

STATE OF MINNESOTA

SEVENTY-FOURTH SESSION - 1986

SEVENTY-SEVENTH DAY

SAINT PAUL, MINNESOTA, MONDAY, MARCH 3, 1986

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

Prayer was offered by Reverend Howard C. Gravrock, House Chaplain.

The roll was called and the following members were present:

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

A quorum was present.

Levi was excused.

The Chief Clerk proceeded to read the Journal of the preceding day. Vanasek 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. 1887, 1890, 1917, 2197, 2265, 1846, 1869, 1919, 2198, 2263, 2339, 804, 1776, 1958, 2141, 2267, 1635, 1886, 1776 and 1919 and S. F. No. 1612 have been placed in the members' files.

REPORTS OF STANDING COMMITTEES

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 651, A bill for an act relating to health; authorizing inclusion of physical fitness therapies in grant programs for the mentally ill; amending Minnesota Statutes 1984, sections 245.73, by adding a subdivision; and 256E.12, subdivision 1.

Reported the same back with the following amendments:

Page 1, line 13, delete "*including*" and insert "*related to*"

Page 1, line 25, delete "*including*" and insert "*relating to*"

Page 2, after line 1, insert:

"Sec. 3. [MENTAL HEALTH SERVICES STUDY.]

The state planning agency shall study the need for a central point in state government to administer a system of mental health services. Alternatives to be studied shall include, but not be limited to:

(1) the creation of a mental health authority within the department of human services, under its commissioner;

(2) the creation of a mental health authority within the department of health, under its commissioner; and

(3) the creation by the legislature of a separate and independent department of mental health.

Results of the study and recommendations shall be reported to the legislature by December 15, 1986.

Sec. 4. [LICENSING FUNCTIONS STUDY.]

The state planning agency shall study methods of unifying licensing functions presently divided between the departments of health and human services, gaining consistency in licensing and regulating functions, and attempting to consolidate the num-

ber of rules promulgated by these departments. In addition, the study shall address methods to improve the quality assurance system, including standards, mechanisms to monitor, and enforcement authority. The study must address quality assurance as an activity conducted by the state to assess the status of quality in a service, to track that status over time, and to improve the correspondence between standards and performance. Results of the study and recommendations shall be made to the legislature by December 15, 1986."

Amend the title as follows:

Page 1, line 4, after the semicolon insert "providing for study of the administration of mental health services;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 901, A bill for an act relating to elections in the city of Minneapolis; changing the time of election of certain board members; extending certain terms; amending Laws 1959, chapter 462, section 3, subdivision 1, as amended and renumbered.

Reported the same back with the following amendments:

Page 1, line 10, after "3," insert "and" and delete ", and 5"

Page 2, delete lines 4 to 10 and insert:

"The terms of the elected members of the library board of the city of Minneapolis whose terms would have been filled at a 1987 municipal election are extended to the first business day in January 1990. Those whose terms were filled during the 1985 municipal election are extended to the first business day in 1994. At the general municipal election in 1993 and every four years thereafter, the electors of the city of Minneapolis shall elect six members of the board, each for a term of four years."

Page 2, delete lines 11 to 33

Renumber the remaining section

Page 3, line 2, after the comma insert "and"

Page 3, line 3, after "Minneapolis" delete ", and the governing body of special"

Page 3, line 4, delete "*school district No. 1*"

Amend the title as follows:

Page 1, line 4, delete "amending Laws 1959,"

Page 1, delete line 5

Page 1, line 6, delete everything before the period

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. 1007, A bill for an act relating to retirement; Minnesota state retirement system unclassified plan; including certain state university administrators and faculty; directing a transfer of funds; amending Minnesota Statutes 1984, section 352D.02, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 352D.01, is amended to read:

352D.01 [ESTABLISHMENT.]

There is hereby established within the Minnesota state retirement system a retirement program for certain (UNCLASSIFIED) *public* employees (IN STATE SERVICE) to be known as the Minnesota unclassified employees retirement program, which shall be administered by the Minnesota state retirement system.

Sec. 2. Minnesota Statutes 1984, section 352D.015, subdivision 5, is amended to read:

Subd. 5. "Covered employment" means employment covered by (CHAPTER 352, OR) this chapter.

Sec. 3. Minnesota Statutes 1984, section 352D.02, as amended by Laws 1985, First Special Session chapter 10, section 88, is amended to read:

352D.02 [COVERAGE.]

Subdivision 1. [COVERAGE.] The following employees, if they are in the unclassified service of the state and are eligible

for coverage under the (MINNESOTA) state *employees* retirement (SYSTEM) *fund*, shall participate in the unclassified program unless an employee gives notice to the executive director of the state retirement system within one year following the commencement of employment in the unclassified service that the employee desires coverage under the regular employee plan. For the purposes of this chapter, an employee who does not file notice with the executive director shall be deemed to have exercised the option to participate in the unclassified plan.

(1) any employee in the office of the governor, lieutenant governor, secretary of state, state auditor, state treasurer, attorney general or the state board of investment,

(2) the head of any department, division, or agency created by statute in the unclassified service, an acting department head subsequently appointed to the position, or any employee enumerated in section 15A.081, subdivision 1 or 15A.083, subdivision 4,

(3) any permanent, full-time unclassified employee of the legislature or any commission or agency of the legislature or a temporary legislative employee having shares in the supplemental retirement fund as a result of former employment covered by this chapter, whether or not eligible for coverage under the Minnesota state retirement system,

(4) any person employed in a position established pursuant to section 43A.08, subdivision 1, clause (c), or subdivision 1a or in a position authorized under a statute creating or establishing a department or agency of the state, which is at the deputy or assistant head of department or agency or director level,

(5) the chair, chief administrator, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan waste control commission as designated by the commission; the chair, executive director, and not to exceed three positions at the division director or assistant to the chair level of the regional transit board; a chief administrator who is an employee of the metropolitan transit commission; and the chair, executive director, and not to exceed nine positions at the division director or administrative deputy level of the metropolitan council as designated by the council; provided that upon initial designation of all positions provided for in this clause, no further designations or redesignations shall be made without approval of the board of directors of the Minnesota state retirement system,

(6) the executive director, associate executive director, and not to exceed nine positions of the higher education coordinating board in the unclassified service, as designated by the higher education coordinating board; provided that upon initial designation of all positions provided for in this clause, no further designa-

tions or redesignations shall be made without approval of the board of directors of the Minnesota state retirement system,

(7) the clerk of the appellate courts appointed pursuant to Article VI, Section 2, of the Constitution of the state of Minnesota,

(8) the chief executive officers of correctional facilities operated by the department of corrections and of hospitals and nursing homes operated by the department of human services,

(9) any employee whose principal employment is at the state ceremonial house,

(10) employees of the Minnesota educational computing corporation, and

(11) any employee of the world trade center board.

Subd. 1a. The following employees if they are eligible for coverage under the state employees retirement fund, or the teachers retirement association, or would have been eligible for coverage under those funds but for this subdivision, shall participate in the plan, subject to the provisions of subdivision 5 and section 8, and have Social Security coverage under the agreement between the state and the secretary of health and human services: the chancellor, university presidents, and unclassified managerial employees in the state university system employed at the level of dean or higher.

Subd. 1b. Any person who on the day before June 30, 1982 is a participant in the state unclassified employees retirement program, whose position is placed in the classified service pursuant to Laws 1982, Chapter 560, may elect to maintain membership in the unclassified program as long as the person holds the position or a position in a higher class in the same agency. When an unclassified position which entitles a person to participate in the unclassified retirement program is placed in the classified service, the commissioner of employee relations shall send written notice to the incumbent of the position, and to the director of the Minnesota state retirement system. This notice shall state the incumbent's option under this subdivision. A person eligible to maintain membership in the unclassified plan shall notify the executive director of the state retirement system of the person's election to maintain membership in the unclassified plan within 60 days of the date on which the commissioner sends the notice stating that the position has been placed in the classified service. A person who does not file this notice shall be deemed to have waived the right to remain in the unclassified plan.

Subd. (1B) 1c. An employee covered by the regular plan who is subsequently employed as a permanent, full-time unclassified

employee of the legislature or any commission or agency of the legislature may elect to transfer accumulated employee and matching employer contributions, as provided in section 352D.03.

Subd. 2. A person becoming a participant in the unclassified program by virtue of employment in a position specified in subdivision 1, clause (2) and remaining in the unclassified service shall remain a participant in the program even though the position the person occupies is deleted from any of the sections referenced in subdivision 1, clause (2) by subsequent amendment, except that a person shall not be eligible to elect the unclassified program after separation from unclassified service if on the return of the person to service, that position is not specified in subdivision 1, clause (2). Any person employed in a position specified in subdivision 1 shall cease to participate in the unclassified program in the event his position is placed in the classified service.

Subd. 3. An election to not participate is irrevocable during any period of covered employment. An employee with employee shares to his credit in the unclassified program, after acquiring credit for ten years of allowable service but prior to termination of covered employment, may, notwithstanding other provisions of this subdivision, elect to terminate his participation in the unclassified plan and be covered by the regular plan by filing such election with the executive director. The executive director shall thereupon redeem the employee's total shares and shall credit to the employee's account in the regular plan the amount of contributions that would have been so credited had the employee been covered by the regular plan during his entire covered employment. The balance of moneys so redeemed and not credited to the employee's account shall be transferred to the state contribution reserve of the state employees retirement fund, except that the employee contribution paid to the unclassified plan in excess of that required by the general employee plan shall be refunded to the employee as provided in section 352.22.

Subd. 4. When any person elects participation in the unclassified program all contributions from the time first eligible to make such an election shall be covered by the program.

Subd. 5. An employee in a position with retirement coverage under the basic program in the teachers retirement association is not entitled to participate in the plan unless the employee leaves the position and begins employment more than 30 days later in a position with retirement coverage under the plan.

Sec. 4. Minnesota Statutes 1984, section 352D.06, subdivision 1, is amended to read:

Subdivision 1. When a participant attains at least age 58, is retired from covered service, and applies for a retirement an-

nuity, the cash value of his shares shall be transferred to the Minnesota post-retirement investment fund and used to provide an annuity for the retired employee based upon his age when the benefit begins to accrue according to the reserve basis used by the (REGULAR) *state employees retirement* fund in determining pensions and reserves.

Sec. 5. Minnesota Statutes 1984, section 352D.065, subdivision 5, is amended to read:

Subd. 5. (AN UNCLASSIFIED EMPLOYEE) *A participant* who returns to covered service after receiving benefits under this section shall not be required or allowed to repay such benefits.

Sec. 6. Minnesota Statutes 1984, section 352D.085, subdivision 1, is amended to read:

Subdivision 1. Service under the unclassified program for which the employee has employee shares to his credit, may be used for the limited purpose of qualifying for benefits under sections 352.115, 352.72, subdivision 1, (AND) 352.113, 354.44, 354.45, 354.48, and 354.60; provided such service may not be used to qualify for a disability benefit under section 352.113, or 354.48 if a participant was under the unclassified program at the time of the disability, and provided further that the years of service and salary paid while (SUCH) *the* participant was in the unclassified program shall not be used in determining the amount of benefits.

