purchase of a downhole camera in fiscal year 1986 and \$127,500 for a study of indoor air contamination in fiscal year 1987 are reduced from the preventive and protective health services appropriation made in Laws 1985, First Special Session chapter 9, article 1, section 8, subdivision 2.

Increases	0	1,180,000
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\$250,000 in the second year is added to the appropriation for preventive and protective health services in Laws

	1986	1987
\$	\$	

1985, First Special Session chapter 9, article 1, section 8, subdivision 2, for AIDS related programs and staff. Of this increase, \$27,700 shall be made available for counseling hemophiliacs who have AIDS or are at risk of contracting AIDS.

An increase of \$900,000 in fiscal year 1987 is added to the appropriation for preventive and protective health services in Laws 1985, First Special Session chapter 9, article 1, section 8, subdivision 2, for cancer surveillance.

Sec. 11. BOARD OF MEDICAL EXAMINERS	23,000	77,000
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The appropriation in this section is from the special revenue fund.

Sec. 12. TRANSFER OF MONEY

For the biennium ending June 30, 1987, if the appropriation to an agency listed in this article in either year is insufficient to accomplish the specified reductions, the appropriation for the other year is available upon advance approval of the commissioner of finance.

Sec. 13. Minnesota Statutes 1984, section 62E.52, subdivision 2, is amended to read:

Subd. 2. "Eligible person" means any person who is a resident of Minnesota and who, while a resident of Minnesota, has been found by the commissioner to have incurred an obligation to pay:

(1) qualified expenses for himself and any dependents in any 12 consecutive months exceeding:

(a) (40) 25 percent of his household income up to (\$15,000) \$20,000, plus (50) 40 percent of his household income between (\$15,000) \$20,000 and (\$25,000) \$30,000, plus (60) 50 percent of his household income in excess of (\$25,000) \$30,000; or

(b) (\$2,500) \$3,000, whichever is greater; or

(2) qualified nursing home expenses for himself and any dependents in any 12 consecutive months exceeding 20 percent of his household income.

Sec. 14. Minnesota Statutes 1984, section 62E.52, subdivision 3, is amended to read:

Subd. 3. "Qualified expense" means any charge incurred subsequent to July 1, (1977) 1986, and within 18 months prior to application for coverage under sections 62E.51 to 62E.55 for a health service which is included in the list of covered services described in section 62E.06, subdivision 1, and for which no third party is liable. *Expenses related to organ transplants or other experimental procedures must not be considered qualified medical expenses for purposes of sections 62E.51 to 62E.55.*

Sec. 15. Minnesota Statutes 1984, section 62E.53, subdivision 1, is amended to read:

Subdivision 1. Any person who believes that he is or will become an eligible person may submit an application for state assistance to the commissioner. The application shall include a listing of expenses incurred prior to the date of the application and shall designate the date on which the 12 month period for computing expenses began. *No applicant seeking assistance under sections 62E.51 to 62E.55 may list as an expense in his or her application any income spent in order to become eligible for medical assistance under chapter 256B or general assistance medical care under chapter 256D.*

Sec. 16. Minnesota Statutes 1984, section 62E.53, subdivision 2, is amended to read:

Subd. 2. If the commissioner determines that an applicant is an eligible person, he shall pay

(1) 90 percent of all qualified expenses of the eligible person and his dependents in excess of:

(a) (40) 25 percent of his household income under (\$15,000) \$20,000, plus (50) 40 percent of his household income between (\$15,000) \$20,000 and (\$25,000) \$30,000, plus (60) 50 percent of his household income in excess of (\$25,000) \$30,000; or

(b) (\$2,500) \$3,000;

whichever is greater for the 12 month period in which the applicant becomes an eligible person and

(2) all qualified nursing home expenses of the eligible person and his dependents in excess of 20 percent of his household income. Provided, however, that the payment of qualified nursing home expenses shall not be made until the end of the fiscal year. If the appropriation for the payment of qualified nursing home expenses is inadequate to pay all qualified nursing home expenses, the commissioner shall prorate the payments among all eligible persons in proportion to their share of the total of the qualified nursing home expenses of all eligible persons.

Sec. 17. Minnesota Statutes 1984, section 62E.531, subdivision 2, is amended to read:

Subd. 2. Where a third party may be liable in whole or in part for payment for health services, the commissioner may consider the charges for the health services to be qualified expenses if the eligible person assigns any rights accruing by virtue of any third party liability to the commissioner to the extent necessary to reimburse the state for any payments made under the provisions of this section.

Eligible persons are encouraged to seek third-party coverage and to maintain this coverage. Insurance premiums may be included in the expenses used in determination of eligibility under sections 62E.51 to 62E.55.

Sec. 18. Minnesota Statutes 1985 Supplement, section 136C.06, is amended to read:

136C.06 [SOLE STATE AGENCY.]

The state board of vocational technical education is the sole state agency to receive and disburse federal funds authorized by the Vocational Education Act of 1963, as amended in the education amendments of 1976, Public Law Number 94-482, and Code of Federal Regulations, title 34, part 400. The state board shall develop and submit the state plan for vocational technical education. The state board shall develop the state plan according to terms of agreement with the state board of education. (BEFORE DEVELOPING AND SUBMITTING THE STATE PLAN, THE STATE BOARD SHALL CONSULT WITH THE FULL PRODUCTIVITY AND OPPORTUNITY COORDINATOR. THE STATE BOARD SHALL SUBMIT THE STATE PLAN TO THE FULL PRODUCTIVITY AND OPPORTUNITY COORDINATOR FOR USE IN DEVELOPING A BIENNIAL STATEWIDE EMPLOYMENT AND TRAINING PLAN.)

Sec. 19. [144.127] [INVESTIGATION OF ACQUIRED IMMUNE DEFICIENCY SYNDROME.]

Acquired immune deficiency syndrome shall be a reportable disease pursuant to Minnesota Rules, parts 4605.7000 to 4605.-

7800. *The commissioner shall investigate the occurrence of cases, suspected cases, or carriers of acquired immune deficiency syndrome for the purpose of verification of the existence of disease, ascertaining the source of the disease causing agent, identifying unreported cases, locating contacts of cases, identifying those at risk of disease, and determining necessary control measures. Data on individuals maintained by the commissioner pursuant to an investigation or treatment of acquired immune deficiency syndrome are classified as confidential under section 13.38. Access to this data is limited exclusively to employees of the commissioner whose work assignments reasonably require access, the data subject's personal physicians, and local health officers as defined by section 145.01. Data on individuals who have been diagnosed as having acquired immune deficiency syndrome, who are suspected of having this syndrome, or who have been identified as a potential source of infection shall not be released to law enforcement officers, employers, landlords, insurers, or any other person or organization, except those persons specifically identified in this section and section 13.38. To the extent necessary to conduct epidemiologic investigations, the commissioner may release data to the subject of the data.*

Sec. 20. [144.671] [CANCER SURVEILLANCE SYSTEM; PURPOSE.]

The commissioner of health shall establish a statewide population-based cancer surveillance system. The purpose of this system is to:

(1) Monitor incidence trends of cancer to detect potential public health problems, predict risks and assist in investigating cancer clusters;

(2) More accurately target intervention resources for communities and patients and their families;

(3) Inform health professionals and citizens about risks, early detection, and treatment; and

(4) Promote high quality research to provide better information for cancer control and to address public concerns and questions about cancer.

Sec. 21. [144.672] [DUTIES OF COMMISSIONER; RULES.]

Subdivision 1. [RULE AUTHORITY.] The commissioner of health shall collect cancer incidence information, analyze this information and conduct special studies designed to determine the potential public health significance of an increase in cancer incidence.

The commissioner shall adopt rules to administer the system, collect information, and distribute data. The rules must include, but not be limited to, the following:

- (1) The type of data to be reported;*
- (2) Standards for reporting specific types of data;*
- (3) Rates of payment allowed to hospitals, pathologists, and registry systems to defray their costs in providing information to the system; and*
- (4) Criteria related to providing access to the data and fee schedules for charges to researchers and other citizens who request data.*

Subd. 2. [BIENNIAL REPORT REQUIRED.] The commissioner of health shall prepare and transmit to the governor and to members of the legislature a biennial report on the incidence of cancer in Minnesota and a compilation of summaries and reports from special studies and investigations performed to determine the potential public health significance of an increase in cancer incidence, together with any findings and recommendations. The first report shall be delivered by February 1987, with subsequent reports due in February of each of the following odd-numbered years.

Sec. 22. Minnesota Statutes 1984, section 144.68, is amended to read:

144.68 [RECORDS AND REPORTS REQUIRED.]

Subdivision 1. [PERSON PRACTICING HEALING ARTS.] Every person licensed to practice the healing arts in any form, upon request of the (STATE) commissioner of health, shall prepare and forward to the commissioner, in the manner and at such times as he designates, a detailed record of each case of malignant disease treated or seen by him professionally.

Subd. 2. [HOSPITALS AND SIMILAR INSTITUTIONS.] Every hospital, (SANATORIUM,) nursing home, or other institution for the hospitalization, *diagnosis*, or care of human beings, upon request of the (STATE) commissioner of health, shall prepare and forward to the commissioner, in the manner and at the times that he designates, a detailed record of each case of malignant disease (HAVING BEEN THEREIN).

Subd. 3. [(INFORMATION) REPORTING WITHOUT LIABILITY.] The furnishing of the information required under subdivisions 1 and 2 shall not subject the person, hospital, (SANATORIUM,) nursing home, or other place furnishing the information, to any action for damages or other relief.

Sec. 23. Minnesota Statutes 1984, section 144.69, is amended to read:

144.69 [(INFORMATION NOT AVAILABLE TO THE PUBLIC) CLASSIFICATION OF DATA ON INDIVIDUALS.]

(NO SUCH REPORT, OR PART THEREOF, NOR ANY COPY OF THE SAME OR PART THEREOF, SHALL BE OPEN TO THE PUBLIC, NOR SHALL ANY OF THE CONTENTS THEREOF BE DISCLOSED, IN ANY MANNER, BY ANY OFFICIAL OR CLERK OR OTHER EMPLOYEE OR PERSON HAVING ACCESS THERETO, BUT ALL SUCH INFORMATION) *Data collected by the cancer surveillance system shall be confidential and may only be used for the purposes set forth in sections (144.66 TO) 19 and 20 and 144.68 and 144.69. And any (SUCH) disclosure other than is provided for in sections (144.66 TO) 19 and 20 and 144.68 and 144.69, is (HEREBY) declared to be a misdemeanor and punishable as such. (NO) As part of an epidemiologic investigation an officer or employee of the (BOARD SHALL) commissioner of health may interview (ANY PATIENT) patients named in any such report, (NOR A RELATIVE) or relatives of any such patient, (UNLESS) only after the consent of the attending physician (AND) or surgeon is (FIRST) obtained. To the extent necessary to conduct epidemiologic studies, the commissioner may release data to the subject of the data.*

Sec. 24. Minnesota Statutes 1985 Supplement, section 144.8093, is amended by adding a subdivision to read:

Subd. 5. [ADVISORY GROUP.] The commissioner of health shall establish an advisory group with two representatives appointed from each of the eight regional emergency medical services systems. This group shall advise the commissioner on matters relating to the use and distribution of the emergency medical services system fund. In addition the advisory group shall advise the commissioner regarding the systematic, cost-effective delivery of emergency medical care throughout the state; provision of public education about emergency medical care; promotion of the exchange of information about emergency medical care; coordination of the regional emergency medical services systems; and training standards to ensure consistent quality of emergency medical services throughout the state. The group shall meet quarterly and expenses may be paid from the emergency medical services system fund or from the regional medical services system.

Sec. 25. Minnesota Statutes 1985 Supplement, section 256.01, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] Subject to the provisions of section 241.021, subdivision 2, the commissioner of human services shall:

(1) Administer and supervise all forms of public assistance provided for by state law and other welfare activities or services as are vested in the commissioner.

(2) Administer and supervise all child welfare activities; promote the enforcement of laws protecting handicapped, dependent, neglected and delinquent children, and children born to mothers who were not married to the children's fathers at the times of the conception nor at the births of the children; license and supervise child-caring and child-placing agencies and institutions; supervise the care of children in boarding and foster homes or in private institutions; and generally perform all functions relating to the field of child welfare now vested in the state board of control.

(3) Administer and supervise all noninstitutional service to handicapped persons, including those who are visually impaired, hearing impaired, or physically impaired or otherwise handicapped. The commissioner may provide and contract for the care and treatment of qualified indigent children in facilities other than those located and available at state hospitals when it is not feasible to provide the service in state hospitals.

(4) Assist and actively cooperate with other departments, agencies and institutions, local, state, and federal, by performing services in conformity with the purposes of Laws 1939, chapter 431.

(5) Act as the agent of and cooperate with the federal government in matters of mutual concern relative to and in conformity with the provisions of Laws 1939, chapter 431, including the administration of any federal funds granted to the state to aid in the performance of any functions of the commissioner as specified in Laws 1939, chapter 431, and including the promulgation of rules making uniformly available medical care benefits to all recipients of public assistance, at such times as the federal government increases its participation in assistance expenditures for medical care to recipients of public assistance, the cost thereof to be borne in the same proportion as are grants of aid to said recipients.

(6) Establish and maintain any administrative units reasonably necessary for the performance of administrative functions common to all divisions of the department.

(7) Administer and supervise any additional welfare activities and services as are vested by law in the department.

(8) The commissioner is designated as guardian of both the estate and the person of all the wards of the state of Minnesota, whether by operation of law or by an order of court, without any further act or proceeding whatever, except as to persons committed as mentally retarded.

(9) Act as coordinating referral and informational center on requests for service for newly arrived immigrants coming to Minnesota.

(10) The specific enumeration of powers and duties as hereinabove set forth shall in no way be construed to be a limitation upon the general transfer of powers herein contained.

(11) Establish county, regional, or statewide schedules of maximum fees and charges which may be paid by local agencies for medical, dental, surgical, hospital, nursing and nursing home care and medicine and medical supplies under all programs of medical care provided by the state and for congregate living care under the income maintenance programs.

(12) Have the authority to conduct and administer experimental projects to test methods and procedures of administering assistance and services to recipients or potential recipients of public welfare. To carry out such experimental projects, it is further provided that the commissioner of human services is authorized to waive the enforcement of existing specific statutory program requirements, regulations, and standards in one or more counties. The order establishing the waiver shall provide alternative methods and procedures of administration, shall not be in conflict with the basic purposes, coverage, or benefits provided by law, and in no event shall the duration of a project exceed two years. It is further provided that no order establishing an experimental project as authorized by the provisions of this section shall become effective until the following conditions have been met:

(a) The proposed comprehensive plan including estimated project costs and the proposed order establishing the waiver shall be filed with the secretary of the senate and chief clerk of the house of representatives at least 60 days prior to its effective date.

(b) The secretary of health, education, and welfare of the United States has agreed, for the same project, to waive state plan requirements relative to statewide uniformity.

(c) A comprehensive plan, including estimated project costs, shall be approved by the legislative advisory commission and filed with the commissioner of administration.