Sec. 7. Minnesota Statutes 1984, section 354.05, subdivision 2, is amended to read:

Subd. 2. [TEACHER.] "Teacher" includes any person who renders service as a teacher, supervisor, principal, superintendent, or librarian in the public schools of the state located outside of the corporate limits of the cities of the first class as those cities were so classified on January 1, 1979, or in the state universities, or in any charitable or state institution including penal and corrective institutions supported, in whole or in part, by public funds, or who is engaged in educational administration in connection with the state public school system, including the state university system and state community college system, but excluding the University of Minnesota, whether the position be a public office or an employment, not including members of any general governing or managing board or body connected with the systems, or the officers of common, independent, special, or associated school districts, or unorganized territory. The term shall also include an employee of the teachers retirement association unless the employee is covered by the Minnesota state retirement system by virtue of prior employment by the association, and any nurse, counselor, social worker, therapist or psychologist who renders service in the public schools as defined above or in state universities. The term shall also include any person who renders

teaching service on a part time basis and who also renders other services for a school district. In such cases, the teachers retirement association shall have the authority to determine whether all or none of the combined employment shall be covered by the teachers retirement association. *The term does not include an employee described in section 352D.02, subdivision 1a, clause (1), who is hired after the effective date of this act.* The term does not mean any person who works for a school or institution as an independent contractor. The term shall not include any person employed in subsidized on-the-job training, work experience or public service employment as an enrollee under the federal comprehensive employment and training act from and after March 30, 1978, unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contribution in addition to the required employee contribution. The term shall not include any person holding a part time adult supplementary vocational-technical school license who renders part time teaching service in a vocational-technical school if (1) the service is incidental to the regular nonteaching occupation of the person; and (2) the applicable vocational-technical school stipulates annually in advance that the part time teaching service will not exceed 300 hours in a fiscal year; and (3) the part time teaching service actually does not exceed 300 hours in a fiscal year. The term also shall not include a person exempt from licensure pursuant to section 125.031 or any person who was excluded from membership prior to January 1, 1981 pursuant to Laws 1978, chapter 556, section 1 and Laws 1980, chapter 342, section 8, if the person annually certifies on a form prescribed by the executive director that the person has established and is contributing to an individual retirement account which is based on nonteaching employment.

Sec. 8. [ELECTION OF COVERAGE; TRANSITION.]

A current employee or official enumerated in Minnesota Statutes, section 352D.02, subdivision 1a, as added by section 3, may elect prospective coverage in the unclassified plan. The employee may elect to transfer prior service credit to the plan under the provisions of section 352D.12.

The executive director of the state retirement system, or teachers retirement association, as appropriate, shall notify current employees or officials of the option within six months following the effective date of this act. An employee or official eligible to elect coverage by the plan shall notify the appropriate director

within six months after the date of notice. An election to participate in the plan is irrevocable during any current or subsequent period of employment.

Sec. 9. [MINNEAPOLIS TEACHERS ARTICLES AMENDMENT.]

In accordance with Minnesota Statutes, section 354A.12, subdivision 4, approval is granted for the Minneapolis teachers retirement fund association to amend its articles of incorporation as follows:

(1) Article IX, Subsection (14)D of the articles, providing an annual automatic increase annuity of 1-1/2 percent may be repealed, and Article IX, Subsection (14) may be amended to authorize an annual postretirement adjustment payable from excess investment earnings of the fund calculated as follows:

(a) The board of trustees shall annually determine whether or not a postretirement adjustment is payable by determining whether or not the fund has earned any investment earnings in excess of eight percent.

(b) The calculation of investment earnings shall include specifically, but not by way of limitation, dividends on equity investments, interest on debt investments, net rental or leasehold income on real estate, all realized capital gains and losses, and the net increase or decrease in unrealized appreciation on all readily marketable securities.

(c) The determination of the amount of excess investment earnings shall be based upon the time-weighted average of the annualized total rate of return on the fund for the three fiscal years immediately preceding the determination.

(d) The board of trustees shall have discretion to limit the size of the postretirement adjustment in any year to any percentage not greater than seven percent.

(2) Article IX, Subsection (18), providing a lump sum postretirement adjustment payable to retirees or beneficiaries, may be amended as follows:

(a) The formula for determining the amount which each eligible annuitant or benefit recipient shall be entitled to receive shall take into account not only the years of service of the member upon whose service such entitlement is based, but also the years the annuitant or benefit recipient has been receiving payments from the fund.

(b) For each eligible annuitant and benefit recipient, the adjustment shall equal the adjustment figure according to the for-

mula, multiplied by the combination of years of service and years of receiving payments. The amendment may provide that the board of trustees shall have discretion to eliminate or reduce the adjustment in any year and to establish a minimum period during which a recipient must have been receiving an annuity or benefits in order to be eligible for an adjustment, which minimum period shall be at least three years but not more than fifteen years, as determined by the board of trustees based upon the records of the fund.

(c) In making the determination of whether or not the fund has earned any excess investment income from which to pay a lump sum postretirement adjustment, the calculation of investment income shall include dividends on equity investments, interest on debt investments, net rental or leasehold income on real estate, all realized capital gains and losses, and the net increase or decrease in unrealized appreciation on all readily marketable securities.

Sec. 10. [EFFECTIVE DATE.]

Sections 1 to 9 are effective July 1, 1986."

Delete the title and insert:

"A bill for an act relating to retirement; expanding the membership of the Minnesota state retirement system unclassified program to include certain state university system officials; authorizing amendments to the Minneapolis teachers retirement fund association articles; amending Minnesota Statutes 1984, sections 352D.01; 352D.015, subdivision 5; 352D.02, as amended; 352D.06, subdivision 1; 352D.065, subdivision 5; 352D.085, subdivision 1; and 354.05, subdivision 2."

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. 1599, A bill for an act relating to state monuments; authorizing development of a plan for a memorial to Native Americans; amending Minnesota Statutes 1984, section 138.585, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, delete line 9

Page 1, line 10, delete "state department to" and insert "The Minnesota historical society shall"

Page 1, line 18, after "*located*" insert "*in a place of honor*"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Erickson from the Committee on Education to which was referred:

H. F. No. 1677, A bill for an act relating to education; changing the way the department of education provides certain information and other services; appropriating money; amending Minnesota Statutes 1984, sections 123.742, subdivision 7, and by adding subdivisions; and 134.31, subdivisions 2 and 3.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 121.496, is amended to read:

121.496 [STATE DEPARTMENT OF EDUCATION (TO FURNISH LIST OF BOOKS) *LIBRARY AND INFORMATION SERVICES DUTIES.*]

Subdivision 1. [BOOKLISTS.] The state department of education shall from time to time prepare and amend a list of books suitable for school libraries, including dictionaries and other books of reference, histories and works of biography, literature, political economy, agriculture, travel, and science.

Subd. 2. [PROVIDING OTHER INFORMATION.] *The department may provide library information services it considers appropriate and necessary to any state agency, governmental unit, nonprofit organization, or private entity. The department may collect reasonable fees not to exceed its actual costs for providing the information services. The department may also accept money from any public or private source to defray the cost of providing the information services.*

Subd. 3. [OPEN APPROPRIATION.] *The fees charged and money accepted by the department under subdivision 2 shall be deposited in the state treasury and credited to a special account. Money in the account is appropriated to the department to defray the costs of providing the information services.*

Sec. 2. Minnesota Statutes 1984, section 134.09, subdivision 1, is amended to read:

Subdivision 1. [APPOINTMENT.] When public library service is established, except in any city of the first class operating under a home rule charter, the mayor of the city with the approval of the council for a city library or the board of commissioners for a county library, shall appoint a board of five, seven or nine members from among the residents of the city or county. *If the city library is a branch or a member of a regional public library system, as defined in section 134.001, the mayor, with the approval of the city council, may appoint to the city library board, residents of the county, provided that the county is participating in the regional public library system and that the majority of the members of the city library board are residents of the city.* The number of members on the board shall be determined by resolution or ordinance adopted by the council or the board of commissioners. Not more than one council member or county commissioner shall at any time be a member of the library board. The appointments shall be made before the first meeting of the library board after the end of the fiscal year.

Sec. 3. Minnesota Statutes 1984, section 134.31, subdivision 2, is amended to read:

Subd. 2. The department of education shall give advice and instruction to the managers of any public library or to any governing body maintaining a library or empowered to do so by law upon any matter pertaining to the organization, maintenance, or administration of libraries. The department may also give advice and instruction, as requested, to (THE MANAGERS OF ANY LIBRARY IN A) post-secondary educational (INSTITUTION) institutions, state agencies, governmental units, non-profit organizations, or private entities. It shall assist, to the extent possible, in the establishment and organization of library service in those areas where adequate services do not exist, and may aid in improving previously established library services.

Sec. 4. Minnesota Statutes 1984, section 134.31, subdivision 3, is amended to read:

Subd. 3. The department may provide, for any library in the state, books, journals, audiovisual items, (REFERENCE) information services or resource materials it deems appropriate and necessary and shall encourage the sharing of library resources and the development of interlibrary cooperation.

Sec. 5. Minnesota Statutes 1984, section 134.34, subdivision 5, is amended to read:

Subd. 5. [MAINTENANCE OF EFFORT; EXCEPTION.] Notwithstanding subdivision 4, a regional library system support grant may be made in fiscal year (1983) 1987 to a regional public library system for a participating city or county which decreases the dollar amount provided by it for operating purposes of public library service below the amount provided by it

for (1981) 1985 if the amount provided by the city or county in (1982) 1986 is not less than the amount provided by it in (1980) 1984. A regional library system support grant may be made in fiscal year (1984) 1988 to a regional public library system for a participating city or county which decreases the dollar amount provided by it for operating purposes of public library service below the amount provided by it for (1982) 1986, if the amount provided by the city or county in (1983) 1987 is not less than the amount provided by it in (1981) 1985. This subdivision shall not affect the eligibility of cities or counties to declare all or part of their library levies as special levies under the provisions of section 275.50, subdivision 5, clause (c).

Sec. 6. [PLAN FOR AUTOMATION OF STATE LIBRARIES.]

The commissioner of education shall develop a plan to address automation needs of state agency libraries. The plan shall include methods to:

(1) strengthen government information services available to agencies and the public;

(2) improve coordination and cooperation among state agency libraries; and

(3) eliminate unnecessary duplication.

Other state agencies and the legislative reference library shall cooperate with the commissioner in developing this plan. The state law library may also cooperate. By August 15, 1986, the plan shall be reported to the governor, education committees of the legislature, and senate finance and house appropriations committees."

Delete the title and insert:

"A bill for an act relating to libraries; changing the way the department of education provides certain information and other services; allowing mayors to appoint nonresidents to city library board under certain circumstances; updating maintenance of effort exceptions; requiring the commissioner of education to cooperatively develop a plan for automation of state agency libraries; amending Minnesota Statutes 1984, sections 121.496; 134.09, subdivision 1; 134.31, subdivisions 2 and 3; and 134.34, subdivision 5."

With the recommendation that when so amended the bill pass.

The report was adopted.

Erickson from the Committee on Education to which was referred:

H. F. No. 1744, A bill for an act relating to education; revising the definition of school; prohibiting rulemaking; amending Minnesota Statutes 1985 Supplement, section 120.10.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 120.10, subdivision 2, is amended to read:

Subd. 2. [SCHOOL.] A school, to satisfy the requirements of compulsory attendance, must be one: (1) in which all the common branches are taught in the English language, from textbooks written in the English language, and (TAUGHT BY TEACHERS WHOSE QUALIFICATIONS ARE ESSENTIALLY EQUIVALENT TO THE MINIMUM STANDARDS FOR PUBLIC SCHOOL TEACHERS OF THE SAME GRADES OR SUBJECTS AND) (2) which is in session each school year for at least 175 days or their equivalent (; PROVIDED THAT). In a program of instruction for children of limited English proficiency, instruction and textbooks may be in the primary language of the children of limited English proficiency enrolled therein. Any other language may be taught as provided in section 126.07. As used in this subdivision, the terms "children of limited English proficiency" and "primary language" shall have the meanings ascribed to them in section 126.262. *A home school must provide the local superintendent, prior to the beginning of each school year, the names and ages of the students enrolled. If required by the local superintendent, the home school must administer a standardized achievement test during the last month of the school year and furnish the superintendent with the results. The home school may utilize the test recommended by the superintendent, or may use a different test if that test is listed in Buros Mental Measurements Yearbook or is recognized as the equivalent of such tests by national testing authorities. The superintendent shall provide the test and may have an observer present during testing.*

Sec. 2. [DEFINITION OF A SCHOOL TASK FORCE.]

By June 1, 1986, the commissioner of education shall appoint a task force of ten members to make recommendations about compulsory attendance laws. The task force shall consist of one member representing the state board of education, one licensed teacher representing the board of teaching, one representing the local school boards, one representing the commissioner of education, one representing the public school superintendents, one representing the nonpublic nonsectarian schools, two represent-

ing the nonpublic sectarian schools, and two representing the home schools.

The task force shall study and make recommendations about various issues related to the compulsory attendance law. Some of the issues to be considered are: student performance standards, data on student achievement in the various types of schools, the definition of a school, qualifications of teachers in schools, requirements for schools, reporting requirements, methods of enforcement, and penalties for noncompliance. The department of education shall provide staff assistance to the task force.

The state board may review and comment upon the recommendations of the task force.

The task force shall present the recommendations to the education committees of the legislature by February 1, 1987."

Delete the title and insert:

"A bill for an act relating to education; making changes to the definition of a school; establishing a task force to make recommendations about compulsory attendance laws; amending Minnesota Statutes 1984, section 120.10, subdivision 2."

With the recommendation that when so amended the bill pass.

The report was adopted.

Erickson from the Committee on Education to which was referred:

H. F. No. 1749, A bill for an act relating to education; allowing transportation aid for certain secondary pupils attending a remote district school for academic reasons; amending Minnesota Statutes 1985 Supplement, section 124.223.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [TRANSPORTATION LEVY; INDEPENDENT SCHOOL DISTRICT NO. 281.]

Each year independent school district No. 281, Robbinsdale, may make a levy for pupil transportation purposes under the provisions of this section. The levy shall be in addition to all other levies the district is permitted to make. The amount of the levy shall not exceed the actual cost of transportation to and from the public schools actually attended of resident secondary pupils who reside two miles or more from the public schools that

they could attend and from the public schools they actually attend, and whose choice of schools to attend is made for academic and not for extracurricular reasons. Transportation costs included in the amount of the levy shall not be included in the computation of any other levy or transportation aid. The levy shall be based upon estimates of actual transportation costs, and shall be adjusted when final cost data are available. The levy made in a particular calendar year shall be based upon estimated costs for the school year after the year in which the levy is certified, except that, in 1986, the levy may also include an additional amount for estimated costs for the 1986-1987 school year."

Delete the title and insert:

"A bill for an act relating to education; allowing independent school district No. 281, Robbinsdale, to make a levy for transportation of certain pupils."

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. 1751, A bill for an act relating to public indebtedness; permitting the investment of debt service funds in face amount certificates; amending Minnesota Statutes 1985 Supplement, section 475.66, subdivision 3.

Reported the same back with the following amendments:

Page 1, after line 7, insert:

"Section 1. Minnesota Statutes 1984, section 136.31, subdivision 5, is amended to read:

Subd. 5. Whenever the board shall by resolution determine that there are moneys in the possession of its treasurer not currently needed, or which are set aside in any reserve, the board may in and by such resolution authorize and direct the treasurer to invest a specified amount thereof in treasury bonds or bills, certificates of indebtedness, bonds or notes of the United States of America, or in face amount certificates issued by a face amount certificate investment company registered under the Federal Investment Company Act of 1940 whose face amount certificates are registered under the Federal Securities Act of 1933. Securities so purchased shall be deposited with and held for the board by the board treasurer. Whenever funds so invested are needed by the board it shall direct its treasurer to sell the same or a designated amount thereof. All moneys collected there-

on by the board treasurer, as principal, interest, or proceeds of sales, shall be credited to and constitute a part of the fund and account for which the investment was made."

Renumber subsequent section

Amend the title as follows:

Page 1, line 4, after "amending" insert "Minnesota Statutes 1984, section 136.31, subdivision 5; and"

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1755, A bill for an act relating to the city of Minneapolis; authorizing the city to construct and own certain facilities; authorizing the city to levy and collect certain taxes; authorizing the city to issue bonds and expend certain funds including taxes and tax increments to finance the acquisition and betterment of a convention center and related facilities.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [DEFINITIONS.]

For the purposes of this act, the following terms have the following meanings.

(a) *"City" means the city of Minneapolis, its city council, and any other board, authority, commission, or officer authorized by law, charter, or ordinance to exercise city powers of the nature referred to in this act.*

(b) *"Convention center" means any convention, auditorium, conference, or education center facility located at the site of the existing Minneapolis convention hall and auditorium, including all property, real or personal, tangible or intangible, located in the city, intended to be used as part of the center or additions to or extensions of it.*

(c) *"Related facilities" means all property, real or personal, tangible or intangible, that is determined by the city to facilitate the use of the convention center, including but not limited to property for parking, pedestrian needs, meetings facilities, skyways,*

lighting, landscaping, utilities, street facilities, and land acquired and prepared for private redevelopment in a manner related to use of the convention center.

(d) "Downtown taxing area" means the geographic area bounded by the portion of the Mississippi River between I-35W and Washington Avenue, the portion of Washington Avenue between the river and I-35W, the portion of I-35W between Washington Avenue and 8th Street South, the portion of 8th Street South between I-35W and Portland Avenue South, the portion of Portland Avenue South between 8th Street South and I-94, the portion of I-94 from the intersection of Portland Avenue South to the intersection of I-94 and the Burlington Northern Railroad tracks, the portion of the Burlington Northern Railroad tracks from I-94 to University Avenue N.E. and including Nicollet Island, and the portion of University Avenue N.E. and S.E. from the Burlington Northern Railroad tracks to I-35W, and by I-35W from University Avenue S.E., to the river.

Sec. 2. [GENERAL AUTHORIZATION.]

The city may acquire, design, construct, equip, improve, control, operate, and maintain the convention center and related facilities. The city shall have all powers necessary or convenient for those purposes and may enter into any contract for those purposes, including the financing of the convention center and any related facilities.

The city may contract for construction materials, supplies, and equipment in accordance with Minnesota Statutes, section 471.345, except that it may enter into contracts with persons, firms, or corporations to perform one or more or all of the functions of architect, engineer, and construction manager with respect to all or part of a project to build or remodel the convention center and related facilities. Contractors shall be selected through the process of public bidding, provided that it shall be permissible for the city to narrow the listing of eligible bidders to those which the city determines to possess sufficient expertise to perform the intended functions and the city may negotiate with the three lowest responsible bidders to achieve the lowest possible bid. The city may require any construction manager to certify a construction price and completion date to the city. The city may require the posting of a bond in an amount determined by the city to cover any costs which may be incurred over and above the certified price, including but not limited to costs incurred by the city or loss of revenues resulting from incomplete construction on the completion date and any other obligations the city may require the construction manager to bear. The city shall secure surety bonds as required in Minnesota Statutes, section 574.26, securing payment of just claims in connection with all public work undertaken by it. Persons entitled to the protection of the bonds may enforce them as provided in Minnesota Statutes, sections 574.28 to 574.32, and shall not be entitled to a lien on any property of

the city under the provisions of Minnesota Statutes, sections 514.01 to 514.16.

Sec. 3. [BONDS.]

Upon approval by the city's board of estimate and taxation by a vote of at least five members, the city may by resolution authorize, sell, and issue bonds to finance all or a portion of the costs of acquisition or betterment of the convention center, any related facilities or replacement housing for housing removed from the site of the convention center or any related facilities or to refund the bonds issued pursuant to this act or other obligations issued by the city pursuant to Minnesota Statutes, section 273.77, to finance costs of the convention center or related facilities. The bonds may be general or limited obligations, or both. The bonds may be paid from or secured by any funds available to the city, including taxes levied under sections 4 and 5. Bonds may be issued in one or more series and sold without election at public or private sale and at the price or prices the city may determine. The bonds shall:

- (1) be secured;*
- (2) bear the interest rate or rates;*
- (3) have the rank or priority;*
- (4) be executed in the manner;*
- (5) be payable in the manner;*
- (6) mature; and*

(7) be subject to the defaults, redemptions, repurchases, tender options, or other terms, as the city may determine. The city may enter into and perform all contracts deemed necessary or desirable by it to issue the bonds and apply their proceeds, including an indenture of trust with a trustee within or without the state.

Costs of acquisition and betterment referred to in this act include:

- (a) costs of acquisition or betterment referred to in Minnesota Statutes, section 475.65;*
- (b) capitalized interest for a period not longer than 36 months;*
- (c) any underwriter discount and issuance expenses;*
- (d) reserves for debt service, repair, or operations; and*

(e) costs for credit enhancement of the bonds. The debt represented by the bonds shall not be included in computing any debt limitation applicable to the city. Any levy of taxes required by Minnesota Statutes, section 475.61 to pay the principal of and interest on the bonds shall not be subject to any levy limitation or be included in computing or applying any levy limitation applicable to the city. Maturities of the bonds shall not be subject to the limitations of Minnesota Statutes, section 475.54. Subject to this section, bonds authorized by this section shall be sold, issued, and secured in the manner provided in Minnesota Statutes, chapter 475.

Sec. 4. [SALES AND USE TAX.]

Subdivision 1. [IMPOSITION.] Notwithstanding Minnesota Statutes, section 477A.016, or any other contrary provision of law, ordinance, or city charter, upon approval by the city's board of estimate and taxation by a vote of at least five members, the city of Minneapolis may by ordinance impose an additional sales tax of up to one-half of one percent on sales taxable pursuant to Minnesota Statutes, chapter 297A that occur within the city, and may also by ordinance impose an additional compensating use tax of up to one-half of one percent on uses of property within the city, the sale of which would be subject to the additional sales tax but for the fact such property was sold outside the city.

Subd. 2. [ENFORCEMENT; COLLECTION.] These taxes shall be subject to the same interest penalties and other rules imposed under Minnesota Statutes, chapter 297A. The commissioner of revenue may enter into appropriate agreements with the city to provide for collection of these taxes by the state on behalf of the city. The commissioner may charge the city a reasonable fee for its collection from the proceeds of any taxes.