(13) In accordance with federal requirements establish procedures to be followed by local welfare boards in creating citizen advisory committees, including procedures for selection of committee members.

(14) Allocate federal fiscal disallowances or sanctions which are based on quality control error rates for the aid to families

with dependent children, medical assistance, or food stamp program in the following manner:

(a) One-half of the total amount of the disallowance shall be borne by the county boards responsible for administering the programs and shall be shared by each county board in the same proportion as that county's expenditures for the sanctioned program are to the total of all counties' expenditures for that program. Each county shall pay its share of the disallowance to the state of Minnesota. When a county fails to pay the amount due hereunder, the commissioner may deduct the amount from reimbursement otherwise due the county, or the attorney general, upon the request of the commissioner, may institute civil action to recover the amount due.

(b) Notwithstanding the provisions of paragraph (a), if the disallowance results from knowing noncompliance by one or more counties with a specific program instruction, and that knowing noncompliance is a matter of official county board record, the commissioner may require payment or recover from the county or counties, in the manner prescribed in paragraph (a), an amount equal to the portion of the total disallowance which resulted from the noncompliance, and may distribute the balance of the disallowance according to paragraph (a).

(15) Develop and implement special projects that maximize reimbursements and result in the recovery of money to the state. For the purpose of recovering state money, the commissioner may enter into contracts with third parties. Any recoveries that result from projects or contracts entered into under this paragraph shall be deposited in the state treasury and credited to a special account until the balance in the account reaches \$400,000. When the balance in the account exceeds \$400,000, the excess shall be transferred and credited to the general fund. All money in the account is appropriated to the commissioner for the purposes of this paragraph.

(16) Screen individuals for eligibility for social security disability benefits and assist them in applying to the social security administration for disability benefits. The goal of this screening is to maximize the amount of money coming into the state. Screening shall begin with nursing home residents under the age of 65, long-term recipients of workers' compensation, mentally retarded people with parents aged 62 or over, recipients of general assistance who have mental or physical disabilities, and other target populations likely to contain significant numbers of people eligible for social security.

Sec. 26. Minnesota Statutes 1985 Supplement, section 256.01, subdivision 4, is amended to read:

Subd. 4. [DUTIES AS STATE AGENCY.] The state agency shall:

(1) supervise the administration of assistance to dependent children under Laws 1937, chapter 438, by the county agencies in an integrated program with other service for dependent children maintained under the direction of the state agency;

(2) may subpoena witnesses and administer oaths, make rules and regulations, and take such action as may be necessary, or desirable for carrying out the provisions of Laws 1937, chapter 438. All rules and regulations made by the state agency shall be binding on the counties and shall be complied with by the respective county agencies;

(3) establish adequate standards for personnel employed by the counties and the state agency in the administration of Laws 1937, chapter 438, and make the necessary rules and regulations to maintain such standards;

(4) prescribe the form of and print and supply to the county agencies blanks for applications, reports, affidavits, and such other forms as it may deem necessary and advisable;

(5) cooperate with the federal government and its public welfare agencies in any reasonable manner as may be necessary to qualify for federal aid for aid to dependent children and in conformity with the provisions of Laws 1937, chapter 438, including the making of such reports and such forms and containing such information as the Federal Social Security Board may from time to time require, and comply with such provisions as such board may from time to time find necessary to assure the correctness and verification of such reports; and

(6) may cooperate with other state agencies in establishing reciprocal agreements in instances where a child receiving aid to dependent children moves or contemplates moving into or out of the state, in order that such child may continue to receive supervised aid from the state from which he has moved until he shall have resided for one year in the state to which he has moved; and

(7) on or before October 1 in each even-numbered year make a biennial report to the governor concerning the activities of the agency; *and*

(8) (PREPARE A PLAN AND SUBMIT IT TO THE FULL PRODUCTIVITY AND OPPORTUNITY COORDINATOR IN EACH EVEN-NUMBERED YEAR, ACCORDING TO STANDARDS ESTABLISHED BY THE COORDINATOR, FOR USE IN DEVELOPING A BIENNIAL STATEWIDE EMPLOYMENT AND TRAINING PLAN; AND)

((9)) enter into agreements with other departments of the state as necessary to meet all requirements of the federal government.

Sec. 27. [256.014] [STATE AND COUNTY SYSTEMS.]

Subdivision 1. [ESTABLISHMENT OF SYSTEMS.] The department of human services may establish administrative and computer systems necessary for the efficient operation of the programs it supervises. These include, but are not limited to the:

(a) management and administration of the food stamp and assistance payments program;

(b) management and collections of child support payments;

(c) administration of medical assistance and general assistance medical care; and

(d) accounting and financial management for welfare.

Subd. 2. [DISTRIBUTION OF COSTS.] The department shall distribute the nonfederal share of cost for developing, operating, and maintaining the systems among the participating local social service agencies in an equitable manner.

Subd. 3. [STATE SYSTEMS REVOLVING ACCOUNT CREATED.] There is created a state systems revolving account to carry out the duties prescribed in subdivision 1. All money in the state systems revolving account and all federal matching money is annually reappropriated to the commissioner of human services for the purposes of this section.

Subd. 4. [FUNDS TO BE KEPT IN STATE TREASURY.] The account created in subdivision 3 shall be kept in the state treasury and paid out in the manner prescribed by law for the money in the account.

Subd. 5. [DEPOSIT OF RECEIPTS.] All money collected by the department of human services pursuant to and in connection with the programs in subdivision 1 shall be deposited in the account. All money received by the department of human services in connection with AFDC child support collections in excess of \$10,216,000 for the fiscal year ending June 30, 1986, and in excess of \$11,237,000 for the fiscal year ending June 30, 1987, and all money received by the department of human services related to state hospital collections in excess of \$143,307,400 for the fiscal year ending June 30, 1986, and in excess of \$143,443,400 for the fiscal year ending June 30, 1987, shall be deposited in the state systems account created in subdivision 3.

Sec. 28. Minnesota Statutes 1985 Supplement, section 256.74, subdivision 1, is amended to read:

Subdivision 1. [AMOUNT.] The amount of assistance which shall be granted to or on behalf of any dependent child and

mother or other needy eligible relative caring for the dependent child shall be determined by the county agency in accordance with rules promulgated by the commissioner and shall (BE SUFFICIENT, WHEN ADDED TO ALL OTHER INCOME AND SUPPORT AVAILABLE TO THE CHILD, TO PROVIDE THE CHILD WITH A REASONABLE SUBSISTENCE COMPATIBLE WITH DECENCY AND HEALTH) *not exceed 70 percent of the standard of need as determined by the commissioner.* The amount shall be based on the method of budgeting required in Public Law Number 97-35, section 2315, United States Code, title 42, section 602, as amended and federal regulations at Code of Federal Regulations, title 45, section 233. Nonrecurring lump sum income received by an assistance unit must be budgeted in the normal retrospective cycle. The number of months of ineligibility is determined by dividing the amount of the lump sum income and all other income, after application of the applicable disregards, by the standard of need for the assistance unit. An amount remaining after this calculation is income in the first month of eligibility. If the total monthly income including the lump sum income is larger than the standard of need for a single month the first month of ineligibility is the payment month that corresponds with the budget month in which the lump sum income was received. In making its determination the county agency shall disregard the following from family income:

(1) all of the earned income of each dependent child receiving aid to families with dependent children who is a full-time student or part-time student, and not a full-time employee, attending a school, college, or university, or a course of vocational or technical training designed to fit him for gainful employment as well as all the earned income derived from the job training and partnership act (JTPA) for a dependent child for six calendar months per year, together with unearned income derived from the job training and partnership act;

(2) all educational grants and loans awarded pursuant to a federal law when public assistance was considered in making the award and the award was made on the basis of financial need; and that part of any other educational grant or loan which is used for educational purposes, such as tuition, fees, equipment, transportation and child care expenses necessary for school attendance;

(3) the first \$75 of each individual's earned income. For self-employed persons, the expenses directly related to producing goods and services and without which the goods and services could not be produced shall be disregarded pursuant to rules promulgated by the commissioner;

(4) an amount equal to the actual expenditures but not to exceed \$160 for the care of each dependent child or incapacitated individual living in the same home and receiving aid. In the case of a person not engaged in full-time employment or not employed

throughout the month, the commissioner shall prescribe by rule a lesser amount to be disregarded;

(5) thirty dollars plus one-third of the remainder of each individual's earned income not already disregarded for individuals found otherwise eligible to receive aid or who have received aid in one of the four months before the month of application. With respect to any month, the county welfare agency shall not disregard under this clause any earned income of any person who has:

(a) reduced his earned income without good cause within 30 days preceding any month in which an assistance payment is made; or

(b) refused without good cause to accept an offer of suitable employment; or

(c) left employment or reduced his earnings without good cause and applied for assistance so that he might later return to employment with the advantage of the income disregard; or

(d) failed without good cause to make a timely report of earned income in accordance with rules promulgated by the commissioner of human services.

Persons who are already employed and who apply for assistance shall have their needs computed with full account taken of their earned and other income. If earned and other income of the family is less than need, as determined on the basis of public assistance standards, the county agency shall determine the amount of the grant by applying the disregard of income provisions. The county agency shall not disregard earned income for persons in a family if the total monthly earned and other income exceeds their needs, unless for any one of the four preceding months their needs were met in whole or in part by a grant payment.

The disregard of \$30 and one-third of the remainder of earned income described in clause (5) shall be applied to the individual's income for a period not to exceed four consecutive months. Any month in which the individual loses this disregard because of the provisions of clause (5)(a) to (5)(d) shall be considered as one of the four months. An additional \$30 work incentive must be available for an eight-month period beginning in the month following the last month of the combined \$30 and one-third work incentive. This period must be in effect whether or not the person has earned income or is eligible for AFDC. To again qualify for the earned income disregards under clause (d), the individual must not be a recipient of aid for a period of 12 consecutive months. When an assistance unit becomes ineligible for aid due to the fact that these disregards are no longer applied to income,

the assistance unit shall be eligible for medical assistance benefits for a 12-month period beginning with the first month of AFDC ineligibility;

(6) the first \$50 per assistance unit of the monthly support obligation collected by the support and recovery (IV-D) unit; and

(7) insurance settlements to pay medical bills, to compensate a member of an assistance unit for partial or permanent loss of function or a body part, or to repair or replace insured property.

The first \$50 of periodic support payments collected by the public authority responsible for child support enforcement from a person with a legal obligation to pay support for a member of the assistance unit shall be paid to the assistance unit within 15 days *after the month* of the collection of such periodic support payments and shall be disregarded in determining the amount of assistance.

Sec. 29. [256.9671] [MEDICAL CARE PAYMENTS; LIMITATION ON FEES.]

All payments for vendors of medical care under general assistance medical care shall be based upon this standard: the 50th percentile of usual and customary fees based upon medical assistance billings during calendar year 1982. All payments for vendors of medical care under medical assistance shall be limited to the 50th percentile of usual and customary fees based upon billings during calendar year 1982 for physician services, dental care, vision care, podiatric services, chiropractic care, physical therapy, occupational therapy, speech pathologists, audiologists, mental health centers, psychologists, public health clinics, and independent laboratory and X-ray services.

Sec. 30. Minnesota Statutes 1984, section 256B.042, subdivision 2, is amended to read:

Subd. 2. The state agency may perfect and enforce its lien by following the procedures set forth in sections 514.69, 514.70 and 514.71, (EXCEPT THAT IT SHALL HAVE ONE YEAR FROM THE DATE WHEN THE LAST ITEM OF MEDICAL CARE WAS FURNISHED IN WHICH TO FILE) and its verified lien statement (, AND THE STATEMENT) shall be filed with the appropriate clerk of court in the county of financial responsibility. The verified lien statement shall contain the following: the name and address of the person to whom medical care was furnished, the date of injury, the name and address of the vendor or vendors furnishing medical care, the dates of the service, the amount claimed to be due for the care, and, to the best of the state agency's knowledge, the names and addresses of all persons, firms or corporations claimed to be liable for damages arising from the injuries. This section shall not affect the priority of any

attorney's lien. *The state agency shall not be subject to any limitation periods referred to in section 514.69 or 514.71 and shall have one year from the date notice is received pursuant to subdivision 4 to file its verified lien statement. The state agency may commence its action within six years of filing the lien.*

Sec. 31. Minnesota Statutes 1984, section 256B.042, subdivision 3, is amended to read:

Subd. 3. To recover under this section the attorney general, or the appropriate county attorney acting at the direction of the attorney general, shall represent the state agency *and may initiate and prosecute any action against a person, firm, or corporation who may be liable to the person to whom the care was furnished.*

Sec. 32. Minnesota Statutes 1984, section 256B.042, is amended by adding a subdivision to read:

Subd. 4. *The state agency shall be given notice of monetary claims against a person, firm, or corporation who may be liable to pay part or all of the cost of medical care when the state agency has paid for or become liable for the cost of that care. Notice shall be given as follows:*

(a) *Applicants for medical assistance shall notify the agency of any possible claims upon submitting the application. Recipients of medical assistance shall notify the agency of any possible claims when those claims arise.*

(b) *A person providing medical care services to a person receiving medical assistance shall notify the agency whenever the person has reason to believe that a third party may be liable for payment of the cost of medical care.*

(c) *An attorney representing an applicant or recipient of medical assistance regarding a claim on which the state agency has a lien shall notify the agency of the claim prior to filing the claim, commencing an action, or negotiating a settlement offer.*

Notice given to the local agency is not sufficient to meet the requirements of paragraph (b) or (c).

Sec. 33. Minnesota Statutes 1984, section 256B.042, is amended by adding a subdivision to read:

Subd. 5. *Upon any judgment, award, or settlement of an action upon which the state agency has filed its lien, the lien shall be satisfied in full, subject only to a pro rata share of the recipient's attorney's fees and costs incurred in the pursuit of the action. However, any recipient who initiates an action to*

recover damages or compensation shall receive a net amount of no less than one-third of the total amount recovered.

Sec. 34. Minnesota Statutes 1985 Supplement, section 256B.-06, subdivision 1, is amended to read:

Subdivision 1. Medical assistance may be paid for any person:

(1) who is a child eligible for or receiving adoption assistance payments under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676 under Minnesota Statutes, section 259.40 or 259.431; or

(2) who is a child eligible for or receiving foster care maintenance payments under Title IV-E of the Social Security Act, United States Code, title 42, sections 670 to 676; or

(3) who is eligible for or receiving public assistance under the aid to families with dependent children program, the Minnesota supplemental aid program; or

(4) who is a pregnant woman, as certified in writing by a physician or nurse midwife, and who (a) meets the other eligibility criteria of this section, and (b) would be categorically eligible for assistance under the aid to families with dependent children program if the child had been born and was living with the woman; or

(5) who is a pregnant woman, as certified in writing by a physician or nurse midwife, who meets the other eligibility criteria of this section and whose unborn child would be eligible as a needy child under clause (9) if born and living with the woman; or

(6) who meets the categorical eligibility requirements of the supplemental security income program and the other eligibility requirements of this section; or

(7) who, except for the amount of income or resources, would qualify for supplemental security income for the aged, blind and disabled, or aid to families with dependent children, and who meets the other eligibility requirements of this section; or

(8) who is under 21 years of age and in need of medical care that neither he nor his relatives responsible under sections 256B.01 to 256B.26 are financially able to provide; or

(9) who is an infant less than one year of age born on or after October 1, 1984, whose mother was eligible at the time of birth and who remains in the mother's household. Eligibility

under this clause is concurrent with the mother's and does not depend on the father's income except as the income affects the mother's eligibility; or

(10) who is residing in a hospital for treatment of mental disease or tuberculosis and is 65 years of age or older and without means sufficient to pay the per capita hospital charge; and

(11) who resides in Minnesota, or, if absent from the state, is deemed to be a resident of Minnesota in accordance with the regulations of the state agency; and

(12) who alone, or together with his spouse, does not own real property other than the homestead. For the purposes of this section, "homestead" means the house owned and occupied by the applicant or recipient as his primary place of residence, together with the contiguous land upon which it is situated. The homestead shall continue to be excluded for persons residing in a long-term care facility if it is used as a primary residence by the spouse, minor child, or disabled child of any age; or the applicant/recipient is expected to return to the home as a principal residence within six calendar months of entry to the long-term care facility. Certification of expected return to the homestead shall be documented in writing by the attending physician. Real estate not used as a home may not be retained unless it produces net income applicable to the family's needs or the family is making a continuing effort to sell it at a fair and reasonable price or unless the commissioner determines that sale of the real estate would cause undue hardship or unless the equity in the real estate when combined with the equity in the homestead totals \$15,000 or less; and

(13) who individually does not own more than \$3,000 in cash or liquid assets, or if a member of a household with two family members (husband and wife, or parent and child), does not own more than \$6,000 in cash or liquid assets, plus \$200 for each additional legal dependent. Cash and liquid assets may include a prepaid funeral contract and insurance policies with cash surrender value. The value of the following shall not be included:

(a) the homestead, and (b) one motor vehicle licensed pursuant to chapter 168 and defined as: (1) passenger automobile, (2) station wagon, (3) motorcycle, (4) motorized bicycle or (5) truck of the weight found in categories A to E, of section 168.-013, subdivision 1e; (AND)

(14) who has or anticipates receiving an annual income not in excess of the income standards by family size used in the aid to families with dependent children program, or who has income in excess of these maxima and in the month of application, or during the three months prior to the month of application, incurs expenses for medical care that total more than one-half of the

annual excess income in accordance with the regulations of the state agency. In computing income to determine eligibility of persons who are not residents of long-term care facilities, the commissioner shall disregard increases in income (DUE SOLELY TO INCREASES IN FEDERAL RETIREE, SURVIVOR'S, AND DISABILITY INSURANCE BENEFITS, VETERANS ADMINISTRATION BENEFITS, AND RAILROAD RETIREMENT BENEFITS IN THE PERCENTAGE AMOUNT ESTABLISHED IN THE BIENNIAL APPROPRIATIONS LAW UNLESS PROHIBITED BY FEDERAL LAW OR REGULATION. IF PROHIBITED, THE COMMISSIONER SHALL FIRST SEEK A WAIVER) *required by section 503 of Public Law 94-566*. In excess income cases, eligibility shall be limited to a period of six months beginning with the first of the month in which these medical obligations are first incurred; (AND)

(15) who has continuing monthly expenses for medical care that are more than the amount of his excess income, computed on a monthly basis, in which case eligibility may be established before the total income obligation referred to in the preceding paragraph is incurred, and medical assistance payments may be made to cover the monthly unmet medical need. In licensed nursing home and state hospital cases, income over and above that required for justified needs, determined pursuant to a schedule of contributions established by the commissioner of human services, is to be applied to the cost of institutional care. The commissioner of human services may establish a schedule of contributions to be made by the spouse of a nursing home resident to the cost of care; and

(16) who has applied or agrees to apply all proceeds received or receivable by him or his spouse from automobile accident coverage and private health care coverage to the costs of medical care for himself, his spouse, and children. The state agency (MAY) *shall* require from any applicant or recipient of medical assistance the assignment of any rights accruing under private health care coverage. Any rights or amounts so assigned shall be applied against the cost of medical care paid for under this chapter. Any assignment shall not be effective as to benefits paid or provided under automobile accident coverage and private health care coverage prior to receipt of the assignment by the person or organization providing the benefits.

Sec. 35. Minnesota Statutes 1984, section 256B.37, is amended by adding a subdivision to read:

Subd. 3. [COORDINATION OF HMO BENEFITS.] When a parent or a person with an obligation of child support has enrolled in a prepaid health care plan under the provisions of Minnesota Statutes, section 518.551, subdivision 8, then the commissioner of human services shall limit the recipient to the prepaid health plan chosen by parent or person with an obligation of child support to the extent that services available under medical

assistance are also available under the prepaid health care plan. This limitation shall not apply when primary care physicians participating in the health care plan, including but not limited to physicians specializing in family medicine, adult medicine, or general practice medicine, are not located within 15 miles of the recipient's place of residence.

Sec. 36. Minnesota Statutes 1985 Supplement, section 256B.-48, subdivision 6, is amended to read:

Subd. 6. [MEDICARE CERTIFICATION.] All nursing homes certified as skilled nursing facilities under the medical assistance program shall participate in medicare part A and part B unless, after submitting an application, medicare certification is denied by the federal health care financing administration. Medicare review shall be conducted at the time of the annual medical assistance review. Charges for medicare-covered services provided to residents who are simultaneously eligible for medical assistance and medicare must be billed to medicare part A or part B before billing medical assistance. Medical assistance may be billed only for charges not reimbursed by medicare.

Until September 30, 1987, the commissioner of health may grant exceptions from this requirement when a nursing home submits a written request for exception and it is determined that there is sufficient participation in the medicare program to meet the needs of medicare beneficiaries in that region of the state *or specific locale*. For the purposes of this section, the relevant region is the county in which the nursing home is located together with contiguous Minnesota counties. There is sufficient participation in the medicare program in a particular region when the proportion of skilled resident days paid by the medicare program is at least equal to the national average based on the most recent figure that can be supplied by the federal health care financing administration. *There is sufficient participation in the medicare program in a specific locale when a nursing home can provide evidence that a convalescent and nursing care facility within one mile of the nursing home has an excess capacity of more than 10,000 unused certified medicare facility days for two years immediately prior to the written request for exception by the nursing home.* A nursing home that is granted an exception under this subdivision must give appropriate notice to all applicants for admission that medicare coverage is not available in the nursing home and publish this fact in all literature and advertisement related to the nursing home.

Sec. 37. Minnesota Statutes 1985 Supplement, section 256C.-26, is amended to read:

256C.26 [EMPLOYMENT SERVICES.]

The commissioner of jobs and training shall (INCLUDE IN THE BIENNIAL) *develop and implement a plan* (SUBMITTED

TO THE FULL PRODUCTIVITY AND OPPORTUNITY COORDINATOR A METHOD) to deal with the underemployment of hearing impaired persons. The plan shall provide for training regarding the nature of hearing handicaps for department staff who consult with prospective employers or who provide job placement services.

Sec. 38. Minnesota Statutes 1985 Supplement, section 256D.-03, subdivision 4, is amended to read:

Subd. 4. [GENERAL ASSISTANCE MEDICAL CARE; SERVICES.] (a) Reimbursement under the general assistance medical care program shall be limited to the following categories of service: inpatient hospital care, outpatient hospital care, services provided by medicare certified rehabilitation agencies, prescription drugs, equipment necessary to administer insulin and diagnostic supplies and equipment for diabetics to monitor blood sugar level, eyeglasses and eye examinations provided by a physician or optometrist, hearing aids, prosthetic devices, laboratory and X-ray services, physician's services, medical transportation, chiropractic services as covered under the medical assistance program, podiatric services, and dental care. In addition, payments of state aid shall be made for day treatment services provided by a mental health center established under sections 245.61 to 245.69, subdivision 1, and funded through chapter 256E and for prescribed medications for persons who have been diagnosed as mentally ill as necessary to prevent more restrictive institutionalization.

(b) In order to contain costs, the commissioner of human services shall select vendors of medical care who can provide the most economical care consistent with high medical standards and shall where possible contract with organizations on a prepaid capitation basis to provide these services. The commissioner shall consider proposals by counties and vendors for prepaid health plans, competitive bidding programs, block grants, or other vendor payment mechanisms designed to provide services in an economical manner or to control utilization, with safeguards to ensure that necessary services are provided. Before implementing prepaid programs in counties with a county operated or affiliated public teaching hospital or a hospital or clinic operated by the University of Minnesota, the commissioner shall consider the risks the prepaid program creates for the hospital and allow the county or hospital the opportunity to participate in the program in a manner that reflects the risk of adverse selection and the nature of the patients served by the hospital, provided the terms of participation in the program are competitive with the terms of other participants considering the nature of the population served. Payment for services provided pursuant to this subdivision shall be as provided to medical assistance vendors of these services under section 256B.02, subdivision 8. The rates payable under this section must be calculated according to section 256.966, subdivision 2.

(c) The commissioner of human services may reduce payments provided under sections 256D.01 to 256D.21 and 261.23 in order to remain within the amount appropriated for general assistance medical care, within the following restrictions.

For the period July 1, 1985, to December 31, 1985, reductions below the cost per service unit allowable under section 256.966, are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 30 percent; payments for all other inpatient hospital care may be reduced no more than 20 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than ten percent.

For the period January 1, 1986 to December 31, 1986, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 20 percent; payments for all other inpatient hospital care may be reduced no more than 15 percent. Reductions below the payments allowable under general assistance medical care for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than (FIVE) 28 percent.

For the period January 1, 1987 to June 30, 1987, reductions below the cost per service unit allowable under section 256.966 are permitted only as follows: payments for inpatient and outpatient hospital care provided in response to a primary diagnosis of chemical dependency or mental illness may be reduced no more than 15 percent; payments for all other inpatient hospital care may be reduced no more than ten percent. Reductions below the payments allowable under medical assistance for the remaining general assistance medical care services allowable under this subdivision may be reduced no more than (FIVE) 28 percent.

(THERE SHALL BE NO COPAYMENT REQUIRED OF ANY RECIPIENT OF BENEFITS FOR ANY SERVICES PROVIDED UNDER THIS SUBDIVISION.) A hospital receiving a reduced payment as a result of this section may apply the unpaid balance toward satisfaction of the hospital's bad debts.

(d) Any county may, from its own resources, provide medical 5 payments for which state payments are not made.

Sec. 39. Minnesota Statutes 1985 Supplement, section 256D.-05, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY.] (a) Each person or family whose income and resources are less than the standard of assistance established by the commissioner, *and who has lived in the state of Minnesota for 60 days immediately preceding the date of application for assistance*, shall be eligible for and entitled to general assistance if the person or family is:

(1) a person who is suffering from a permanent or temporary illness, injury, or incapacity which is medically certified and which prevents the person from obtaining or retaining employment;

(2) a person whose presence in the home on a substantially continuous basis is required because of the certified illness, injury, incapacity, or the age of another member of the household;

(3) a person who has been placed in a licensed or certified facility for purposes of physical or mental health or rehabilitation, or in an approved chemical dependency domiciliary facility, if the placement is based on illness or incapacity and is pursuant to a plan developed or approved by the local agency through its director or designated representative;

(4) a person who resides in a shelter facility described in subdivision 3;

(5) a person who is or may be eligible for displaced homemaker services, programs, or assistance under section 4.40, but only if that person is enrolled as a full-time student;

(6) a person who is unable to secure suitable employment due to inability to communicate in the English language, provided that the person is not an illegal alien, and who, if assigned to a language skills program by the local agency, is participating in that program;

(7) a person not described in clause (1) or (3) who is diagnosed by a licensed physician or licensed consulting psychologist as mentally retarded or mentally ill, and that condition prevents the person from obtaining or retaining employment;

(8) a person who has an application pending for the social security disability program or the program of supplemental security income for the aged, blind, and disabled, or who has been terminated from either program and has an appeal from that termination pending;

(9) a person who is unable to obtain or retain employment because advanced age significantly affects his or her ability to seek or engage in substantial work;

(10) a person completing a secondary education program;

(11) a family with one or more minor children; provided that, if all the children are six years of age or older, all the adult members of the family register for and cooperate in the work readiness program under section 256D.051; and provided further that, if one or more of the children are under the age of six and if the family contains more than one adult member, all the adult members except one adult member register for and cooperate in the work readiness program under section 256D.051. The adult members required to register for and cooperate with the work readiness program are not eligible for financial assistance under section 256D.051, except as provided in section 256D.051, subdivision 6, and shall be included in the general assistance grant. If an adult member fails to cooperate with requirements of section 256D.051, the local agency shall not take his needs into account in making the grant determination. The time limits of section 256D.051, subdivisions 4 and 5, do not apply to people eligible under this clause.

(12) a person who has substantial barriers to employment, including but not limited to factors relating to work or training history, as determined by the local agency in accordance with permanent or emergency rules adopted by the commissioner after consultation with the commissioner of economic security;

(13) a person who is certified by the commissioner of economic security before August 1, 1985, as lacking work skills or training or as being unable to obtain work skills or training necessary to secure employment, as defined in a permanent or emergency rule adopted by the commissioner of economic security in consultation with the commissioner; or

(14) a person who is determined by the local agency, in accordance with emergency and permanent rules adopted by the commissioner, to be (FUNCTIONALLY ILLITERATE OR) learning disabled.

The 60-day residency requirement of paragraph (a) does not apply to a person who:

(i) was born in Minnesota;

(ii) at some time in the past resided in Minnesota for at least 365 days;

(iii) moved to Minnesota in order to join a close relative who has resided in Minnesota for at least 180 days immediately preceding the date of application. "Close relative" under this clause means parent, grandparent, brother, sister, spouse, or child; or

(iv) moved to Minnesota to accept a bona fide offer of employment and who is eligible to accept.

The 60-day residency requirement of paragraph (a) applies to a family otherwise eligible under clause (11) only if the requirement would apply to all adult members of the family.

(b) The following persons or families with income and resources that are less than the standard of assistance established by the commissioner are eligible for and entitled to a maximum of six months of general assistance during any consecutive 12-month period, after registering with and completing six months in a work readiness program under section 256D.051 :

(1) a person who has borderline mental retardation; and

(2) a person who exhibits perceptible symptoms of mental illness as certified by a qualified professional but who is not eligible for general assistance under paragraph (a), because the mental illness interferes with the medical certification process; provided that the person cooperates with social services, treatment, or other plans developed by the local agency to address the illness.

In order to retain eligibility under this paragraph, a recipient must continue to cooperate with work and training requirements as determined by the local agency.

(c) If a person or family is eligible for emergency assistance, aid to families with dependent children, or any successor to those programs, that person or family shall not be eligible for general assistance under this subdivision.