Subd. 3. [USE OF PROPERTY.] Revenues received from the tax may only be used:

- (1) to pay costs of collection;*
- (2) to pay or secure the payment of any principal of, premium or interest on bonds issued in accordance with this act;*
- (3) to pay costs to acquire, design, equip, construct, improve, maintain, operate, administer, or promote the convention center or related facilities, including financing costs related to them;*
- (4) to pay reasonable and appropriate costs determined by the city to replace housing removed from the site; and*
- (5) to maintain reserves for the foregoing purposes deemed reasonable and appropriate by the city. In the event of any*

amendment to chapter 297A enacted subsequent to the effective date of this act which exempts sales or uses which were taxable under chapter 297A on the effective date of this act, the city may by ordinance extend the tax authorized hereby to any such sales or uses provided that the city council shall have determined that such extension is necessary to provide revenues for the uses to which taxes may be applied under this section. Any revenue bonds issued in accordance with this act may, with the consent of the city council, contain a covenant that the tax will be so extended to the extent necessary to pay principal and interest on the bonds when due.

Sec. 5. [LIQUOR, LODGING, AND RESTAURANT TAXES.]

The city may, by resolution, levy in addition to taxes authorized by other law:

(1) a sales tax of not more than three percent on the gross receipts on retail on-sales of intoxicating liquor and fermented malt beverages described in section 473.592 occurring in the downtown taxing area;

(2) a sales tax of not more than three percent on the gross receipts from the furnishing for consideration of lodging described in section 473.592 by a hotel or motel which has more than 50 rooms available for lodging; and

(3) a sales tax of not more than three percent on the gross receipts on all sales of food primarily for consumption on or off the premises by restaurants and places of refreshment as defined by resolution of the city that occur within the downtown taxing area.

These taxes shall be applied solely to pay costs of collection and to pay or secure the payment of any principal of, premium and interest on any bonds or any costs referred to in section 4, subdivision 3. The commissioner of revenue may enter into appropriate agreements with the city to provide for the collection of these taxes by the state on behalf of the city. The commissioner may charge the city a reasonable fee for its collection from the proceeds of any taxes. These taxes shall be subject to the same interest penalties and enforcement provisions as the taxes imposed under section 473.592.

Sec. 6. [POWERS GRANTED NOT LIMITED.]

Except as specifically provided in this act, the exercise of powers granted in this act shall not be limited by Minnesota Statutes, chapter 475, or any conflicting city charter provision.

Sec. 7. [EFFECTIVE DATE.]

This act is effective the day after compliance by the governing body of the city of Minneapolis with Minnesota Statutes, section 645.021, subdivision 3, but no tax permitted by sections 4 and 5 may become effective before January 1, 1987."

Amend the title as follows :

Page 1, line 6, delete "and tax increments"

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

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred :

H. F. No. 1785, A bill for an act relating to Anoka county; providing that Anoka county park ordinances supersede local ordinances.

Reported the same back with the following amendments :

Page 1, line 14, after the period insert "*However, section 1 shall not apply to city owned park land.*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred :

H. F. No. 1797, A bill for an act relating to courts; repealing the law that requires the supreme court to determine whether vacant judicial offices are necessary; repealing Minnesota Statutes 1985 Supplement, section 2.722.

Reported the same back with the following amendments :

Delete everything after the enacting clause and insert :

"Section 1. Minnesota Statutes 1985 Supplement, section 2.722, subdivision 4, is amended to read :

Subd. 4. [DETERMINATION OF A JUDICIAL VACANCY.] When a judge of the district, county, or county municipal court dies, resigns, retires, or is removed from office, the supreme court, in consultation with judges and attorneys in the affected district, shall determine within 90 days of receiving notice of a

vacancy from the governor whether the vacant office is necessary for effective judicial administration. The supreme court may continue the position, may order the position abolished, or may transfer the position to a judicial district where need for additional judges exists, designating the position as either a county, county/municipal or district court judgeship. The supreme court shall certify any vacancy to the governor, who shall fill it in the manner provided by law. *The supreme court shall not take any action pursuant to this subdivision until January 30, 1987.*

Sec. 2. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Amend the title as follows:

Page 1, line 2, delete "repealing" and insert "amending"

Page 1, line 4, delete "repealing" and insert "amending"

Page 1, line 5, after "2.722" insert ", subdivision 4"

With the recommendation that when so amended the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1821, A bill for an act relating to real property; requiring condominium plats after July 31, 1986; requiring certification by a registered land surveyor only, that condominium plat accurately depicts certain required information in 515A.2-110; amending Minnesota Statutes 1984, sections 515A.1-102; 515A.1-103; 515A.2-105; 515A.2-110; 515A.2-114; 515A.2-115; 515A.2-116; 515A.4-102; 515A.4-107; 515A.4-116; and 515A.4-117; and Minnesota Statutes 1985 Supplement, sections 389.09; 508.82; and 508A.82.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1896, A bill for an act relating to vital statistics; authorizing Minneapolis and Hennepin county to merge their

registration districts; amending Minnesota Statutes 1984, section 144.214, subdivision 1.

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

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

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

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. 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) *Until July 1, 1988, prepare and distribute an annual resource directory on services to individuals with brain impairment in cooperation with the local county agencies.*

Sec. 2. [REQUIRED PLAN.]

Using the process and procedures required under section 256E.09 to prepare a biennial community social services plan, each county board shall prepare a plan for fiscal year 1987 that addresses the service needs of persons with impairment. "Services to persons with brain impairment" means those services designed to meet the care needs of persons who suffer traumatic injury to the brain, or degenerative brain disease that results in significant destruction of brain tissue with resultant loss of brain function, and who require extensive services over an extended period of time. The plan shall include at least the following items: methods used to identify persons in need of service and the social problems to be addressed by the community social service programs, a description of how the county will fulfill its responsibilities to persons with brain impairments including a description of each community social service and the responsible agency or person proposed to provide the service, an estimate of funds allocated to each of these services, and an inventory of public and private resources including volunteer associations available in the county. The plan must be submitted to the commissioner of human services as required under section 256E.09, subdivision 4, and the commissioner shall prepare a report to the legislature with information gathered from each of the plans.

Sec. 3. [TASK FORCE ON THE NEEDS OF PERSONS WITH BRAIN IMPAIRMENT.]

The commissioner of human services shall reconvene the task force to study the needs of persons with brain impairments that

was established under Laws 1985, chapter 226. The commissioner of health shall prepare a report to the task force that includes a description of planned services for persons with brain impairments that are included in the community health services plans and the results of a survey of actual services available in community health services areas to meet the needs of persons with brain impairments. The task force shall review the information provided by the commissioner of health and information gathered from community social services plans and monitor the implementation of recommendations made in its initial report to the legislature in January 1986 for the purpose of delivering a subsequent report with further recommendations to the legislature by January 15, 1987."

Delete the title and insert:

"A bill for an act relating to human services; requiring an annual resource directory on services to persons with brain impairment; requiring planning; reconvening the task force on needs for persons with brain impairment; amending Minnesota Statutes 1985 Supplement, section 256.01, subdivision 2."

With the recommendation that when so amended the bill pass.

The report was adopted.

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 1911, A bill for an act relating to natural resources; authorizing watershed management organizations to establish taxing districts within minor watershed units of watersheds; amending Minnesota Statutes 1984, section 473.883, subdivisions 2, 3, 6, and 7; Minnesota Statutes 1985 Supplement, section 473.882, subdivision 1.

Reported the same back with the following amendments:

Page 1, after line 9, insert:

"Section 1. Minnesota Statutes 1984, section 473.878, is amended by adding a subdivision to read:

Subd. 3a. [ADDITIONAL ORGANIZATIONS.] Any portion of the metropolitan area that is not in a watershed management organization by July 1, 1985, as required by subdivision 2, has until July 1, 1986, to form an organization. Notwithstanding the requirements of subdivision 3, a watershed management organization formed under this subdivision has until December 31, 1987, to prepare and submit a plan for review."

Page 4, after line 17, insert:

"Sec. 7. [EFFECTIVE DATE.]

This act is effective the day following final enactment."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 5, delete "section" and insert "sections 473.878, by adding a subdivision; and"

With the recommendation that when so amended the bill pass.

The report was adopted.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred:

H. F. No. 1914, A bill for an act relating to cemeteries; changing procedures for dealing with certain burial sites; increasing a penalty; amending Minnesota Statutes 1984, section 307.08.

Reported the same back with the following amendments:

Page 1, line 20, strike "or" and insert "and "

Page 2, line 20, after the period insert "*Only after obtaining written permission from the property owner or lessee,*"

Page 2, line 23, delete everything after "*ceremonies*"

Page 2, line 24, delete "*the property owners, but*" and insert a period

With the recommendation that when so amended the bill pass.

The report was adopted.

Kvam from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 1916, A bill for an act relating to insurance; requiring notification to the issuing insurer when replacing a life insurance policy; amending Minnesota Statutes 1984, section 72A.20, by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 72A.20, is amended by adding a subdivision to read:

Subd. 1a. [FAILURE TO NOTIFY INSURER OF REPLACEMENT OF A LIFE INSURANCE POLICY.] (a) Failing within five days of receipt of the application for a replacement life insurance policy or annuity contract, and prior to commencing any underwriting, to send a written notification of the replacement or possible replacement to the home office of the replaced insurer constitutes an unfair method of competition and an unfair and deceptive act or practice in the business of insurance.

Notification shall include the applicant's name, the insured's name, the policy number of the policy being replaced, the generic name and face amount of the replacing policy and the legal names of all insurers.

(b) The commissioner of commerce shall adopt rules governing the replacement of life insurance or annuity contracts. The rules at a minimum must include provisions:

(1) guaranteeing the policyholder at least a 20-day right to return the policy after delivery and providing the policyholder with a written notice of this right;

(2) prescribing the duties of insurers and agents, including minimum standards of conduct to be observed in the replacement or proposed replacement of these policies; and

(3) prescribing the form and content of a notice to be completed by the applicant and the agent or insurer prior to completing a new application for a life insurance policy or annuity contract, which provides information regarding replacement transactions."

Amend the title as follows:

Page 1, line 3, after the semicolon insert "requiring the commissioner to adopt rules regulating replacements;,"

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 1944, A bill for an act relating to the city of Minneapolis; providing that certain positions be appointed in the unclassified service; amending Laws 1969, chapter 937, section 1,

subdivisions 9, as amended, 11 and 15, and by adding subdivisions.

Reported the same back with the following amendments:

Page 1, after line 8, insert:

"Section 1. Minnesota Statutes 1984, section 44.04, subdivision 4, is amended to read:

Subd. 4. [MEETINGS.] The board shall hold regular and special meetings as provided by its rules. All meetings and hearings shall be open to the public. Two members of the board shall constitute a quorum. Members shall be paid all necessary expenses. The board shall select a secretary to serve at the pleasure of the board. The secretary may be a member of the board or an employee of the municipality. The council may authorize the payment of compensation for (HIS SERVICES, NOT EXCEEDING \$100 A YEAR) *the secretary* and (MAY AUTHORIZE THE PAYMENT OF COMPENSATION FOR) the members of the board (NOT EXCEEDING \$150 PER YEAR)."