Sec. 40. Minnesota Statutes 1985 Supplement, section 256D.-051, subdivision 4, is amended to read:

Subd. 4. [TWO-MONTH ASSISTANCE.] The local agency shall terminate a registrant after two months in the work readiness program (IF) *unless* the local agency determines that registrant is (NOT) eligible for assistance under subdivision 5. During the second month of work readiness assistance, the local agency must assess the registrant's eligibility under subdivision 5 and inform the registrant of the outcome of the assessment. *A registrant who does not cooperate with the assessment shall be found not eligible under subdivision 5.* A registrant who is not eligible under subdivision 5 is eligible for a maximum of two months of work readiness assistance in any consecutive 24-month period.

Sec. 41. Minnesota Statutes 1985 Supplement, section 256D.-051, subdivision 5, is amended to read:

Subd. 5. [SIX-MONTH ASSISTANCE.] *Except as provided in subdivision 4,* the following registrants are eligible for work readiness assistance for a maximum of six months in any consecutive 12-month period:

(1) a person who has borderline mental retardation;

(2) a person who exhibits perceptible symptoms of mental illness as certified by a qualified professional but who is not eligible for general assistance under section 256D.05, subdivision 1 because the mental illness interferes with the medical certification process; and

(3) a person who is certified by the commissioner of economic security as being unable to secure suitable employment because the person lives in a distressed county or who is unable to secure suitable employment because the local agency has determined that no jobs are available that a person with the registrant's work history, skills, and ability has the physical and mental ability to perform. For purposes of this paragraph, a county is distressed if it has an average unemployment rate of ten percent or more for the one-year period ending on April 30 of the year in which the designation is made. The commissioner shall designate a contiguous portion of a county containing a city of the first class located outside of the metropolitan area as a distressed county if:

(a) that portion of the county has an unemployment rate of ten percent or more for the one-year period ending on April 30 of the year in which the designation is made; and

(b) that portion of the county has a population of at least 50,000 as determined by the 1980 federal census.

Sec. 42. Minnesota Statutes 1985 Supplement, section 256D.-051, subdivision 6, is amended to read:

Subd. 6. [(LOCAL AGENCY OPTIONS) ALLOCATION OF FUNDS FOR PAYMENT OF ADMINISTRATIVE COSTS AND REGISTRANT EXPENSES.] (THE LOCAL AGENCY MAY, AT ITS OPTION, PROVIDE UP TO \$100 PER REGISTRANT FOR DIRECT EXPENSES INCURRED BY THE REGISTRANT FOR TRANSPORTATION, CLOTHES, AND TOOLS NECESSARY FOR EMPLOYMENT. THE LOCAL AGENCY MAY PROVIDE AN ADDITIONAL \$100 FOR DIRECT EXPENSES OF REGISTRANTS REMAINING IN THE WORK READINESS PROGRAM FOR MORE THAN TWO MONTHS. AFTER PAYING DIRECT EXPENSES AS NEEDED BY INDIVIDUAL REGISTRANTS, THE LOCAL AGENCY MAY USE ANY REMAINING MONEY TO PROVIDE ADDITIONAL SERVICES AS NEEDED BY ANY REGISTRANT INCLUDING EDUCATION, ORIENTATION, PLACEMENT, OTHER WORK EXPERIENCE, ON-THE-JOB TRAINING, AND OTHER APPROPRIATE ACTIVITIES.) *Subject to the amount appropriated by the legislature, funds must be allocated annually among the local agencies for payment of administrative costs incurred by the provider of work readiness services and for payment of direct expenses incurred by work readiness regis-*

trants as follows: each local agency shall be eligible to receive that proportion of the funds available which equals the monthly average number of work readiness registrants in the county divided by the monthly average number of work readiness participants in the state for the applicable period. The applicable period for fiscal year 1987 shall be the seven-month period beginning September 1, 1985, and ending March 31, 1986, and for each fiscal year thereafter, the twelve-month period ending March 31. For purposes of this subdivision and section 43, the term registrants includes registrants receiving work readiness payments and services, and general assistance recipients who volunteer or are required to participate in the work readiness program.

Sec. 43. Minnesota Statutes 1985 Supplement, section 256D.-051, is amended by adding a subdivision to read:

Subd. 6a. [USE OF FUNDS.] *The local agency shall use its allocation to pay direct registrant expenses and administrative costs of providing work readiness services. No more than 25 percent of the allocation may be used for administrative costs, except that funds remaining after payment of direct registrant expenses may be used for additional administrative costs. Funds may be used for the following direct registrant expenses: transportation, clothes, tools, and other necessary work-related expenses. Funds may be used for the following administrative costs: providing employability assessments and development plans, providing employment search assistance, education, orientation, placement, on-the-job training, and other appropriate activities.*

Sec. 44. Minnesota Statutes 1985 Supplement, section 256D.-101, subdivision 1, is amended to read:

Subdivision 1. [DISQUALIFICATION.] *If the local agency determines that a registrant has failed to comply with the requirements of section 256D.051, the local agency shall notify the registrant of the determination. The notification shall be in writing; shall state the facts that support the local agency's determination; shall specify the particular actions that must be taken by the registrant to achieve compliance; shall state that the recipient must take the specified actions by a date certain, which must be at least (15) ten days following the date the notification is mailed or delivered to the registrant; shall explain the ramifications of the registrant's failure to take the required actions by the specified date; and shall advise the registrant that the registrant may request and have a conference with the local agency to discuss the notification.*

Sec. 45. Minnesota Statutes 1985 Supplement, section 256D.-101, subdivision 2, is amended to read:

Subd. 2. [NOTICE OF GRANT REDUCTION, SUSPENSION, OR TERMINATION.] **(NO)** *The notice of grant reduc-*

tion, suspension, or termination on the ground that a registrant has failed to comply with section 256D.051 shall be (GIVEN) *mailed or hand delivered* by the local agency (UNTIL THE NOTIFICATION REQUIRED BY SUBDIVISION 1 HAS BEEN GIVEN, THE TIME FOR COMPLIANCE STATED IN THE NOTIFICATION HAS LAPSED, AND THE LOCAL AGENCY HAS, SUBSEQUENT) *concurrently with the notification required by subdivision 1. Prior to giving the (NOTIFICATION ASSESSED) notifications, the local agency must assess the registrant's eligibility for general assistance under section 256D.05 to the extent possible using information contained in the case file, and (DETERMINED) determine that the registrant is not eligible under that section. The determination that the registrant is not eligible shall be stated in the notice of grant reduction, suspension, or termination.*

Sec. 46. Minnesota Statutes 1985 Supplement, section 256D.-101, is amended by adding a subdivision to read:

Subd. 3. [BENEFITS AFTER NOTIFICATION.] Assistance payments otherwise due to the registrant under section 256D.051 shall not be issued after the notification required in subdivision 1 has been provided to the registrant unless, before the date stated in the notification, the registrant takes the specified action necessary to achieve compliance. If, by the required date, the registrant does take the specified action necessary to achieve compliance, both the notification required by subdivision 1 and the notice required by subdivision 2 shall be cancelled and all benefits due to the registrant shall be paid promptly.

Sec. 47. Minnesota Statutes 1985 Supplement, section 256D.-37, subdivision 1, is amended to read:

Subdivision 1. (a) For all individuals who apply to the appropriate local agency for supplemental aid, the local agency shall determine whether the individual meets the eligibility criteria prescribed in subdivision 2. For each individual who meets the relevant eligibility criteria prescribed in subdivision 2, the local agency shall certify to the commissioner the amount of supplemental aid to which the individual is entitled in accordance with all of the standards in effect December 31, 1973, for the appropriate categorical aid program.

(b) When a recipient is a resident of a state hospital or a dwelling with a negotiated rate, the recipient is not eligible for a shelter standard, a basic needs standard, or for special needs payments. The state standard of assistance for those recipients is the clothing and personal needs allowance for medical assistance recipients under section 256B.35. Minnesota supplemental aid may be paid to negotiated rate facilities at the rates in effect on March 1, 1985, for services provided under the supplemental aid program to residents of the facility, up to the maxi-

imum negotiated rate specified in this section. The rate for room and board or a licensed facility must not exceed \$800. The maximum negotiated rate does not apply to a facility that, on August 1, 1984, was licensed by the commissioner of health only as a boarding care home, certified by the commissioner of health as an intermediate care facility, and licensed by the commissioner of human services under Minnesota Rules, parts 9520.0500 to 9520.0690. The following facilities are exempt from the limit on negotiated rates and must be reimbursed for documented actual costs, until June 30, 1987:

(1) a facility that only provides services to persons with mental retardation; and

(2) a facility not certified to participate in the medical assistance program that is licensed as a boarding care facility as of March 1, 1985, and only provides care to persons aged 65 or older. Beginning July 1, 1987, these facilities are subject to applicable supplemental aid limits, and mental retardation facilities must meet all applicable licensing and reimbursement requirements for programs for persons with mental retardation. The negotiated rates may be paid for persons who are placed by the local agency or who elect to reside in a room and board facility or a licensed facility for the purpose of receiving physical, mental health, or rehabilitative care, provided the local agency agrees that this care is needed by the person. When Minnesota supplemental aid is used to pay a negotiated rate, the rate payable to the facility must not exceed the rate paid by an individual not receiving Minnesota supplemental aid. To receive payment for a negotiated rate, the dwelling must comply with applicable laws and rules establishing standards necessary for health, safety, and licensure. The negotiated rate (MUST BE ADJUSTED BY) *may provide for an increase of no more than the annual percentage (CHANGE) increase in the urban consumer price index (CPI-U) for Minneapolis-St. Paul as published by the Bureau of Labor Statistics between the previous two Octobers, new series index (1967-100). If there is an annual percentage decrease in the index, the rate may not be increased that year.* In computing the amount of supplemental aid under this section, the local agency shall deduct from the gross amount of the individual's determined needs all income, subject to the criteria for income disregards in effect December 31, 1973, for the appropriate categorical aid program, except that the earned income disregard for disabled persons who are not residents of long-term care facilities shall be the same as the earned income disregard available to disabled persons in the supplemental security income program and all actual work expenses shall be deducted when determining the amount of income for the individual. From and after the first of the month in which an effective application is filed, the state and the county shall share responsibility for the payment of the supplemental aid to which the individual is entitled under this section as provided in section 256D.36.

Sec. 48. Minnesota Statutes 1985 Supplement, section 268.-0122, subdivision 2, is amended to read:

Subd. 2. [SPECIFIC POWERS.] The commissioner of jobs and training shall:

(1) administer and supervise all forms of unemployment insurance provided for under federal and state laws that are vested in the commissioner;

(2) administer and supervise all employment and training services assigned to the department of jobs and training under federal or state law;

(3) (REVIEW AND COMMENT ON) *approve or disapprove* local service unit plans and community investment program plans (AND, WITH THE CONCURRENCE OF THE COORDINATOR, APPROVE OR DISAPPROVE THE PLANS);

(4) establish and maintain administrative units necessary to perform administrative functions common to all divisions of the department;

(5) supervise the county boards of commissioners, local service units, and any other units of government designated in federal or state law as responsible for employment and training programs;

(6) establish administrative standards and payment conditions for providers of employment and training services;

(7) act as the agent of, and cooperate with, the federal government in matters of mutual concern, including the administration of any federal funds granted to the state to aid in the performance of functions of the commissioner; and

(8) obtain reports from local service units and service providers for the purpose of evaluating the performance of employment and training services.

Sec. 49. Minnesota Statutes 1985 Supplement, section 268.-0122, subdivision 3, is amended to read:

Subd. 3. [DUTIES AS A STATE AGENCY.] The commissioner shall:

(1) administer the unemployment insurance laws and related programs;

(2) administer the aspects of aid to families with dependent children, general assistance, work readiness, and food stamps

that relate to employment and training services, subject to the limitations of federal regulations;

(3) administer wage subsidies (AND RECOMMEND TO THE COORDINATOR THE USE OF THE DISCRETIONARY PORTION OF WAGE SUBSIDY APPROPRIATIONS);

(4) administer a national system of public employment offices as prescribed by United States Code, title 29, chapter 4B, the Wagner-Peyser Act, and other federal employment and training programs;

(5) cooperate with the federal government and its employment and training agencies in any reasonable manner as necessary to qualify for federal aid for employment and training services and money;

(6) enter into agreements with other departments of the state and local units of government as necessary;

(7) certify (COMPETENT SERVICE PROVIDERS) and (, WITH THE CONCURRENCE OF THE COORDINATOR,) de-certify service providers (THAT FAIL TO COMPLY WITH PERFORMANCE CRITERIA ACCORDING TO STANDARDS ESTABLISHED BY THE COORDINATOR);

(8) provide consistent, integrated employment and training services across the state;

(9) establish the standards for all employment and training services administered under this chapter;

(10) develop standards for the contents and structure of the county plans;

(11) provide current state and substate labor market information and forecasts, in cooperation with other agencies;

(12) (PREPARE A PLAN AND SUBMIT IT TO THE COORDINATOR IN EACH EVEN-NUMBERED YEAR, ACCORDING TO STANDARDS ESTABLISHED BY THE COORDINATOR, FOR USE IN DEVELOPING A STATEWIDE EMPLOYMENT AND TRAINING PLAN;)

((13)) identify underserved populations, unmet service needs, and funding requirements;

((14)) (13) consult with the council for the blind on matters pertaining to programs and services for the blind and visually impaired; and

((15)) (14) submit to the governor, (THE COORDINATOR,) the commissioners of human services and finance, and the chairs of the senate finance and house appropriations committees a semiannual report that:

(a) reports, by client classification, an unduplicated count of the kinds and number of services furnished through each program administered or supervised by the department or coordinated with it;

(b) reports on the number of job openings listed, developed, available, and obtained by clients;

(c) identifies the number of cooperative agreements in place, the number of individuals being served, and the kinds of service provided them;

(d) evaluates the performance of services, such as wage subsidies, community investments, work readiness, and grant diversions; and

(e) explains the effects of current employment levels, unemployment rates, and program performance on the unemployment insurance fund and general assistance, work readiness, and aid to families with dependent children caseloads and program expenditures.

Sec. 50. Minnesota Statutes 1985 Supplement, section 268.0122, is amended by adding a subdivision to read:

Subd. 6. [INTAKE, REFERRAL, AND INVENTORY SYSTEM.] The commissioner shall develop and administer an intake, referral, and inventory system. The goal of the system must be to provide localized, single-point client intake with direct access to a statewide data base. The system must include information on all available public and private programs for employment and training services and income maintenance and support services. The system must be designed to match client needs with employment opportunities, appropriate services, programs, providers, funding sources and other sources of assistance, and to provide for client tracking. The system must be coordinated with other state data bases. Access to the system, within federal and state data practices requirements, must be available in each public income maintenance and employment and training office. The system is not subject to sections 16B.40 to 16B.45. In developing the system, the commissioner shall consult with local service units, service providers, employers, and clients.

Sec. 51. Minnesota Statutes 1985 Supplement, section 268.36, is amended to read:

268.36 [REPORT TO THE (COORDINATOR AND THE) LEGISLATURE.]