Page 1, strike lines 17 and 18

Page 1, line 19, strike "(e)" and insert "(c)"

Page 1, line 20, strike "(f)" and insert "(d)"

Page 1, line 21, strike "(g)" and insert "(e)"

Page 1, line 22, strike "(h)" and insert "(f)"

Page 1, line 23, strike "(i)" and insert "(g)"

Page 1, line 24, strike "(j)" and insert "(h)"

Page 1, line 25, strike "(k)" and insert "(i)"

Page 1, line 25, delete the new semicolon

Page 1, delete line 26

Page 2, lines 1 to 21, delete the new language

Page 2, after line 21, insert:

"Sec. 3. Laws 1969, chapter 937, section 1, is amended by adding a subdivision to read:

Subd. 9a. The city council shall by ordinance indicate the manner in which the following positions are appointed:

- (a) *Director of federal employment and training;*
- (b) *Director of inspections;*
- (c) *Director of women/minorities business enterprise;*
- (d) *Government relations representative;*
- (e) *Risk manager;*
- (f) *Deputy finance officer;*
- (g) *Assistant budget director;*
- (h) *Assistant manager of auditorium;*
- (i) *Manager of sales and marketing at auditorium;*
- (j) *Director of community crime prevention;*
- (k) *Deputy purchasing director;*
- (l) *Urban corps. coordinator;*
- (m) *Assistant director of licenses;*
- (n) *Manager of employee benefits;*
- (o) *Director of public information;*
- (p) *Internal auditor;*
- (q) *Director of labor relations;*
- (r) *Director of affirmative action.*

The appointing authority shall not terminate an incumbent holding a position listed under clause (b) for 270 days following the effective date of this act, except for misfeasance or malfeasance in office. For 270 days after the first 270 days, the appointing authority shall not terminate an incumbent holding a position listed under this subdivision, except for misfeasance or malfeasance in office, without vote of approval of a majority of the council."

Page 3, delete section 5

Page 3, line 13, delete "This act is" and insert "Sections 2 to 6 are"

Renumber the sections in sequence

Amend the title as follows :

Page 1, line 2, delete "the city of Minneapolis" and insert "local government"

Page 1, line 2, after the semicolon insert "removing compensation limitations from the personnel boards of certain cities;"

Page 1, line 4, after "service" insert "of the city of Minneapolis"

Page 1, line 4, after "amending" insert "Minnesota Statutes 1984, section 44.04, subdivision 4;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kvam from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 1956, A bill for an act relating to financial institutions; providing for open end loan account arrangements; modifying permissible finance charges and annual charges; eliminating alternative credit card plan requirements; amending Minnesota Statutes 1984, section 48.185, subdivisions 1, 3, and 4; repealing Minnesota Statutes 1984, section 48.185, subdivision 4a.

Reported the same back with the following amendments:

Page 2, line 2, strike "rate" and insert "*finance charge*"

Page 2, line 3, strike "one and one-half percent per month"

Page 2, lines 7 to 15, strike the old language

Page 2, line 16, strike everything before the period and insert "*the equivalent of an annual percentage rate of 18 percent computed on a 365-day year and in accordance with the Truth in Lending Act, United States Code, title 15, section 1601 et seq., and the Code of Federal Regulations, title 12, part 226 (1985)*"

Page 3, after line 10, insert:

"Sec. 5. [EFFECTIVE DATE.]

Sections 1 to 4 are effective the day following final enactment."

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. 1966, A bill for an act relating to the attorney general; authorizing an increase in the number of assistant attorneys general; amending Minnesota Statutes 1934, section 8.02.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

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

H. F. No. 2001, A bill for an act relating to occupations and professions; architects, engineers, land surveyors, and landscape architects; making certain technical changes related to certain licensing exceptions; amending Minnesota Statutes 1934, sections 326.03, subdivision 2; and 326.06.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred:

H. F. No. 2010, A bill for an act relating to the state high school league; providing for the appointment of certain board members; providing penalties for recruiting students; providing for student athletics and activity eligibility after certain transfers; providing standards for student participation in nonscholastic activities; providing administrative appeals from various decisions; amending Minnesota Statutes 1934, section 129.121, subdivision 1, and by adding subdivisions.

Reported the same back with the following amendments:

Page 2, line 9, delete "The"

Page 2, delete lines 10 to 16

Page 3, delete lines 16 to 26 and insert:

"Subd. 1b. [STUDENT TRANSFER.] A student shall remain eligible to participate in interscholastic athletics and

other activities regulated by the league after transferring from one school to another if there is a corresponding change in address, a death in the family, or the student's parents separate or undergo marriage dissolution. In all other cases a student who transfers from one school to another shall become eligible to participate in interscholastic athletics and other activities regulated by the league 90 school days after the student begins attending the new school."

Page 3, delete lines 29 to 36

Page 4, delete lines 1 to 3 and insert:

"Subd. 1c. [NONSCHOOL EVENTS.] After a student has participated in an interscholastic athletic event or other activity regulated by the league, the student shall not participate in a nonschool team in an organized game, meet, or tournament in that sport or activity during the season of the sport or activity, except as otherwise provided by this subdivision. A student may voluntarily participate in any nonschool sport or activity from Memorial Day to Labor Day without losing eligibility to participate in interscholastic athletics or other activities regulated by the league.

For purposes of this subdivision a nonschool team is one on which students receive coaching, training, uniforms, or equipment and compete in games, meets, or tournaments other than those regulated by the league or sponsored by a member school."

Page 4, delete lines 13 to 36

Page 5, delete line 1 and insert:

"Subd. 1d. [MEDIATION.] Any party aggrieved by action taken under section 2, 3, or 4, or by any league decision affecting an individual's or school's participation in interscholastic athletics or other activities regulated by the league may seek mediation to resolve the dispute. The aggrieved party must request mediation not later than seven days after the decision is issued or action is taken. The aggrieved party and the league shall each select a mediator, and the mediators shall select a third mediator to serve on the panel. The parties to the mediation shall agree in advance in writing whether the mediated agreement will be binding or nonbinding. The mediators and parties shall meet not later than seven days after all three mediators are chosen. Any fees for the mediators' services shall be paid by the league."

Page 5, line 3, delete "appealed" and insert "mediated"

Page 5, after line 6, insert:

"Sec. 6. [EFFECTIVE DATE.]

Sections 1 to 5 are effective August 1, 1987, unless the league adopts rules substantially similar to sections 2, 3, 4, and 5 of the bill styled as H. F. No. 2010 at the 1986 session and reports those rules to the house committees on education and general legislation and the senate committee on education by March 1, 1987."

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 2025, A bill for an act relating to transportation; creating legislative transportation commission; appropriating money.

Reported the same back with the following amendments:

Page 1, line 15, after "*expire*" delete "*January*" and insert "*July*"

Page 1, line 17, after "*expire*" delete "*January*" and insert "*July*"

Page 1, line 17, delete "*following*" and insert "*next odd-numbered*"

Page 1, line 19, after "*least*" delete "*one appointee*" and insert "*two appointees*" and delete "*a*"

Page 1, line 20, delete "*member*" and insert "*members*"

Page 1, delete lines 21 to 24

Page 2, delete line 1 and insert:

"Subd. 3. [CHAIR.] The chair shall be elected by the members of the commission. The chair must alternate every other year between a member of the house and a member of the senate."

Page 2, delete lines 28 to 31

Page 2, line 33, delete "\$250,000" and insert "....."

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

The report was adopted.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred:

H. F. No. 2030, A bill for an act relating to veterans; establishing a veterans' cemetery; proposing coding for new law in Minnesota Statutes, chapter 197.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 2033, A bill for an act relating to taxation; property; changing the payment date for taxes on certain manufactured homes; amending Minnesota Statutes 1984, section 274.19, subdivision 5; Minnesota Statutes 1985 Supplement, section 274.19, subdivisions 3 and 4.

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

The report was adopted.

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

H. F. No. 2067, A bill for an act relating to retirement; regulating workers' compensation offsets to public employee retirement association benefits; amending Minnesota Statutes 1984, sections 353.29, subdivision 2; 353.33, subdivision 5; 353.651, subdivision 2; 353.656, subdivision 2; Minnesota Statutes 1985 Supplement, section 176.021, subdivision 7.

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

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2073, A bill for an act relating to natural resources; allocating a portion of cross country license fees issued by political subdivisions to be used for maintenance of cross country ski trails; amending Minnesota Statutes 1984, section 85.41, subdivision 5.

Reported the same back with the following amendments:

Page 1, delete lines 11 to 21 and insert:

"Subd. 5. [AGENT'S FEE.] The fee for an annual cross country ski license and a daily permit shall be increased by the amount of an issuing fee of 50 cents per license. The issuing fee may be retained by the seller of the license or permit. *A political subdivision that issues a license and maintains a cross country ski trail may retain an additional \$1.50 from annual and \$1 from daily license fees. The additional retained money must be used for cross country ski trail maintenance and development.* A license or permit shall indicate the amount of the issuing fee that is retained by the seller. This subdivision does not apply to any license or permit sold by the state."

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

The report was adopted.

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 2077, A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3 and 4, and by adding a subdivision.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 273.112, subdivision 3, is amended to read:

Subd. 3. Real estate shall be entitled to valuation and tax deferment under this section only if it is:

(a) actively and exclusively devoted to golf, skiing or archery or firearms range recreational use or uses and other recreational uses carried on at the establishment;

(b) five acres in size or more, except in the case of an archery or firearms range; (AND)

(c) (1) operated by private individuals and open to the public; or

(2) operated by firms or corporations for the benefit of employees or guests; or

(3) operated by private clubs having a membership of 50 or more, *provided that the club does not discriminate in membership requirements or selection on the basis of sex; and*

(d) made available for use without discrimination on the basis of sex during the time when the facility is open to use by the public or by members, except that use for golf may be restricted on the basis of sex for events that are held no more frequently than one, or part of one, weekend each calendar month for each sex and no more than one, or part of one, weekday each week for each sex. Use may be restricted on the basis of sex for additional events, provided that the hours, days, and conditions are equal for each sex. The restrictions provided in this clause shall not apply to regularly scheduled weekday leagues.

Sec. 2. Minnesota Statutes 1984, section 273.112, subdivision 4, is amended to read:

Subd. 4. The value of any real estate described in subdivision 3 shall upon timely application by the owner, in the manner provided in subdivision 6, be determined solely with reference to its appropriate private outdoor, recreational, open space and park land classification and value notwithstanding (MINNESOTA STATUTES 1967,) sections 272.03, subdivision 8, and 273.11. In determining such value for ad valorem tax purposes the assessor shall not consider the value such real estate would have if it were converted to commercial, industrial, residential or seasonal residential use.

Sec. 3. Minnesota Statutes 1984, section 273.112, subdivision 6, is amended to read:

Subd. 6. Application for deferment of taxes and assessment under this section shall be made at least 60 days prior to January 2 of each year. Such application shall be filed with the assessor of the taxing district in which the real property is located on such form as may be prescribed by the commissioner of revenue. The assessor may require proof by affidavit or otherwise that the property qualifies under subdivision 3. *In the case of property operated by private clubs pursuant to subdivision 3, clause (c)(3), in order to qualify for valuation and tax deferment under this section, the taxpayer must submit to the assessor proof by affidavit or otherwise that the bylaws or rules and regulations of the club meet the eligibility requirements provided under this section.*

The county assessor shall refer any question regarding the eligibility for valuation and deferment under this section to

the county attorney for advice and opinion under section 388.05, subdivision 1.

Sec. 4. Minnesota Statutes 1984, section 273.112, is amended by adding a subdivision to read:

Subd. 7a. Notwithstanding subdivision 7, when real property ceases to qualify under subdivision 3 because of failure to comply with prohibitions against discrimination on the basis of sex, payment of additional taxes imposed under subdivision 7 is not required.

Sec. 5. [EFFECTIVE DATE.]

Sections 1, 3, and 4 are effective for taxes levied in 1986, payable in 1987, and thereafter. The assessor of any taxing district that contains property that has been valued under Minnesota Statutes, section 273.112, for taxes levied in 1985, payable in 1986, shall notify the owner of that property by May 1, 1986, regarding the requirements imposed by this act. In order to qualify for the valuation and tax deferment for the 1986 assessment, the taxpayer of the property operated by private clubs pursuant to subdivision 3, clause (c)(3), must submit an affidavit or otherwise to the assessor by September 1, 1986, stipulating that the bylaws or rules and regulations of the private club meet the eligibility provisions of this act."

Delete the title and insert:

"A bill for an act relating to taxation; limiting application of the open space property tax law to facilities that do not discriminate on the basis of sex; amending Minnesota Statutes 1984, section 273.112, subdivisions 3, 4, 6, and by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2080, A bill for an act relating to agriculture; declaring state policy relating to paddy-grown rice; amending Minnesota Statutes 1985 Supplement, section 92.501, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 30.

Reported the same back with the following amendments:

Page 1, line 24, delete "*in consultation with*" and insert "*and*"

Page 1, line 25, delete the comma after "*resources*"

Page 2, delete lines 10 to 14 and insert:

"Sec. 3. Minnesota Statutes 1985 Supplement, section 92.50, subdivision 1, is amended to read:

Subdivision 1. [LEASE TERMS.] The commissioner of natural resources may lease, at public or private vendue and at the prices and under the terms and conditions he or she may prescribe, any state-owned lands under his or her jurisdiction and control for the purpose of taking and removing sand, gravel, clay, rock, marl, peat, and black dirt, for storing ore, waste materials from mines, or rock and tailings from ore milling plants, for roads or railroads, or for any other uses consistent with the interests of the state. Except as otherwise provided in this subdivision, the term of the lease may not exceed ten years. Leases of lands for storage sites for ore, waste materials from mines, or rock and tailings from ore milling plants, for the removal of peat, or for the use of peat lands for agricultural purposes may not exceed a term of 25 years. Leases for the removal of peat must be approved by the executive council.

All leases must be subject to sale and leasing of the land for mineral purposes and contain a provision for cancellation *for just cause* at any time by the commissioner upon (THREE) *six* months' written notice. A longer notice period, not exceeding three years, may be provided in leases for storing ore, waste materials from mines or rock or tailings from ore milling plants. The commissioner may determine the terms and conditions, including the notice period, for cancellation of a lease for the removal of peat. Money received from leases under this section must be credited to the fund to which the land belongs."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 4, delete "section" and insert "sections 92.50, subdivision 1;"

With the recommendation that when so amended the bill pass.

The report was adopted.

Erickson from the Committee on Education to which was referred:

H. F. No. 2101, A bill for an act relating to education; allowing school boards to join the Minnesota rural education association;

amending Minnesota Statutes 1984, section 123.33, subdivision 10.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 123.33, subdivision 10, is amended to read:

Subd. 10. The school board of any school district of this state, *including a school board as defined in section 136C.02, subdivisions 8 and 9*, by a two-thirds vote may become a member of (THE MINNESOTA SCHOOL BOARDS ASSOCIATION OR THE MINNESOTA ASSOCIATION OF PUBLIC SCHOOLS, OR THE METROPOLITAN AREA SCHOOL BOARD ASSOCIATION, AND APPOINT ONE OR MORE OF ITS MEMBERS TO ATTEND ITS ANNUAL MEETING) *any association of school districts*. The amount of annual membership dues in the association and actual and necessary (EXPENSE INCURRED IN ATTENDING SUCH MEETING) *expenses of membership* shall be paid as other expenses of the district are paid.

Sec. 2. [REPEALER.]

Minnesota Statutes 1985 Supplement, section 123.33, subdivision 14, is repealed."

Delete the title and insert:

"A bill for an act relating to education; allowing school boards to join any association of school districts; amending Minnesota Statutes 1984, section 123.33, subdivision 10; repealing Minnesota Statutes 1985 Supplement, section 123.33, subdivision 14."

With the recommendation that when so amended the bill pass.

The report was adopted.

Erickson from the Committee on Education to which was referred:

H. F. No. 2106, A bill for an act relating to education; adding post-secondary vocational technical education representation on the ESV computer and UFARS advisory councils; amending Minnesota Statutes 1984, sections 121.901, subdivision 1; and 121.934, subdivisions 1 and 2.

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

The report was adopted.

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

H. F. No. 2124, A bill for an act relating to natural resources; enacting a reorganization of the department of natural resources and requiring the commissioner of natural resources to implement the same by December 31, 1986; amending Minnesota Statutes 1984, sections 84.01, subdivision 3; 84.028, subdivision 3; 84.082; 84.086; 97.41, subdivision 2; 105.40, subdivisions 1 and 2; repealing Minnesota Statutes 1984, sections 84.081; 84.083; and 89.014.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 84.01, subdivision 3, is amended to read:

Subd. 3. Subject to the provisions of Laws 1969, Chapter 1129, sections 1 to 16, 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. 2. [84.012] [PURPOSE.]

The purpose of sections 1 to 16 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 outstate 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) *maximize uniformity in position descriptions from region to region and area to area, but the percentage of time spent on any employment activity may differ based on the resource characteristics of the area and region;*

(4) *provide more effective, efficient, and accountable management of the state's natural resources; and*

(5) *structure and design job duties and requirements for regional and area positions to provide for maximum flexibility in selection and assignment in order to meet organizational needs and increase opportunity for employee advancement.*

Sec. 3. [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 five administrative units as provided in section 4; and*

(2) *geographically-designated administrative regions and areas as provided in section 5.*

Subd. 2. [DEPARTMENT COORDINATING COMMITTEE.] There is created a department coordinating committee as provided for in section 6. 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 provided for in section 5, subdivision 5, in each of the administrative regions.

Sec. 4. [84.016] [CENTRAL OFFICE.]

Subdivision 1. [ORGANIZATION.] The department central office is composed of the offices of the commissioner and deputy commissioner and the five administrative units provided in subdivisions 4 to 8. Each of the five 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 complement 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.] 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;

(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 planning and policymaking for the department programs administered by the unit;

(6) 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;

(7) 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

(8) 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.] 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 volunteer programs, information and education programs, and tourism functions of the department;

(2) 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.] 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, including 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.] 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 adminis-

tration, 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;

(5) coordinate irrigation policy and management for the department, including the issuance of permits and the appropriation of water from groundwater and surface sources; and

(6) 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. 8. [ENFORCEMENT UNIT.] It is the duty of the commissioner, through the enforcement unit, to enforce the laws that the commissioner is assigned to enforce. The unit shall provide other services in support of the regional directors, consistent with the purposes of the unit, as assigned by the commissioner. The unit administrator must be an experienced law enforcement officer.

Sec. 5. [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 regional employees, unless the additional employee serves more than one region.

Subd. 2. [DIVISION OF REGIONS INTO AREAS; AREA MANAGER 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 selected 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 serve at the pleasure of the commissioner in the unclassified service, and the deputy directors serve 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 may appoint a manager for each function in the regional office who shall be assigned those duties determined by the regional director.

Subd. 5. [BUDGET DEVELOPMENT.] Each regional director shall develop and propose a division budget to the coordinating committee. 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 seven residents of the region, who shall be interested in the natural resources of the region and shall be appointed by the regional director. At least two members of each committee must be actively involved in farming. 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. 6. [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. 7. 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. 8. 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. 9. 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. 10. 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. 11. 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. 12. 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 re-

spective 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. 13. [IMPLEMENTATION AND TRANSITION.]

Subdivision 1. [COMMISSIONER'S DUTIES.] The commissioner of natural resources is responsible for implementing sections 1 to 16. The commissioner shall, by December 31, 1986, develop an implementation plan to effect the changes made or required by those sections. Reassignment, reclassification, or both, of employees shall occur after December 31, 1986, pursuant to the provisions of applicable collective bargaining agreements and plans established pursuant to section 43A.18. Actual implementation of the commissioner of natural resources' plan shall be completed by June 30, 1987.

Subd. 2. [CONTINUATION OF PROGRAMS AND PROCEEDINGS.] The provisions of sections 1 to 16 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 1 to 16, or other law or appropriations, and all actions and proceedings involving the department pending on the effective date of sections 1 to 16 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 1 to 16, and all persons employed by the department on that date shall be continued and retained after July 1, 1986.

(b) All classification determinations necessary to effect the changes required by sections 1 to 16 shall be finalized by the commissioner of employee relations by December 31, 1986.

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 1 to 16 that is not otherwise available to the commissioner.

Sec. 14. [INSTRUCTION TO REVISOR.]

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 1 to 16.

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.

Sec. 15. [REPEALER.]

Minnesota Statutes 1984, sections 84.081, 84.083, and 89.014, are repealed.

Sec. 16. [EFFECTIVE DATE.]

Sections 1 to 15 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to natural resources; enacting a reorganization of the department of natural resources and requiring the commissioner of natural resources to implement the same by June 30, 1987; amending Minnesota Statutes 1984, sections 84.01, subdivision 3; 84.028, subdivision 3; 84.082; 84.086; 97.41, subdivision 2; 105.40, subdivisions 1 and 2; repealing Minnesota Statutes 1984, sections 84.081; 84.083; and 89.014."

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

The report was adopted.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred:

H. F. No. 2130, A bill for an act relating to public safety; regulating transportation of firearms and bows; amending Minnesota Statutes 1984, section 100.29, subdivision 5.

Reported the same back with the following amendments:

Page 1, line 21, strike "unlawful" and insert "lawful"

Page 1, line 22, strike "unless" and delete "it is" and strike "unstrung"

Page 1, line 24, before the period insert "*if it is strung in the state of Minnesota and its municipalities of 12,000 population or less*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 2134, A bill for an act relating to human services; creating a service for the blind and visually handicapped in the department of jobs and training; providing for appeals; providing a penalty; amending Minnesota Statutes 1985 Supplement, sections 13.46, subdivision 2; 248.07, subdivisions 1, 2, 3, 4, 5, 7, 12, 14, 14a, and 15; proposing coding for new law in Minnesota Statutes, chapters 13 and 248; repealing Minnesota Statutes 1985 Supplement, section 248.08.

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

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2137, A bill for an act relating to game and fish; designation and use of waterfowl feeding or resting areas; amending Minnesota Statutes 1984, section 99.26, subdivision 5.

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

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2138, A bill for an act relating to natural resources; disposition of wild rice license fees; amending Minnesota Statutes 1984, section 97.49, by adding a subdivision.

Reported the same back with the following amendments:

Page 1, after line 21, insert:

"Sec. 2. [CLAIMS.]

The provisions under Laws 1984, chapter 539, sections 1 and 3 are continued in force and remain in effect until December 31, 1990, notwithstanding any provision of that chapter to the contrary.

Sec. 3. [EFFECTIVE DATE.]

Section 1 is effective July 1, 1986. Section 2 is effective the day following final enactment."