The commissioner, after consultation with the local service units and providers of employment and training services, shall evaluate the effectiveness of youth employment programs, taking into account the extent of all programs which are providing summer employment opportunities for youth, and shall report to the (COORDINATOR AND THE) legislature no later than January 15 of each even-numbered year with an evaluation of this and other programs and any recommendations for improvements.

Sec. 52. Minnesota Statutes 1985 Supplement, section 268.-673, subdivision 5, is amended to read:

Subd. 5. [REPORT.] Each eligible local service unit shall report to the commissioner (AND THE COORDINATOR) on a quarterly basis: (1) the number of persons employed; (2) the number and type of employers under the program; (3) the amount of money spent in each eligible local service unit for wages for each type of employment and each type of other expense; (4) the number of persons who have completed participation in the program and their current employment, educational, or training status; and (5) any other information requested by the commissioner or the coordinator. Each report must include cumulative information, as well as information for each quarter.

Sec. 53. Minnesota Statutes 1985 Supplement, section 268.-6751, subdivision 1, is amended to read:

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

(a) The commissioner shall allocate 70 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) 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) *commissioner* 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. 54. Minnesota Statutes 1985 Supplement, section 268.-6751, subdivision 2, is amended to read:

Subd. 2. [EMERGENCY WAGE SUBSIDIES.] (a) The (COORDINATOR) *commissioner* shall monitor local and statewide unemployment rates. Upon determining that an economic emergency exists in one or more local service units, the (COORDINATOR) *commissioner* may implement an emergency wage subsidy program and recommend to the governor to pursue ways to increase the wage subsidy money available to local service units in the affected area or areas from sources other than the appropriation allocated under subdivision 1.

(b) When the unemployment rate for the state of Minnesota equals or exceeds nine percent, the (COORDINATOR) *commissioner* shall implement a statewide emergency wage subsidy program and shall recommend to the governor to pursue ways to increase money available for wage subsidies.

Sec. 55. Minnesota Statutes 1985 Supplement, section 268.-871, subdivision 1, is amended to read:

Subdivision 1. [RESPONSIBILITY AND CERTIFICATION.] Unless prohibited by federal or state law (OR OTHERWISE DETERMINED BY STATE LAW OR THE COORDINATOR), a local service unit is responsible for the delivery of employment and training services. After February 1, 1986, employment and training services must be delivered by public, nonprofit, or private service providers that are certified to provide the services.

Sec. 56. [REVISOR'S INSTRUCTION.]

The revisor of statutes shall change references to "office of full productivity and opportunity" and "coordinator of full productivity and opportunity" wherever they appear in Minnesota Statutes to "department of jobs and training" and "commissioner of jobs and training" in subsequent editions of Minnesota Statutes.

Sec. 57. [TRANSFER.]

The commissioner of finance shall transfer, according to section 15.039, positions and appropriations for the intake, referral, and inventory system from the office of full productivity and opportunity to the department of jobs and training.

Sec. 58. [MEDICAL ASSISTANCE STUDY; REPORT.]

The legislature recognizes that married couples face complicated financial decisions when one spouse must enter a nursing home and that requirements of the medical assistance program may leave the noninstitutionalized spouse insecure about the future.

The commissioner of human services shall study the impact of medical assistance requirements on the financial stability and future security of the noninstitutionalized spouse, with particular attention to resource limits and contribution to the institutionalized spouse at the time of entry to the nursing home and throughout the ensuing months. The commissioner shall recommend to the legislature changes in the medical assistance program which will ensure maximum financial protection of the noninstitutionalized spouse. The commissioner shall report findings and recommendations to the legislature no later than October 1, 1986.

Sec. 59. Laws 1985, First Special Session chapter 9, article 1, section 2, subdivision 5, is amended to read:

Subd. 5. Income Maintenance 559,817,500 620,280,600

Notwithstanding any other law, money
appropriated for income maintenance

programs must not be transferred for other purposes except as allowed in this subdivision, subdivision 1, or section 12.

The amounts that may be spent from this appropriation for each activity are as follows:

(a) Aid to Families with Dependent Children, General Assistance, Minnesota Supplemental Assistance

\$143,329,500 \$152,961,000

If the appropriation for aid to families with dependent children, general assistance, and Minnesota supplemental assistance is insufficient for either year, the appropriation for the other year is available by direction of the governor after consulting with the legislative advisory commission.

During the biennium ending June 30, 1987, the commissioner of human services shall provide supplementary grants not to exceed \$816,800 a year for aid to families with dependent children and include the following costs in determining the amount of the supplementary grants: major home repairs; repair of major home appliances; utility recaps; supplementary dietary needs not covered by medical assistance; replacement of essential household furnishings and essential major appliances; and employment-related child care, transportation, and educational expenses. Of this amount, \$616,800 is for employment-related child care, transportation, and educational expenses.

Notwithstanding any law to the contrary, when federal money is available to match state money, the commissioner of human services may of the aid to families with dependent children program any part of the appropriation for day care sliding fee services, Minnesota Statutes, section 245.84, provided to persons or families who are receiving aid to families with dependent children pay-

ments. Federal money received during the biennium for child care services under this rider is appropriated to the commissioner of human services for day care sliding fee services.

Notwithstanding Minnesota Statutes 1984, sections 256D.06, subdivision 4, and 256D.44, or any other law to the contrary, counties are directed to maintain services for adult mentally ill persons in community residential facilities at the level required by licensure standards.

\$35,000 of the first year's appropriation is for an aid to families with dependent children alternative health insurance project. An amount equal to the savings in the aid to families with dependent children program that result from the project may be transferred from the aid to families with dependent children appropriation to the assistance payments policy activity to continue the project until June 30, 1987, after approval by the chair of the senate finance subcommittee of health and human services and the chair of the house human services division of appropriations. The commissioner may use this money as a state match to obtain commitments of private money for alternative health insurance projects for the uninsured poor.

(THE COMMISSIONER SHALL INCREASE AID TO FAMILIES WITH DEPENDENT CHILDREN AND GENERAL ASSISTANCE GRANTS BY ONE PERCENT ON JULY 1, 1985, AND ONE PERCENT ON JULY 1, 1986, UNLESS FEDERAL STATUTE OR REGULATION REQUIRES OTHERWISE.)

For the biennium ending June 30, 1987, all taxes paid to the county treasurer on or after July 1, 1985, under Minnesota Statutes, sections 287.01 to 287.12, must be credited to the county revenue fund.

On or before the tenth day of each month, the county treasurer shall de-

termine the receipts from the mortgage registration tax and the deed transfer tax during the preceding month. The treasurer shall report to the county welfare agency on or before the tenth day of each month 95 percent of the receipts attributable to the statutory rate in Minnesota Statutes, section 287.05. That amount, in addition to 97 percent of the amount determined under Minnesota Statutes, section 287.29, must be shown as a deduction from the report filed with the department of human services as required by Minnesota Statutes, section 256.82.

Notwithstanding Minnesota Statutes 1984, section 14.35, or any other law to the contrary, Minnesota Rules, part 9555.3415, Emergency, is in effect until February 1, 1986, unless it is superseded by a permanent rule prior to that date and shall govern Minnesota Statutes, section 256D.05, subdivision 1, paragraph (a), clause (12).

(b) Medical Assistance, General Assistance Medical Care and Preadmission Screening

\$394,950,300 \$445,589,900

The cost of a nursing home preadmission screening may not exceed \$140.

The commissioner of human services shall not adopt emergency rules to implement the provisions of Minnesota Statutes, section 256B.02, subdivision 8, clause (11), related to the drug formulary.

Notwithstanding any law requiring deposit of receipts in the general fund, all receipts from collection efforts for the state hospitals and state nursing homes must be deposited in the medical assistance account and are appropriated for that purpose. The commissioner shall make changes in the departmental financial reporting systems and internal accounting procedures as necessary to

ensure compliance with federal standards for reimbursement for program and administrative expenditures and to fulfill the purpose of this paragraph.

If the appropriation for medical assistance and general assistance medical care is insufficient for either year, the appropriation for the other year is available by direction of the governor after consulting with the legislative advisory commission.

\$200,000 in fiscal year 1986 and (\$150,000) \$75,000 in fiscal year 1987 are appropriated for (FOUR) *two* positions to staff the prepayment initiatives under (MEDICAL ASSISTANCE AND) general assistance medical care.

Notwithstanding any law to the contrary, home and community-based alternative services for the mentally retarded provided under the federal waiver plan must be limited to 1,000 people.

(TO DETERMINE ELIGIBILITY FOR MEDICAL ASSISTANCE, THE COMMISSIONER SHALL DISREGARD, FROM JULY 1, 1985, TO JUNE 30, 1987, 20 PERCENT OF THE INCOME FROM RETIRED, SURVIVOR'S AND DISABILITY INSURANCE BENEFITS, VETERANS' ADMINISTRATION BENEFITS, AND RAILROAD RETIREMENT BENEFITS. IF THIS DISREGARD IS DISALLOWED BY THE FEDERAL GOVERNMENT, THE COMMISSIONER SHALL DISREGARD THE INCREASE FOR SOCIAL SECURITY AND SUPPLEMENTAL SECURITY INCOME RECIPIENTS, AS PROVIDED UNDER MINNESOTA STATUTES 1984, SECTION 256B.06, SUBDIVISION 1, PARAGRAPH (12).)

(FOR GENERAL ASSISTANCE MEDICAL CARE SERVICES RENDERED ON OR AFTER NOVEMBER 1, 1985, GENERAL ASSISTANCE MEDICAL CARE PAYMENTS TO MEDICAL CARE VENDORS MUST BE AT THE 50TH PERCENTILE

**OF USUAL AND CUSTOMARY FEES
BASED ON MEDICAL ASSISTANCE
BILLINGS DURING CALENDAR
YEAR 1982.)**

(FOR MEDICAL ASSISTANCE SERVICES RENDERED ON OR AFTER NOVEMBER 1, 1985, MEDICAL ASSISTANCE PAYMENTS TO MEDICAL CARE VENDORS FOR PHYSICIAN SERVICES, DENTAL CARE, VISION CARE, PODIATRIC SERVICES, CHIROPRACTIC CARE, PHYSICAL THERAPY, OCCUPATIONAL THERAPY, SPEECH PATHOLOGISTS, AUDIOLOGISTS, MENTAL HEALTH CENTERS, PSYCHOLOGISTS, PUBLIC HEALTH CLINICS, AND INDEPENDENT LABORATORY AND X-RAY SERVICES SHALL BE LIMITED TO THE 50TH PERCENTILE OF THE USUAL AND CUSTOMARY FEES BASED UPON BILLINGS DURING CALENDAR YEAR 1982.) Rates paid to private duty nurses under the medical assistance program must be increased by 20 percent from the rates paid during fiscal year 1985.

On or after July 1, 1986, the commissioner shall phase out the rateable reductions in the general assistance medical care program to the extent possible using any net surplus projected to exist at the end of the biennium within the appropriations for medical assistance and general assistance medical care after any transfers necessary because of deficits in the aid to families with dependent children, general assistance, or Minnesota supplemental aid programs.

**(THE MAXIMUM PHARMACY
DISPENSING FEE SHALL BE \$4.30
UNDER MEDICAL ASSISTANCE
AND GENERAL ASSISTANCE MED-
ICAL CARE.)**

Federal money received during the biennium for administration of the home and community-based services waiver for persons with mental retardation is appropriated to the commissioner of

human services for administration of the home and community-based services program and must be deposited in that activity's account.

The county agencies shall not authorize, nor shall the commissioner provide medical assistance funding for, services in an intermediate care facility for the mentally retarded unless an individual assessment of service needs documents that: (1) the person has mental retardation; (2) the person requires 24-hour supervision and active treatment for medical, behavioral, or habilitation needs; and (3) less restrictive or less costly services appropriate to the client's needs cannot be made available to meet the person's assessed service needs.

The commissioner may determine whether medical assistance funding should continue to be authorized for services to an individual in an intermediate care facility for the mentally retarded. The determination must be based on the review of the individual service plan and on the findings of the Minnesota department of health quality assurance and review survey and other information that the commissioner may request.

(c) Income Maintenance Support

\$21,537,700 \$21,729,700

For the child support enforcement activity, during the biennium ending June 30, 1987, money received from the counties for providing data processing services must be deposited in that activity's account. The money is appropriated to the commissioner of human services for the purposes of the child support enforcement activity.

In determining the income contribution of parents of children in out-of-home placement, the state agency shall use the standard in Minnesota Rules, parts 9515.1200 to 9515.2600 until the adoption of the rules required by Minne-

sota Statutes, section 256B.14, subdivision 2.

If the preceding rider or Laws 1983, chapter 312, article 1, section 2, subdivision 5, paragraph 13, result in an increase in a parent's responsibility for the cost of their child's out-of-home placement, the county must not require the increase in payment until 30 days after the parent is sent notice of the amount of the increase.

Sec. 60. [REPEALER.]

Minnesota Statutes 1984, sections 116L.01; 116L.02; 116L.03, as amended by Laws 1985, First Special Session chapter 14, article 9, section 5; 116L.04, as amended by Laws 1985, First Special Session chapter 14, article 9, section 6; 116L.05; 144.66; and 144.67; Minnesota Statutes 1985 Supplement, sections 86.33, subdivisions 2 and 3; 116J.035, subdivision 3; 136.63, subdivision 1b; 178.03, subdivision 5; 267.01; 267.02; 267.03; 267.04; 267.05; 267.06; 268.0111, subdivision 3; and 268.89, subdivision 2, are repealed.

Sec. 61. [EFFECTIVE DATE.]

Sections 20 to 23, 27, 35, 42, 43, and 60 are effective the day following final enactment. Section 34 is effective May 1, 1986."