Amend the title as follows:

Page 1, line 3, after the semicolon insert "extends the effective date of Laws 1984, chapter 539;"

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

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2139, A bill for an act relating to natural resources; extending provisions relating to loggers permits; amending Laws 1985, First Special Session chapter 13, section 219, subdivisions 2 and 5.

Reported the same back with the following amendments:

Page 1, line 16, after the second "the" insert "*loss of Thunder Bay, Ontario, timber markets and the*"

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. 2168, A bill for an act relating to state government; changing certain procedures related to the state archaeologist and archaeologic sites; amending Minnesota Statutes 1984, sections 138.35, subdivision 1; and 138.40, subdivision 3.

Reported the same back with the following amendments:

Page 1, line 18, after "When" insert "*significant*"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2169, A bill for an act relating to state lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; proposing coding for new law in Minnesota Statutes, chapter 92.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [92.65] [FINDINGS AND PURPOSE.]

The legislature finds that the state leases over 1,500 lakeshore sites containing cabins and that it would be beneficial for the state to provide for a fair and orderly process to transfer ownership of these leased areas to private persons.

The purposes of sections 1 to 4 are: (1) to facilitate the transfer of state leased lands to private citizens in compliance with articles II and XI of the Minnesota Constitution; and (2) to provide transitional lease payments during the transition period.

Sec. 2. [92.66] [TRANSITIONAL LEASE PAYMENTS.]

Until July 1, 1991, the maximum rates for leases under section 92.46, shall be the lease rate in effect on January 1, 1987. If a lakeshore lease site is sold under section 3 and the current lessee is the highest bidder, rental fees paid between the date on which the request is made in section 3, subdivision 1, and the date of the sale shall be applied toward the down payment required in section 3.

Sec. 3. [92.67] [SALE PROCEDURE.]

Subdivision 1. [SALE REQUIREMENT.] Notwithstanding section 92.45, at the request of a lessee, the commissioner of natural resources shall sell state property bordering public waters that is leased for the purpose of a private cabin under section 92.46. Requests for sale must be made prior to July 1, 1991, and the commissioner shall complete all requested sales by July 1, 1992. The sale shall be made in accordance with laws

providing for the sale of trust fund land except as modified by the provisions of this section.

Subd. 2. [APPRAISAL.] Prior to the public sale required by article XI of the Minnesota Constitution, an appraisal shall be made in accordance with section 92.12, except as modified by this section. All improvements that are owned by the lessee shall be appraised separately.

Subd. 3. [APPOINTMENT OF APPRAISERS; ALLOCATION OF APPRAISAL AND SURVEY COSTS.] (a) The commissioner of natural resources shall provide the lessee requesting the sale with a list of all appraisers approved by the commissioner of administration for the appraisal of property for the state. The lessee requesting the sale may select a person from the list, to appraise the property to be sold. If more than one lessee of a cabin site lot leased by the commissioner under section 92.46 within a platted area requests the sale of a leased lot, all requesting lessees may jointly agree upon an appraiser from the list. If the lessee or lessees do not select an appraiser, the commissioner of natural resources shall select the appraiser.

(b) The costs of appraisal shall be allocated by the commissioner to the lots offered for sale and the successful bidder on each lot shall reimburse the commissioner for the appraisal costs allocated to the lot bid upon. If there are no successful bidders on a lot, the commissioner is responsible for the appraisal cost allocated to that lot.

(c) If a new property survey is required before a sale, the costs of the survey shall be allocated by the commissioner to the lots offered for sale and the successful bidder on each lot shall reimburse the commissioner for the survey costs allocated to the lot bid upon. If there are no successful bidders on a lot, the commissioner shall absorb the survey cost allocated to that lot.

(d) If a lot is sold without a new property survey, each bid is received upon the conditions that a warranty of legal description is not made by the commissioner and that each bidder waives all legal rights against the state relating to title or other defects arising from errors in legal description. These conditions shall be included in the notice of sale relating to lots if a new property survey has not been made and shall be announced orally at the commencement of bidding on lots if a new property survey has not been made.

Subd. 4. [TIMING OF SALES.] (a) The commissioner shall offer lakeshore cabin site lots for sale pursuant to written request and in accordance with the following schedule:

(1) as to requests received before January 1, 1987, the sale shall be held in June, July, or August, 1987;

(2) as to requests received each calendar year after December 31, 1986, the sale shall be held in June, July, or August of the year after the request is received.

(b) The last sales shall be held in 1992. Lots not sold the first year offered may be reoffered in a succeeding year, following reappraisal if it is determined necessary by the commissioner.

Subd. 5. [TERMS OF SALE.] (a) For the sale of property under this section, the purchaser shall pay the state 15 percent of the purchase price at the time of the sale. The interest rate on the remaining balance shall be eight percent per year.

(b) If a person other than the lessee purchases the leased lakeshore cabin site, the purchaser must provide a cash payment in full to the lessee at the time of the sale for the appraised value of any improvements. Failure of a successful bidder to comply with this provision voids the sale and the property must be rebid, if possible, at the same sale.

Subd. 6. [SALE PROCEEDS.] After deducting the costs of the sale from the purchase price, the balance shall be invested as provided by the Minnesota Constitution, article XI, section 8.

Sec. 4. [92.68] [MISCELLANEOUS.]

Subdivision 1. [SHORELINE INCLUDED.] Notwithstanding section 92.45, the shoreline of leased sites sold under section 3 are not reserved for public travel.

Subd. 2. [LOCAL ZONING.] For the purpose of local zoning ordinances, land sold under sections 1 to 3 shall be treated as if sold at the time the state first leased the sites.

Subd. 3. [ROAD ACCESS.] The commissioner of natural resources shall continue agreements currently in force for road access to land sold under section 3. Rights of access across state property to the lots offered for sale that are in existence at the time of sale, and not included in the sale, may not be terminated by the commissioner without the consent of the purchasers of the lots or their successors in interest.

Sec. 5. [REPEALER.]

Sections 1 to 4 of this act are repealed on July 1, 1992.

Sec. 6. [REPEALER.]

Laws 1985, First Special Session chapter 14, article 17, section 4, is repealed.

Sec. 7. [EFFECTIVE DATE.]

Sections 1 to 6 are effective the day following final enactment."

Amend the title as follows:

Page 1, line 5, before the period insert "; repealing Laws 1985, First Special Session chapter 14, article 17, section 4"

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

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2170, A bill for an act relating to wild animals; authorizing the captive propagation and sale of raptors; amending Minnesota Statutes 1984, section 99.27, subdivision 1.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

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

H. F. No. 2177, A bill for an act relating to nonprofit corporations; adoption services corporations; providing that pledges to make contributions to reimburse the corporation for expenses shall be voidable at the option of the person making the pledge and payment of expenses shall not be a prerequisite to providing adoption services; amending Minnesota Statutes 1984, section 317.65, subdivision 7.

Reported the same back with the following amendments:

Page 1, lines 26 and 27, delete the new language

Page 2, lines 1 and 2, delete the new language

Page 2, line 11, after "*pledge*" insert "*by an adoption applicant*"

Page 2, line 12, after "*a*" insert "*voluntary*" and delete "*or reimburse an agency for adoption service*"

Page 2, line 13, delete "*expenses*"

Amend the title as follows:

Page 1, lines 4 and 5, delete "to reimburse the corporation for expenses"

Page 1, lines 6 and 7, delete "and payment of expenses shall not be a prerequisite to providing adoption services"

With the recommendation that when so amended the bill pass.

The report was adopted.

Erickson from the Committee on Education to which was referred:

H. F. No. 2193, A bill for an act relating to education; clarifying that private proprietary schools may provide certain placement information; modifying the expiration time for solicitor's permits; amending Minnesota Statutes 1984, section 141.26, subdivision 1; Minnesota Statutes 1985 Supplement, section 141.25, subdivision 10.

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

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 2195, A bill for an act relating to the city of McIntosh; authorizing the city to issue bonds in excess of its net debt limitations.

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

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 2205, A bill for an act relating to traffic regulations; modifying restrictions on loading of vehicles driven on highways; amending Minnesota Statutes 1984, section 169.81, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 169.81, is amended by adding a subdivision to read:

Subd. 5a. [FIREWOOD LOADS.] No vehicle may be driven or moved on a trunk highway with a load of cut firewood of less than three feet in length which protrudes or extends above the sides of the cargo area of the vehicle unless the load is securely covered by a material of sufficient strength to prevent any part of the load from escaping. No vehicle which has a cargo area without a rear wall may be driven or moved on a trunk highway with a load of cut firewood of less than three feet in length unless the rear of the cargo area is covered with a material of sufficient strength to prevent any part of the load from escaping from the rear. A person who violates this subdivision is guilty of a petty misdemeanor."

Delete the title and insert:

"A bill for an act relating to traffic regulations; providing for restrictions on vehicles transporting firewood on highways; amending Minnesota Statutes 1984, section 169.81, by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 2206, A bill for an act relating to taxation; sales; clarifying the application of the exemption for certain fund-raising activities to certain school organizations; amending Minnesota Statutes 1985 Supplement, section 297A.256.

Reported the same back with the following amendments:

Page 3, line 5, delete "1985" and insert "1986"

With the recommendation that when so amended the bill pass.

The report was adopted.

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

H. F. No. 2207, A bill for an act relating to intoxicating liquor; requiring municipal on-sale liquor stores to give equal sales em-

phasis to nonalcoholic beverages; proposing coding for new law in Minnesota Statutes, chapter 340A.

Reported the same back with the following amendments:

Page 1, after line 7, insert:

“Section 1. [340A.510] [SAMPLES.]

Off-sale licensees and municipal liquor stores may provide samples of wine, liqueurs, cordials, and nonalcoholic beverages which the licensee or municipal liquor store currently has in stock and is offering for sale to the general public without obtaining an additional license, provided the wine, liqueur, cordial, and nonalcoholic beverage samples are dispensed at no charge and consumed on the licensed premises during the permitted hours of off-sale in a quantity less than 50 milliliters of wine or nonalcoholic beverage per variety per customer and 25 milliliters of liqueur or cordial per variety per customer.”

Renumber the remaining section

Amend the title as follows:

Page 1, line 2, after the semicolon insert “authorizing the distribution of certain samples;”

With the recommendation that when so amended the bill pass.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 2208, A bill for an act relating to agriculture; making changes related to agricultural credit and agricultural collateral; changing priority of security interests related to agricultural products; amending Minnesota Statutes 1984, sections 336.9-307; 336.9-312; 336.9-315; 336.9-402; and 336.9-403; proposing coding for new law in Minnesota Statutes, chapter 514.

Reported the same back with the following amendments:

Page 1, line 12, delete “10” and insert “4”

Page 2, line 29, reinstate the stricken “(2)”

Page 3, line 1, after the period insert “(a) A production money security interest takes priority over a conflicting security

interest in the collateral, and also in the proceeds of the collateral, if the production money security interest in the collateral is perfected within 20 days of the debtor's receiving the goods or services acquired with the value secured by the production money security interest, except that conflicting production money security interests in the same collateral rank equally and are entitled to share ratably in the collateral and in proceeds of the collateral.

(b) A production money security interest is a security interest in farm products for new value given (whether by loan of money by a lender or other financier or by extension of credit by a seller or other supplier) to enable the debtor to produce or raise the farm products if the value is in fact so used.