Delete the title and insert:

"A bill for an act relating to government in this state; providing for its financing, structure, and components; making and reducing appropriations for the general legislative, judicial, and administrative expenses of state government with certain conditions; providing for the transfer of certain money in the state treasury; creating, modifying, transferring, and abolishing agencies, boards, and functions; adjusting complements; creating certain funds and changing others; providing for farm relief; making cash flow changes and budget adjustments; setting and adjusting certain aid and mill rate amounts; providing for community emergency response hazardous substance protection; amending Minnesota Statutes 1984, sections 15.01; 15.057; 16A.72; 16B.20, subdivision 1; 16B.50; 17.717, subdivision 6; 25.39, subdivision 4; 41.57, by adding a subdivision; 41A.02, subdivision 15; 41A.05, subdivision 4; 41A.06, subdivision 2; 46.041, subdivision 1; 46.131, subdivision 10; 47.54, subdivision 1; 51A.51, subdivisions 1, 2, 3, and 3a; 52.06, subdivision 1; 53.03, subdivision 6; 56.02; 60A.03, subdivision 6; 60A.14, subdivision 1; 60A.23, subdivision 7; 62E.52, subdivisions 2 and 3; 62E.53, subdivisions 1 and 2; 62E.531, subdivision 2; 79.251, subdivision

1; 84.01, subdivision 3; 84.028, subdivision 3; 84.082; 84.086; 84.54; 85.016; 97.41, subdivision 2; 104.35, subdivisions 2 and 3; 105.40, subdivisions 1 and 2; 112.36, by adding a subdivision; 115A.15, subdivision 5; 115A.912, subdivision 2, and by adding a subdivision; 115B.20, subdivisions 5 and 6; 116.07, by adding a subdivision; 116C.24, subdivision 2a; 116C.25; 116J.01, subdivision 3; 116J.16, subdivisions 1, 2, 4, 5, 6, 7, and 8; 116J.29; 116J.36, subdivision 10; 116J.37, subdivision 6; 116J.401; 116J.402; 116J.403; 116J.404; 116J.405; 116J.406, subdivisions 2, 3, 4, and 5; 116J.58, subdivisions 2 and 3; 116J.60; 116J.63; 116J.66; 116J.68, subdivision 2; 116J.74, subdivision 5; 116J.80, subdivision 6; 116J.873, subdivision 4; 116M.03, subdivision 2, and by adding a subdivision; 116M.05, subdivision 1; 116M.06, subdivisions 4, 7, 8, and 10; 116M.07, subdivision 12; 116M.08, subdivisions 2, 3, 4, 5, 6, 7, 8, 9, 10, 17, 19, 20, and 21; 116M.12, subdivision 6; 121.901, subdivision 2; 124.32, subdivision 1c; 124A.02, subdivision 15; 129B.02, as amended; 129B.04, subdivisions 1a and 2; 129B.041, subdivisions 1 and 4; 129B.05, subdivision 2; 129B.43; 136.14; 136C.07, by adding a subdivision; 136C.13, by adding a subdivision; 136C.35; 138.65; 144.68; 144.69; 160.265, subdivision 1; 161.1419, subdivision 8; 168.67; 169.871, subdivision 5; 176.183, subdivisions 1 and 1a; 176.603; 176.611, subdivision 2; 197.23, subdivision 2; 197.481, by adding subdivisions; 216B.243, subdivision 6; 216B.62, subdivisions 2 and 3; 237.295, subdivisions 1 and 2; 239.10; 240.16, subdivision 5; 256B.042, subdivisions 2 and 3, and by adding subdivisions; 256B.37, by adding a subdivision; 270.067, subdivision 5; 271.01, subdivision 1, and by adding a subdivision; 273.1312, subdivision 1; 273.1314, subdivisions 1 and 16; 273.74, subdivision 5; 290.069, subdivision 1; 296.13; 299D.03, subdivision 5; 301A.07, subdivision 1; 325F.19, subdivision 3; 325F.24, subdivision 3; 326.334, subdivision 7; 349.52, subdivisions 2 and 3; 362A.06; 364.09; 462.384, subdivision 7; 462A.04, subdivisions 1 and 4; 462A.05, subdivisions 15B, 21, and 23; 465.74, subdivisions 1, 4, and 6; 471.992; 471.996; 471.997; 471.9975; 473.448; 480.242, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 15A.081, subdivision 8; 41A.03, subdivision 2; 41A.04, subdivision 4; 41A.05, subdivisions 1, 2, 3, and 5; 41A.06, subdivision 5; 53.03, subdivision 1; 92.35; 92.36; 110B.02, by adding a subdivision; 110B.08, subdivision 5; 110B.10, subdivision 1; 116J.58, subdivision 4; 116J.951, subdivision 2; 116J.961, subdivisions 1 and 8; 116M.03, subdivision 17; 116M.04, subdivision 8a; 116M.06, subdivision 2; 116M.08, subdivisions 1, 14, and 15; 116M.11, subdivision 1; 116M.12, subdivisions 3 and 4; 124.225, subdivision 7b; 124.245, subdivision 1; 124A.02, subdivision 9; 124A.03, subdivision 1a; 129C.10, subdivision 5; 136C.06; 144.8093, by adding a subdivision; 173.085, subdivision 1; 256.01, subdivisions 2 and 4; 256.74, subdivision 1; 256B.06, subdivision 1; 256B.48, subdivision 6; 256C.26; 256D.03, subdivision 4; 256D.05, subdivision 1; 256D.051, subdivisions 4, 5, 6, and by adding a subdivision; 256D.101, subdivisions 1, 2, and by adding a subdivision; 256D.37, subdivision 1; 268.0122, subdivisions 2, 3, and by adding a subdivision; 268.36; 268.673, subdivision 5; 268.6751, subdivisions 1 and 2; 268.871, subdivision

1; 270A.07, subdivision 1; 273.1314, subdivision 9; 273.74, subdivision 2; 297A.257, subdivisions 1 and 3; 298.28, subdivision 1; 326.241, subdivision 3; 326.244, subdivision 2; 340A.904, subdivision 2; 472.03, subdivision 9, and by adding a subdivision; 472.11, subdivisions 3 and 9; and 472.13; Laws 1979, chapter 280, section 2, as amended; Laws 1985, chapter 19, section 2, subdivisions 1, 2, and by adding a subdivision; chapter 19, section 6, subdivision 6; First Special Session chapter 9, article 1, section 2, subdivision 5; First Special Session chapter 10, section 125; First Special Session chapter 11, section 4, subdivision 3; First Special Session chapter 12, article 1, section 36, subdivision 3; article 2, section 15, subdivision 2; article 3, section 28, subdivision 10; article 4, section 11, subdivision 6; article 5, section 8; article 5, section 10, subdivisions 2 and 4; article 6, section 28, subdivisions 11, 17, and 20; article 8, section 62, subdivisions 2, 3, 4, 6, 8, 9, 13, 14, 15, and 17; article 8, section 63, subdivisions 2 and 3; article 8, section 64, subdivision 2; article 9, section 3, subdivisions 2 and 3; First Special Session chapter 15, section 23, subdivision 2; proposing coding for new law in Minnesota Statutes, chapters 16A; 17; 45; 84; 115A; 116J; 116K; 129B; 135A; 144; 216A; 256; 299F; 340A; 462; and 480; repealing Minnesota Statutes 1984, sections 3.351, subdivisions 1, 2, 4, and 5; 3.865; 16B.21, subdivision 2; 17.101, subdivision 2; 17.104; 17.105; 41A.02, subdivisions 2, 3, 9, and 10; 41A.03, subdivision 2; 41A.04, subdivision 2; 41A.07; 84.081; 84.083; 86A.09, subdivisions 1, 2, 3, and 4; 86A.10; 89.014, subdivision 2; 105.40, subdivision 7; 105.71, subdivisions 1, 1a, and 3; 105.72; 105.73; 105.75; 105.76; 105.77; 105.78; 105.79; 112.36, subdivision 4; 115A.07, subdivision 1; 115A.08, subdivisions 1, 2, and 3; 115A.162; 115A.90, subdivision 4; 116J.01, subdivisions 1 and 2; 116J.03; 116J.035; 116J.04; 116J.05; 116J.06, subdivisions 4, 5, 6, 7, 8, 10, 11, 12, and 13; 116J.07; 116J.08; 116J.09; 116J.10; 116J.11; 116J.12; 116J.13; 116J.14; 116J.15; 116J.17; 116J.18; 116J.19, subdivisions 1, 2, 3, 4, 5, 6, 7, 9, 10, 11, 12, and 14; 116J.20; 116J.21; 116J.22; 116J.23; 116J.24; 116J.26; 116J.261; 116J.262; 116J.27; 116J.30, subdivision 5; 116J.31; 116J.315; 116J.32; 116J.33; 116J.34; 116J.35; 116J.36, subdivisions 1, 2, 3, 3a, 3b, 3c, 4, 4a, 5, 7, 8, 8a, 9, and 11; 116J.37, subdivisions 2, 3, 4, 5, and 7; 116J.373; 116J.38; 116J.381; 116J.58, subdivision 1; 116J.59; 116J.61; 116J.873, subdivisions 1, 2, and 3; 116L.01; 116L.02; 116L.03; 116L.04; 116L.05; 116M.01; 116M.02; 116M.03, subdivisions 3, 4, 5, 6, 7, 8, 9, 10, 11, 12, 13, 14, 15, 16, 18, 19, 20, 21, 22, 23, 24, 25, and 26; 116M.04, subdivisions 1, 1a, 2, 3, 4, 5, 7, 8, 10, and 11; 116M.05, subdivision 6; 116M.06, subdivisions 1, 6, 11, 12, and 13; 116M.07, subdivisions 1, 3, 5, 6, 7, and 10; 116M.08, subdivisions 13, 16, and 18; 116M.09; 116M.10; 116M.12, subdivisions 1, 2, and 5; 116M.13, subdivisions 1, 2, and 3; 129B.01; 129B.05, subdivision 1; 136.063; 144.66; 144.67; 144A.071, subdivision 5; 161.1419; 174.03, subdivision 7; 177.41; 177.42; 177.43; 177.44; 216B.165, subdivision 2; 270.067, subdivisions 1, 2, 3, and 4; 301A.01, subdivision 1; 402.045; 402.062, subdivision 1; 402.095; 451.09, subdivision 2; 462.375; 462.421, subdivision

21; 462.445, subdivision 8; 462.595; 462A.072; 472.03, subdivision 2; Minnesota Statutes 1985 Supplement, sections 3.303, subdivision 5; 3.351, subdivision 3; 3.875; 13.76; 41A.01; 41A.02, subdivision 7; 41A.03, subdivisions 1 and 3; 41A.04, subdivisions 1 and 3; 41A.08; 86.33, subdivisions 2 and 3; 105.74; 110B.02, subdivision 2; 116J.035, subdivision 3; 116J.19, subdivision 13; 116J.36, subdivision 6; 116J.37, subdivision 1; 116J.94; 116M.03, subdivision 27; 116M.04, subdivisions 6 and 9; 116M.05, subdivision 8; 116M.06, subdivisions 3 and 5; 116M.07, subdivisions 2, 4, 7a, 7b, 7c, 8, 9, 11, and 13; 116M.08, subdivisions 11 and 12; 116M.105; 116M.11, subdivisions 2, 3, and 4; 136.63, subdivision 1b; 178.03, subdivision 5; 267.01; 267.02; 267.03; 267.04; 267.05; 267.06; 268.0111, subdivision 3; 268.66, subdivision 2; 268.89, subdivision 2; 474.17, subdivision 3; Laws 1984, chapter 654, article 2, section 146."

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

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 1781, A bill for an act relating to real property; permitting redemption of agricultural homestead; amending Minnesota Statutes 1984, sections 581.10; and 582.04; proposing coding for new law in Minnesota Statutes, chapter 580.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 514.-954, subdivision 1, is amended to read:

Subdivision 1. [LIEN ON CROPS.] A supplier who furnishes crop production inputs has an agricultural input lien for the unpaid retail cost of the crop production inputs. The lien attaches to: (1) the existing crops upon the land where a furnished agricultural chemical was applied, or if crops are not planted, to the next production crop within 16 months following the last date on which the agricultural chemical was applied; (2) the crops produced from furnished seed; or (3) the crops produced, harvested, or processed using a furnished petroleum product. If the crops are grown on leased land and the lease provides for payment in crops, the lien does not attach to the lessor's portion of the crops. *If the crops are grown on leased land and the lease provides for payment from the cash proceeds from the sale of the crops, the lien does not attach to the crops, crop products, or proceeds to the extent necessary to satisfy the*

lien created in section 2. The lien continues in crop products and proceeds.

Sec. 2. [514.96] [AGRICULTURAL LIEN FOR CASH RENT.]

Subdivision 1. [CREATION.] If crops are grown on leased land and the lease provides for payment from the cash proceeds from the sale of the crops, the lessor has a lien on the crops, crop products, and proceeds for the lease payments.

Subd. 2. [ATTACHMENT.] The lien attaches when the lease is executed.

Subd. 3. [PRIORITY.] The lien has priority over all perfected and unperfected liens and security interests in the crops from the time the lien attaches, if within 30 days of the date of the attachment of the lien, a lien statement is filed with the appropriate filing office under the Uniform Commercial Code.

Subd. 4. [FORECLOSURE.] The lien shall be treated as a secured transaction under the Uniform Commercial Code, for purposes of foreclosure.

Sec. 3. [550.175] [EXECUTION ON REAL PROPERTY THAT INCLUDES HOMESTEAD.]

Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.] If real property is to be sold on execution and the property contains a portion of the homestead of the debtor, the debtor must be notified by the executing creditor that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of execution served on the debtor under section 550.19.

Subd. 2. [HOMESTEAD DESIGNATION NOTICE.] The following notice must be included in the execution notice of real property containing a homestead that is served on a debtor under section 550.19. The notice must be in 10 point capitalized letters.

"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.

YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND UP TO 80 ACRES OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.

YOU MUST PROVIDE THE CREDITOR CAUSING THIS PROPERTY TO BE SOLD, THE SHERIFF, AND THE COUNTY RECORDER WITH A COPY OF THE LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED BY TEN BUSINESS DAYS BEFORE THE DATE THE PROPERTY IS TO BE SOLD."

Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] *The debtor must designate the legal description of the homestead property to be sold separately. The homestead property designated may include up to 80 acres of the property. The designation must conform to local zoning, include the dwelling occupied by the debtor, and be compact so that it does not unreasonably affect the value of the remaining property. The debtor must serve a copy of the designation on the executing creditor, the sheriff, and the county recorder by ten business days before the sale is scheduled.*

Subd. 4. [SALE OF PROPERTY.] *If the sheriff receives a homestead property designation under subdivision 3, the sheriff must offer and sell the designated homestead property, and the remaining property, separately.*

Subd. 5. [REDEMPTION.] *The debtor may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption for the designated homestead or the remaining property is the same as the period of redemption for the entire property including the designated homestead.*

Sec. 4. [582.041] [FORECLOSURE OF MORTGAGE THAT INCLUDES HOMESTEAD.]

Subdivision 1. [NOTIFICATION OF HOMESTEAD DESIGNATION.] *If a mortgage on real property is foreclosed and the property contains a portion of the homestead of the mortgagor, the mortgagor must be notified by the foreclosing mortgagee that the homestead may be sold and redeemed separately from the remaining property. The notice in subdivision 2 must be included in the notice of foreclosure served on the mortgagor under section 580.04 or for a foreclosure by action under chapter 581, in the summons and complaint.*

Subd. 2. [HOMESTEAD DESIGNATION NOTICE.] (a) *The following notice must be included in the foreclosure notice of property containing a homestead that is served on the mortgagor under section 580.04. The notice must be in 10 point capitalized letters.*

"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.

YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND UP TO 80 ACRES OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.

YOU MUST PROVIDE THE PERSON FORECLOSING ON THE PROPERTY, THE SHERIFF, AND THE COUNTY RECORDER WITH A COPY OF THE LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED BY TEN BUSINESS DAYS BEFORE THE DATE THE PROPERTY IS TO BE SOLD."

(b) The following notice must be served with the summons and complaint in an action to foreclose a mortgage of property containing a homestead under chapter 581. The notice must be in 10 point capitalized letters.

"PART OF THE PROPERTY TO BE SOLD CONTAINS YOUR HOUSE. YOU MAY DESIGNATE THE AREA OF A HOMESTEAD TO BE SOLD AND REDEEMED SEPARATELY.

YOU MAY DESIGNATE THE HOUSE YOU OCCUPY AND UP TO 80 ACRES OF THE PROPERTY AS A HOMESTEAD. THE DESIGNATED HOMESTEAD PROPERTY MUST CONFORM TO THE LOCAL ZONING ORDINANCES AND BE COMPACT SO THAT IT DOES NOT UNREASONABLY REDUCE THE VALUE OF THE REMAINING PROPERTY.

YOU MUST PROVIDE THE COURT WITH A LEGAL DESCRIPTION OF THE HOMESTEAD YOU HAVE DESIGNATED."

Subd. 3. [DESIGNATION OF HOMESTEAD PROPERTY.] *The mortgagor must designate a legal description of the homestead property to be sold separately. The homestead property designated may include up to 80 acres of the property. The designation must conform to local zoning, include the dwelling occupied by the mortgagor, and be compact so that it does not unreasonably affect the value of the remaining property. The mortgagor must serve a copy of the designation on the foreclosing mortgagee, the sheriff, and the county recorder by ten business days before the sale is scheduled, or for a foreclosure by action under chapter 581, a copy of the designation must be provided to the court.*

Subd. 4. [SALE OF PROPERTY.] *If the sheriff receives a homestead property designation under subdivision 3, or is ordered by the court, the sheriff must offer and sell the designated homestead property, and the remaining property, separately.*

Subd. 5. [REDEMPTION.] The mortgagor may redeem the designated homestead, the remaining property, or the entire property including the homestead. The period of redemption is the period for the entire property including the designated homestead.

Sec. 5. [REPEALER.]

Minnesota Statutes 1984, section 582.04, is repealed.

Sec. 6. [EFFECTIVE DATE.]

This act is effective the day after final enactment and applies to all foreclosures or executions on real property that have foreclosure notices or summons and complaint served on the mortgagor or execution notices served on the debtor on or after the effective date."

Delete the title and insert:

"A bill for an act relating to agriculture; providing a lien for cash rent on agricultural lands; establishing its priority; allowing designation, sale, and redemption of an agricultural homestead that is executed on and sold as part of other property; allowing designation, sale, and redemption of a homestead foreclosed on or part of other property; amending Minnesota Statutes 1985 Supplement, section 514.954, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 514, 550, and 582; repealing Minnesota Statutes 1984, section 582.04."

With the recommendation that when so amended the bill pass.

The report was adopted.

Blatz from the Committee on Crime and Family Law to which was referred:

H. F. No. 1835, A bill for an act relating to crimes; prohibiting the solicitation of children to engage in sexual conduct; imposing a penalty; proposing coding for new law in Minnesota Statutes, chapter 609.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [609.352] [SOLICITATION OF CHILDREN TO ENGAGE IN SEXUAL CONDUCT.]

Subdivision 1. [DEFINITIONS.] As used in this section:

(a) "child" means a person under the age of 16 years;

(b) "sexual conduct" means sexual contact or sexual penetration as defined in section 609.341, or sexual performance as defined in section 617.246; and

(c) "solicit" means commanding, entreating, or attempting to persuade a specific person.

Subd. 2. [PROHIBITED ACT.] A person 18 years of age or older who, with intent to engage in sexual conduct, solicits a child to engage in sexual conduct is guilty of a felony and may be sentenced to imprisonment for not more than three years, or to payment of a fine of not more than \$5,000, or both.

Subd. 3. [DEFENSES.] Mistake as to age is not a defense to a prosecution under this section.

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective August 1, 1986, and applies to crimes committed on or after that date."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

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.

Reported the same back with the following amendments:

Page 2, line 4, delete "cooperation" and insert "consultation"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 1980, A bill for an act relating to state government; authorizing the Indian affairs council to accept grants and gifts; amending Minnesota Statutes 1984, section 3.922, subdivision 5.

Reported the same back with the following amendments:

Page 1, line 19, after the period insert "*The council shall have power to contract in its own name. Contracts must be approved by a majority of the members of the council and executed by the chairperson and the executive director.*"

Amend the title as follows:

Page 1, line 3, after "to" insert "enter contracts and to"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

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

H. F. No. 1989, A bill for an act relating to agriculture; establishing a family farm advocate program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 17.

Reported the same back with the following amendments:

Page 2, line 26, delete "*and identity*"

Page 3, line 36, after "*involving*" delete "*a*"

Page 4, line 1, before "*lending*" insert "*the same*" and after "*office*" delete "*or institution*"

Page 5, delete section 12

Amend the title as follows:

Page 1, line 3, delete "appropriating money;"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2009, A bill for an act relating to economic development; defining the duties and terms of office of the members of the world trade center board; amending Minnesota Statutes

1984, sections 44A.01, subdivision 1; 44A.07, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 44A.

Reported the same back with the following amendments:

Page 3, after line 23, insert:

"Sec. 4. [44A.08] [SERVICE INFORMATION; CLASSIFICATION OF DATA.]

Subdivision 1. [SERVICE INFORMATION.] Information, including data bases, purchased by the board or developed by the board for sale pursuant to section 44A.07, is "nonpublic data" as defined by section 13.02, subdivision 9.

Subd. 2. [CLASSIFICATION OF DATA.] For purposes of this subdivision, "business transaction" means a transaction between parties other than the board. The following data received or developed by the board is private with respect to data on individuals and nonpublic with respect to data not on individuals:

(1) Data relating to the financial condition of individuals or businesses receiving or performing services by or on behalf of the board.

(2) The terms of business transactions facilitated by the board, at the request of either party to the transaction.

(3) At the request of the person or business seeking the information, the identities of persons or businesses requesting specific trade information from the board, and the nature of the trade information."

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2011, A bill for an act relating to state government; changing the name of the title of the chief staff person of the world trade center board; modifying the qualifications for that position; amending Minnesota Statutes 1984, section 44A.02.

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

The report was adopted.

Blatz from the Committee on Crime and Family Law to which was referred:

H. F. No. 2012, A bill for an act relating to crimes; increasing penalties for soliciting or inducing an individual under the age of 13 to practice prostitution; imposing criminal liability on persons who receive profit from prostitution if they have reason to believe it was derived from prostitution; imposing criminal penalties on persons who allow juvenile prostitutes to reside in their dwelling; amending Minnesota Statutes 1984, sections 609.322; 609.323; and 609.324, by adding a subdivision.

Reported the same back with the following amendments:

Page 4, after line 22, insert:

“Sec. 4. [609.3241] [PENALTY ASSESSMENT AUTHORIZED.]

In any county that has established a multidisciplinary child protection team pursuant to section 626.558, when a court sentences a person convicted of violating section 609.322, 609.323, or 609.324, while acting other than as a prostitute, the court shall impose an assessment of \$250 to be used for the purposes described in section 5. This assessment is in addition to the assessment or surcharge required by section 609.101. The court shall collect and forward the assessment to the county treasurer, with appropriate designation as to its source and permissible use.

Sec. 5. Minnesota Statutes 1984, section 626.558, is amended by adding a subdivision to read:

Subd. 2a. [JUVENILE PROSTITUTION OUTREACH PROGRAM.] As needed, a multidisciplinary child protection team shall assist the local welfare agency, local law enforcement agency, or an appropriate private organization in developing a program of outreach services for juveniles who are or appear to be engaging in prostitution. These services may include, but need not be limited to counseling, medical care, short-term shelter, alternative living arrangements, and drop-in centers. The county may finance these services by means of the penalty assessment authorized by section 4 and shall require annual reporting to the county board by the multidisciplinary child protection team on the services provided and the expenditures made under this subdivision.”

Page 4, line 24, delete “3” and insert “5”

Renumber the remaining section

Amend the title as follows:

Page 1, line 9, after the semicolon, insert: "providing for a penalty assessment; authorizing counties to develop a program of outreach services for juvenile prostitutes;"

Page 1, line 10, delete "and"

Page 1, line 11, before the period insert "; and 626.558, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 609"

With the recommendation that when so amended the bill pass.

The report was adopted.

Blatz from the Committee on Crime and Family Law to which was referred:

H. F. No. 2017, A bill for an act relating to crimes; making certain videotaped statements admissible in proceedings involving physical or sexual abuse against a child; amending Minnesota Statutes 1984, section 595.02, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 260.156; and 595.02, subdivision 3.

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

The report was adopted.

Kvam from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 2032, A bill for an act relating to the city of Hendrum; authorizing the establishment of a detached banking facility in the city of Moorhead by a state bank located in the city of Hendrum.

Reported the same back with the following amendments:

Page 1, line 10, after "*business*" delete "*in the city of Hendrum may*" and insert "*within 30 miles of the city of Moorhead may establish and maintain not more than one detached facility in the city of Moorhead.*"

Page 1, delete lines 11 and 12

Page 1, line 13, delete "*Minnesota Statutes, section 47.52.*"

With the recommendation that when so amended the bill pass.

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 1781, 1835, 1892, 1980, 1989, 2009, 2011, 2012, 2017 and 2032 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 1600 and 1574 were read for the second time.

**INTRODUCTION AND FIRST READING
OF HOUSE BILLS**

The following House Files were introduced:

Bishop, Valan, Kalis, Vellenga and Seaberg introduced:

H. F. No. 2284, A bill for an act relating to the Minnesota historical society; defining and establishing control over 1905 Capitol furnishings; amending Minnesota Statutes 1984, sections 138.67, by adding a subdivision; and 138.68.

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

Waltman introduced:

H. F. No. 2285, A bill for an act relating to administrative procedure; defining order; limiting certain agency actions; requiring an order to be rendered in accordance with the contested case procedures of the administrative procedure act; providing penalties; amending Minnesota Statutes 1984, sections 14.02, by adding a subdivision; 14.57; and 609.43; proposing coding for new law in Minnesota Statutes, chapter 14.

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

Rees introduced:

H. F. No. 2286, A bill for an act relating to liens; labor and material; providing for the inclusion of visible improvement; amending Minnesota Statutes 1984, section 514.05.

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

Schreiber introduced :

H. F. No. 2287, A bill for an act relating to state and local government obligations; providing for a method of determining compliance with the volume cap limitations of proposed federal tax law.

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

Rest and Kahn introduced :

H. F. No. 2288, A bill for an act relating to wild animals; regulating the setting of multiple traps; directing a report to the legislature; amending Minnesota Statutes 1984, section 100.29, subdivision 32.

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

Krueger, McEachern, Levi, Long and Jennings, L., introduced :

H. F. No. 2289, A bill for an act relating to waters; permits to lower water levels under certain circumstances; amending Minnesota Statutes 1984, section 105.42, by adding a subdivision.

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

Krueger and Jennings, L., introduced :

H. F. No. 2290, A bill for an act relating to waters; petitions for termination of watershed districts; amending Minnesota Statutes 1984, section 112.411, subdivision 1; repealing Minnesota Statutes 1984, section 112.411, subdivision 5.

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

Sparby, Bishop, Marsh, Rees and Quinn introduced :

H. F. No. 2291, A bill for an act relating to courts; providing for termination of the public defender system in a judicial district; requiring provision of counsel; proposing coding for new law in Minnesota Statutes, chapter 611.

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

Jennings, L.; Zaffke; Frederickson; Becklin and Kalis introduced :

H. F. No. 2292, A bill for an act relating to counties; clarifying county commissioner conflict of interest provisions; authorizing counties to develop and market computer software products; providing a method for consolidation of the offices of county auditor and county treasurer; changing certain referendum provisions for adoption of optional forms of county government; amending Minnesota Statutes 1984, sections 375.09; 375.18, subdivision 7; 375A.11, subdivision 3; 375A.12, subdivisions 3 and 4; and 383C.17; proposing coding for new law in Minnesota Statutes, chapter 375; repealing Minnesota Statutes 1984, sections 394.01 to 394.05.

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

Murphy and Boo introduced :

H. F. No. 2293, A bill for an act relating to intoxicating liquor; removing the limit on the number of seasonal on-sale licenses which may be issued by St. Louis county; amending Laws 1973, chapter 663, section 1, as amended.

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

Jaros and Murphy introduced :

H. F. No. 2294, A bill for an act relating to labor; independent school district No. 709, Duluth; removing certain educational assistants from civil service; amending Laws 1967, chapter 252, section 2, as amended.

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

Boo, Munger and Murphy introduced:

H. F. No. 2295, A bill for an act relating to independent school district No. 709; providing for severance pay for employees.

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

Rees, Tompkins, Halberg, McDonald and Carlson, D., introduced:

H. F. No. 2296, A bill for an act relating to the pollution control agency; allowing the termination of the metropolitan sludge ash siting process.

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

Frerichs; Boo; Carlson, D.; Elloff and Minne introduced:

H. F. No. 2297, A bill for an act relating to health; requiring transportation services involving the use of a stretcher to meet life support transportation licensing standards; amending Minnesota Statutes 1984, sections 144.801, subdivision 4; and 174.29, subdivision 1.

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

Heap and Piepho introduced:

H. F. No. 2298, A bill for an act relating to education; establishing advisory committees between certain AVTIs and community colleges; specifying composition and duties; requiring a report.

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

Bishop, Levi, Halberg, Long and Vellenga introduced:

H. F. No. 2299, A bill for an act relating to discrimination; prohibiting conditioning credit on the signature of another person if the applicant is credit-worthy; amending Minnesota Statutes 1984, section 363.03, subdivision 8.

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

Bishop, Redalen, Jacobs, Miller and Bennett introduced :

H. F. No. 2300, A bill for an act relating to utilities ; restricting the use and connection of automatic dialing-announcing devices to telephone lines ; proposing coding for new law in Minnesota Statutes, chapter 237.

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

Beard and Price introduced :

H. F. No. 2301, A bill for an act relating to taxation ; sales ; exempting the sales of certain special fuels ; amending Minnesota Statutes 1985 Supplement, section 297A.25, subdivision 1.

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

Segal introduced :

H. F. No. 2302, A bill for an act relating to education ; requiring the state department of education to maintain a health education specialist ; proposing coding for new law in Minnesota Statutes, chapter 126.

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

Frerichs and Sparby introduced :

H. F. No. 2303, A bill for an act relating to agriculture ; making legislative findings ; defining terms ; dedicating revenue attributable to short sales of agricultural commodities ; authorizing rules ; increasing federal adjusted gross income related to short sales of agricultural commodities ; imposing a sales tax on the short sale of an agricultural commodity contract ; providing commodity transaction violations and providing exemptions ; defining terms ; prohibiting certain commodity trading activities ; prohibiting fraudulent conduct ; prescribing liability of principals ; authorizing investigations, subpoenas, and enforcement actions ; prescribing remedies and criminal penalties ; authorizing cooperation with other agencies ; authorizing rules ; prescribing a procedure for orders and judicial review of orders ; requiring licenses for persons dealing in commodities ; prescribing license fees ;

authorizing examinations; requiring an annual report; prescribing postlicensing requirements; authorizing inspections; prescribing conditions to suspend or revoke a license; prohibiting enforcement of short sales of agricultural commodities; amending Minnesota Statutes 1984, section 297A.01, subdivisions 3 and 4; Minnesota Statutes 1985 Supplement, sections 290.01, subdivision 20a; and 297A.25, subdivision 1; proposing coding for new law as Minnesota Statutes, chapter 338.

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

Johnson and Sherman introduced:

H. F. No. 2304, A bill for an act relating to small businesses; imposing a moratorium on the operation of the small business set-aside and preference programs; establishing a training program for owners and operators of small businesses; appropriating money; amending Minnesota Statutes 1984, section 116J.68, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 16B.

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

Kahn, Battaglia, Voss, Norton and O'Connor introduced:

H. F. No. 2305, A bill for an act relating to crimes; repealing the crime of criminal syndicalism; repealing Minnesota Statutes 1984, section 609.405.

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

Piepho, Frerichs, Heap, Tompkins and Elloff introduced:

H. F. No. 2306, A bill for an act relating to education; establishing a task force to enhance and assess quality in post-secondary education; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 136A.

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

Welle, Brown, Kalis, Rodosovich and Brinkman introduced :

H. F. No. 2307, A bill for an act relating to game and fish ; providing a split season opener for the migratory waterfowl season ; amending Minnesota Statutes 1984, section 97.48, subdivision 23.

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

Welle, Brown, Rodosovich, Schoenfeld and Brinkman introduced :

H. F. No. 2308, A bill for an act relating to game and fish ; setting a staggered opening date for the pike season ; amending Minnesota Statutes 1984, section 101.41, by adding a subdivision.

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

Valento, Ozment, Tompkins, Miller and Stanius introduced :

H. F. No. 2309, A bill for an act relating to port authorities ; prohibiting the use of state money or credit to pay or guarantee the debt of a port authority or its debtor ; proposing coding for new law in Minnesota Statutes, chapter 458.

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

McPherson, Price, Levi and Beard introduced :

H. F. No. 2310, A bill for an act relating to state waters ; providing for unrestricted use of authorized boat slips by marinas on the lower St. Croix river.

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

Greenfield introduced :

H. F. No. 2311, A bill for an act relating to state departments and agencies ; providing for inspections of certain facilities and imposition of fines ; amending Minnesota Statutes 1984, sections 144.55, subdivision 4 ; and 245.805.

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

Greenfield, Wynia, Ozment, Sviggum and Brandl introduced:

H. F. No. 2312, A bill for an act relating to human services; eliminating supportive living residences as residential care facilities for persons with mental illness; providing for the establishment of a third level of care for persons with mental illness; directing the commissioner of human services to review and alter rules relating to residential care facilities for persons with mental illness; amending Minnesota Statutes 1984, sections 245.782, subdivisions 2 and 6; 245.802, by adding a subdivision; repealing Minnesota Statutes 1984, section 245.802, subdivision 1a.

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

Thorson introduced:

H. F. No. 2313, A bill for an act relating to retirement; directing payment of survivor benefits to the surviving spouse of a certain deceased member of the state retirement system; appropriating money.

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

Johnson and Carlson, D., introduced:

H. F. No. 2314, A bill for an act relating to game and fish; prohibiting issuance of moose licenses to previously licensed applicants; amending Minnesota Statutes 1984, section 100.271, subdivision 3a.

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

Murphy introduced:

H. F. No. 2315, A bill for an act relating to state lands; authorizing an exchange of certain state lands with the city of Thomson in Carlton county.

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

Munger, Rose, Boo, Battaglia and Carlson, D., introduced:

H. F. No. 2316, A bill for an act relating to water; prohibiting the commissioner of natural resources from issuing or approving certain permits or plans for diversion of water from certain water basins before consultation with state and Canadian officials; amending Minnesota Statutes 1984, sections 105.37, by adding a subdivision; 105.405, subdivision 2, and by adding subdivisions; and 105.44, subdivision 4.

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

Zaffke, Schafer, Kalis, Thiede and Begich introduced:

H. F. No. 2317, A bill for an act relating to corporations; providing for the resignation of registered agents of foreign corporations; amending Minnesota Statutes 1984, section 303.10, by adding a subdivision.

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

Waltman introduced:

H. F. No. 2318, A bill for an act relating to agriculture; strengthening the pesticide laws; imposing penalties; amending Minnesota Statutes 1984, sections 18A.21, subdivisions 1, 4, 5, 7, 8, 10, 12, 16, 19, 20, 21, 22, 23, 27, 29, 30, 31, 32, 33, 34, 35, 36, and by adding subdivisions; 18A.22, subdivisions 1, 2, 5, 7, and 8; 18A.23; 18A.24; 18A.25; 18A.27; 18A.28, subdivisions 1, 2, 3, 4, and by adding a subdivision; 18A.29, subdivisions 1, 3, and by adding subdivisions; 18A.30; 18A.31; 18A.32; 18A.33; 18A.34; 18A.35; 18A.36, subdivisions 1 and 2; 18A.37; 18A.39; 18A.41; 18A.42; 18A.43; 18A.44; and 18A.45; proposing coding for new law in Minnesota Statutes, chapter 18A; repealing Minnesota Statutes 1984, sections 18A.26; 18A.28, subdivisions 5 and 6; 18A.29, subdivision 2; and 18A.36, subdivision 3.

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

Waltman introduced:

H. F. No. 2319, A bill for an act relating to environment; requiring at least four members of the pollution control agency board to be persons knowledgeable in agriculture; amending Minnesota Statutes 1984, section 116.02, subdivision 1.

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

Gruenes introduced:

H. F. No. 2320, A bill for an act relating to education; requiring special instruction and services for handicapped children from birth to age three; requiring district plans to include special instruction and services for children under age five; amending Minnesota Statutes 1984, section 120.17, by adding a subdivision; Minnesota Statutes 1985 Supplement, section 120.17, subdivisions 1, 3, 3a, and 13.

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

Brown; Olson, E.; Krueger; Lieder and Sparby introduced:

H. F. No. 2321, 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.

Simoneau introduced:

H. F. No. 2322, A bill for an act relating to retirement; state employees surviving spouse benefits; amending Minnesota Statutes 1984, section 352.12, subdivision 2.

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

Olsen, S.; Nelson, K.; Voss; McEachern and Schafer introduced:

H. F. No. 2323, A bill for an act relating to education; changing the status of the advisory council on uniform financial accounting and reporting standards to a board; enabling the uniform financial accounting and reporting standards board to authorize school boards to permanently transfer money from one fund to another; removing the authority to authorize permanent fund transfers from the state board of education; amending Minnesota Statutes 1984, sections 121.901; 121.902; and Minnesota Statutes 1985 Supplement, section 121.9121.

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

Olsen, S.; Nelson, K.; Voss; McEachern and Schafer introduced:

H. F. No. 2324, A bill for an act relating to education; prohibiting the state board from authorizing a school board to transfer money from the debt redemption fund, except as provided in Minnesota Statutes, section 475.61, subdivision 4; amending Minnesota Statutes 1985 Supplement, section 121.9121, by adding a subdivision.

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

Olsen, S.; Nelson, K.; Voss; McEachern and Schafer introduced:

H. F. No. 2325, A bill for an act relating to education; establishing the fund transfer committee composed of the commissioners of education, finance, and revenue; enabling the fund transfer committee to authorize school boards to permanently transfer money from one fund to another; removing the authority to authorize permanent fund transfers from the state board of education; amending Minnesota Statutes 1985 Supplement, section 121.9121.

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

Becklin and Jennings, L., introduced:

H. F. No. 2326, A bill for an act relating to environment; transferring certain duties of the pollution control agency under the waste management act to the waste management board; amending Minnesota Statutes 1984, sections 115A.42; 115A.44; 115A.45; 115A.46, subdivision 1; 115A.51; 115A.53; and 115A.917; Minnesota Statutes 1985 Supplement, sections 115A.49 and 115A.52.

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

Begich, Battaglia, Minne, Eliooff and Solberg introduced:

H. F. No. 2327, A bill for an act relating to economic development; establishing a mineral resources program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 84.

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

McDonald introduced:

H. F. No. 2328, A bill for an act relating to the city of Cologne; exempting certain general obligation bonds and tax levies from debt and levy limitations.

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

Tompkins, Ozment, Voss, Rees and Halberg introduced:

H. F. No. 2329, A bill for an act relating to Dakota county; authorizing the issuance of bonds for the construction of library buildings and an annual levy for debt retirement.

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

Schreiber, Blatz, Jacobs and McKasy introduced:

H. F. No. 2330, A bill for an act relating to taxation; income; providing for additional withholding exemptions in certain instances; imposing a penalty; amending Minnesota Statutes 1984, section 290.92, subdivision 5; Minnesota Statutes 1985 Supplement, section 290.92, subdivisions 5a and 15.

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

Shaver, Quinn, Schreiber and Fjoslien introduced:

H. F. No. 2331, A bill for an act relating to taxation; providing for the taxation of lawful gambling; making unlicensed wholesaling of gambling equipment a felony; exempting certain lawful gambling from licensing and taxation; providing a penalty; amending Minnesota Statutes 1984, sections 349.12, by adding a subdivision; 349.212, by adding a subdivision; 349.214, subdivision 2, and by adding a subdivision; 349.22; 349.31, subdivision 1; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349.

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

Onnen introduced:

H. F. No. 2332, A bill for an act relating to health; requiring the transfer of licensure activities from the commissioner of human services to the commissioner of health.

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

GENERAL ORDERS

Levi moved that the bills on General Orders for today be continued one day. The motion prevailed.

MOTIONS AND RESOLUTIONS

Thorson moved that the name of Tjornhom be added as an author on H. F. No. 2230. The motion prevailed.

Clausnitzer moved that the names of Vellenga, Ozment, Greenfield and Kiffmeyer be added as authors on H. F. No. 2243. The motion prevailed.

Tompkins moved that the following statement be printed in the Journal for today:

"When the vote was taken on the final passage of H. F. No. 1844 I inadvertently voted in the negative. If I had the opportunity to change my vote, I would have voted in the affirmative." The motion prevailed.

Simoneau moved that the following statement be printed in the Journal for today:

"At the time the vote was taken on the final passage of S. F. No. 40 I was attending a meeting in the Governor's office. Had I been present I would have voted in the affirmative." The motion prevailed.

MOTION TO TAKE FROM THE TABLE

Knickerbocker moved that H. F. No. 671 be taken from the table and be placed upon its passage.

A roll call was requested and properly seconded.

The question was taken on the Knickerbocker motion and the roll was called. There were 81 yeas and 41 nays as follows:

Those who voted in the affirmative were:

Backlund	Greenfield	Lieder	Piepho	Svigum
Becklin	Gutknecht	Long	Price	Thiede
Bennett	Halberg	Marsh	Quinn	Thorson
Bishop	Hartinger	McDonald	Redalen	Tjornhom
Blatz	Hartle	McKasy	Rest	Tomlinson
Boo	Haukoos	McLaughlin	Riveness	Uphus
Brandl	Heap	McPherson	Rodosovich	Valento
Burger	Himle	Miller	Scheid	Vellenga
Carlson, D.	Jacobs	Munger	Schreiber	Voss
Carlson, J.	Jaros	Nelson, K.	Seaberg	Waltman
Carlson, L.	Jennings, L.	Neuenschwander	Segal	Welle
Dempsey	Johnson	Norton	Shaver	Wynia
Dimler	Kahn	Olsen, S.	Sherman	Spk. Jennings, D.
Dyke	Kelly	Osthoff	Simoneau	
Forsythe	Kiffmeyer	Otis	Skoglund	
Frederickson	Knickerbocker	Pappas	Sparby	
Frerichs	Knuth	Pauly	Staten	

Those who voted in the negative were:

Anderson, G.	Begich	Clausnitzer	Elioff	Frederick
Anderson, R.	Brinkman	Cohen	Erickson	Gruenes
Battaglia	Brown	DenOuden	Fjoslien	Kalis

Kostohryz	Murphy	Onnen	Quist	Schafer
Krueger	Nelson, D.	Ozment	Rees	Tompkins
Kvam	O'Connor	Peterson	Rice	Tunheim
McEachern	Ogren	Piper	Richter	Valan
Metzen	Omann	Poppenhagen	Sarna	Wenzel
Minne				

The motion prevailed and H. F. No. 671 was taken from the table.

H. F. No. 671 was reported to the House.

H. F. No. 671, A bill for an act relating to financial institutions; authorizing interstate acquisition and formation of banks between this state and certain states on a reciprocal basis; proposing coding for new law in Minnesota Statutes, chapter 48.

The bill, as amended, was placed upon its final passage.

The question was taken on the passage of the bill and the roll was called. There were 82 yeas and 48 nays as follows:

Those who voted in the affirmative were:

Backlund	Forsythe	Knuth	Pauly	Stanis
Beard	Frerichs	Levi	Piepho	Staten
Becklin	Greenfield	Lieder	Price	Sviggm
Bennett	Gutknecht	Long	Quinn	Thiede
Bishop	Halberg	Marsh	Redalen	Thorson
Blatz	Hartinger	McDonald	Rest	Tjornhom
Boo	Hartle	McLaughlin	Riveness	Tomlinson
Brandl	Haukoos	McPherson	Rose	Valento
Burger	Heap	Miller	Scheid	Vellenga
Carlson, D.	Himle	Murphy	Schreiber	Voss
Carlson, J.	Jacobs	Nelson, K.	Seaberg	Waltman
Carlson, L.	Jaros	Neuenschwander	Segal	Welle
Clausnitzer	Jennings, L.	Norton	Shaver	Wynia
Cohen	Kahn	Olsen, S.	Sherman	Spk. Jennings, D.
Dempsey	Kelly	Osthoff	Simoneau	
Dimler	Kiffmeyer	Otis	Skoglund	
Ellingson	Knickerbocker	Pappas	Sparby	

Those who voted in the negative were:

Anderson, G.	Elioff	Kvam	Onnen	Schafer
Anderson, R.	Erickson	McEachern	Ozment	Solberg
Battaglia	Fjoslien	McKasy	Peterson	Tompkins
Begich	Frederick	Metzen	Poppenhagen	Tunheim
Boerboom	Frederickson	Minne	Quist	Uphus
Brinkman	Gruenes	Munger	Rees	Valan
Brown	Johnson	Nelson, D.	Rice	Vanasek
Clark	Kalis	O'Connor	Richter	Wenzel
DenOuden	Kostohryz	Ogren	Rodosovich	
Dyke	Krueger	Omann	Sarna	

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

Riveness moved that the name of Ozment be added as an author on H. F. No. 1908. The motion prevailed.

Clark moved that H. F. No. 2184 be recalled from the Committee on Health and Human Services and be re-referred to the Committee on Labor-Management Relations. The motion prevailed.

Murphy moved that H. F. No. 2315 be recalled from the Committee on Local and Urban Affairs and be re-referred to the Committee on Environment and Natural Resources. The motion prevailed.

ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 2:00 p.m., Monday, February 24, 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 24, 1986.

EDWARD A. BURDICK, Chief Clerk, House of Representatives