(c) A debtor is enabled to produce or raise farm products when the new value is used:

(i) to pay operating expenses, including normal personal and family expenses, incurred in or while producing or raising the collateral; or

(ii) to acquire goods or services used in producing or raising the collateral, except that a security interest in farm products taken or retained by the seller, lessor, or any other supplier or financier of equipment to secure a debt owed with respect to the equipment is not a production money security interest.

(d) For purposes of this subsection, the meaning of "producing or raising the farm products" includes producing crops or raising livestock.

(i) The meaning of "producing crops" includes preparing the land for planting, planting, cultivating or otherwise tending crops, harvesting, preparing crops for sale or storage prior to sale, storing crops prior to sale, transporting to sale, selling, or engaging in any other activity that proximately relates to the growing and marketing of crops or products of crops.

(ii) The meaning of "raising livestock" includes feeding or grazing, fencing, providing health care, breeding, slaughtering, preparing for sale, transporting to sale, selling, or engaging in any other activity that proximately relates to the care and marketing of livestock or products of livestock.

(e) The creating or perfecting of a production money security interest shall not operate under any circumstances as a default on, an accelerating event under, or otherwise as a breach of: any note or other instrument or agreement of any kind or nature to pay debt; any loan or credit agreement; or any security arrangement of any kind or nature whether the collateral is real or personal property."

Pages 4 to 13, delete sections 5 to 8 and insert:

"Sec. 5. [REPEALER.]

Minnesota Statutes 1984, sections 514.950; 514.952, subdivisions 1 and 6; 514.954, subdivisions 2 and 3; 514.956, subdivisions 1 and 2; 514.958; and 514.959; and Minnesota Statutes 1985 Supplement, sections 514.952, subdivisions 2, 3, 4, and 5; 514.954, subdivision 1; and 514.956, subdivisions 3 and 4, are repealed."

Amend the title as follows:

Page 1, line 6, after the first semicolon insert "and" and delete "336.9-315;"

Page 1, delete line 7

Page 1, line 8, delete everything before the period and insert "repealing Minnesota Statutes 1984, sections 514.950; 514.952, subdivisions 1 and 6; 514.954, subdivisions 2 and 3; 514.956, subdivisions 1 and 2; 514.958; and 514.959; and Minnesota Statutes 1985 Supplement, sections 514.952, subdivisions 2, 3, 4, and 5; 514.954, subdivision 1; and 514.956, subdivisions 3 and 4"

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

The report was adopted.

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

H. F. No. 2218, A bill for an act relating to retirement; authorizing inclusion of certain state employees in the correctional officers plan and the purchase of prior service credit; amending Minnesota Statutes 1984, section 352.91, by adding a subdivision.

Reported the same back with the recommendation that 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. 2221, A bill for an act relating to utilities; determining membership on public utilities commission; prescribing terms and duties of chair; delineating and prohibiting conflict of interest by public utility commissioners and certain employees of the commission and department of public service; imposing a penal-

ty; requiring commission to adopt a code of conduct; amending Minnesota Statutes 1984, sections 216A.03, subdivisions 1 and 3; and 216A.035; 216B.16, subdivisions 1a and 2; 237.075, subdivisions 1a, and 2; proposing coding for new law in Minnesota Statutes, chapter 216A.

Reported the same back with the following amendments:

Page 1, lines 18 and 19, reinstate the stricken "the public utilities commission shall consist of five members"

Page 1, line 25, reinstate the stricken period

Page 3, line 6, delete "or"

Page 3, line 8, delete the period and insert "; or"

Page 3, after line 8, insert:

"(6) acted as a witness in a commission hearing on behalf of an intervenor or on behalf of a person or an organization subject to rate regulation by the commission."

Page 3, line 12, strike "significant portion of his"

Page 3, line 12, after "income" insert *", other than dividends or other earnings from a mutual fund or trust if these earnings do not constitute a significant portion of the person's income,"*

Page 3, line 30, delete "or"

Page 3, line 31, delete the period and insert "; or"

Page 3, after line 31, insert:

"(6) act as a witness in a commission hearing on behalf of an intervenor or on behalf of a person or an organization subject to rate regulation by the commission."

Page 4, line 14, delete "or"

Page 4, line 16, delete the period and insert "; or"

Page 4, after line 16, insert:

"(6) acted as a witness in a commission hearing on behalf of an intervenor or on behalf of a person or an organization subject to rate regulation by the commission."

Page 5, line 6, delete "or"

Page 5, line 7, delete the period and insert “; or”

Page 5, after line 7, insert:

“(6) act as a witness in a commission hearing on behalf of an intervenor or on behalf of a person or an organization subject to rate regulation by the commission.”

Page 5, line 27, after “rules” insert “, under chapter 14,”

With the recommendation that when so amended the bill pass.

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 2256, A bill for an act relating to partnerships; revising the Uniform Limited Partnership Act; stating duties and powers of limited partners and partnerships; amending Minnesota Statutes 1984, sections 322A.01; 322A.02; 322A.05; 322A.11; 322A.12; 322A.14; 322A.15; 322A.18; 322A.24; 322A.26; 322A.27; 322A.31; 322A.32; 322A.39; 322A.40; 322A.41; 322A.45; 322A.47; 322A.49; 322A.52; 322A.58; 322A.63; and 322A.70.

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

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

H. F. No. 2259, A bill for an act relating to the office of ombudsman; expanding the authority of the ombudsman for the department of corrections to include the department of human services; amending Minnesota Statutes 1984, sections 241.41; 241.42, subdivision 2; and 241.44.

Reported the same back with the following amendments:

Page 2, line 1, delete “treatment” and “and nursing”

Page 2, line 2, delete “homes”

Page 2, line 12, delete “treatment” and “and nursing homes”

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 2260, A bill for an act relating to capital improvements; removing conditions for the construction of certain highway rest areas; amending Laws 1985, First Special Session chapter 15, section 9, subdivision 5.

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

The report was adopted.

Kvam from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 2266, A bill for an act relating to financial institutions; removing loans made by the energy and economic development authority from a bank's lending limitations; amending Minnesota Statutes 1984, section 48.24, subdivision 5.

Reported the same back with the following amendments:

Page 1, line 22, before the period insert "*or successor agency*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Kvam from the Committee on Financial Institutions and Insurance to which was referred:

H. F. No. 2268, A bill for an act relating to insurance; authorizing and regulating the use of nonprofit risk indemnification trusts; prescribing the powers and duties of the commissioner; proposing coding for new law in Minnesota Statutes, chapter 60A.

Reported the same back with the following amendments:

Page 1, line 15, after "*organizations*" insert "*and their officers, directors, and agents*" and delete "*financial*"

Page 1, delete line 16

Page 1, line 17, delete "*imposition of*"

Page 1, line 21, after "*organizations*" insert "*and their officers, directors, and agents*"

Page 2, line 20, before the period insert "*or property losses*"

Page 2, line 32, delete "*No indemnification agreement*"

Page 2, delete lines 33 and 34 and insert "*Each form of indemnification agreement must be filed with and approved by the commissioner.*"

Page 3, line 1, delete "*contributions*" and insert "*contribution schedules*"

Page 5, after line 21, insert:

"Sec. 2. Minnesota Statutes 1984, section 62E.14, is amended by adding a subdivision to read:

Subd. 4. Notwithstanding the above, any Minnesota resident holder of a policy or certificate of medicare supplement coverages pursuant to section 62A.32 to 62A.35, or medicare supplement plans previously approved by the commissioner, may enroll in the comprehensive health insurance plan as described in section 62E.07, with a waiver of the preexisting condition as described in subdivision 3, without interruption in coverage, provided, the policy or certificate has been terminated by the insurer for reasons other than nonpayment of premium and, provided further, that the option to enroll in the plan is exercised within 30 days of termination of the existing contract.

Coverage in the state plan for purposes of this section shall be effective on the date of termination upon completion of the proper application and payment of the required premium. The application must include evidence of termination of the existing policy or certificate.

Sec. 3. [EFFECTIVE DATE.]

Sections 1 and 2 are effective the day following final enactment."

Amend the title as follows:

Page 1, line 2, after the semicolon insert "expanding coverage under the state comprehensive health plan;"

Page 1, line 4, after the semicolon insert "amending Minnesota Statutes 1984, section 62E.14, by adding a subdivision; and"

With the recommendation that when so amended the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2281, A bill for an act relating to game and fish; establishing a special elk season; prescribing application for licenses, and application and license fees; appropriating money to reimburse nongame wildlife fund for elk removal; dedicating license and application fees for elk depredation; amending Minnesota Statutes 1985 Supplement, section 98.46, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 100; repealing Laws 1985, chapter 272, section 2.

Reported the same back with the following amendments:

Page 2, after line 1, insert:

"Subdivision 1. [ELK MANAGEMENT PLAN.] Before authorizing a special open season on elk, as provided in subdivision 2, the commissioner must complete an elk management plan that recognizes the value and uniqueness of elk and provides for integrated management of a viable elk population that is in harmony with the environment and affords optimal recreational opportunities."

Page 2, line 3, delete "may" and insert "shall"

Renumber the subdivisions in sequence

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

The report was adopted.

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

H. F. No. 2295, A bill for an act relating to independent school district No. 709; providing for severance pay for employees.

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

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

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.

Reported the same back with the following amendments :

Delete everything after the enacting clause and insert :

"Section 1. Minnesota Statutes 1985 Supplement, section 473.153, subdivision 1, is amended to read :

Subdivision 1. [FACILITIES (REQUIRED).] Except as provided in subdivision 7 and section 115A.33, all facilities for the disposal of solid waste generated by the metropolitan waste control commission shall be established and operated in accordance with this section and section 473.516. The council and the commission shall establish the facilities needed for the disposal of solid waste generated by the commission. (THE COUNCIL AND THE COMMISSION SHALL ESTABLISH AT LEAST ONE FACILITY) *If the council determines under subdivision 6b that the disposal of waste with concentrations of hazardous materials is not necessary or that additional ash disposal capacity is not needed, the council and the commission may not establish any facilities for disposal of solid waste generated by the commission.*

Sec. 2. Minnesota Statutes 1984, section 473.153, subdivision 3, is amended to read :

Subd. 3. [MORATORIUM.] In order to permit the comparative evaluation of sites and the participation of affected localities in decisions about the use of sites, a moratorium is hereby imposed as provided in this subdivision on development within the area of each candidate site and buffer area selected by the council. The moratorium shall extend until six months following the council's decision under subdivision 6 *or until the council determines under subdivision 6b that it will not issue a certificate of need, whichever occurs first.* No development shall be allowed to occur within the area of a site or buffer area during the period of the moratorium without the approval of the council. No county, city, or town land use control shall permit development which has not been approved by the council, nor shall any county, city, or town sanction or approve any subdivision, permit, license, or other authorization which would allow development to occur which has not been approved by the council. The council shall not approve actions which would jeopardize the availability of a candidate site for use as a solid waste facility. The council may establish guidelines for reviewing requests for approval under this subdivision. Requests for approval shall be submitted in writing to the chairman of the council and shall be deemed to be approved by the council unless the chairman otherwise notifies the submitter in writing within 15 days.

Sec. 3. Minnesota Statutes 1985 Supplement, section 473.153, subdivision 5, is amended to read :

Subd. 5. [ENVIRONMENTAL REVIEW.] *If the council issues a certificate of need pursuant to subdivision 6b, an envi-*

ronmental impact statement must be completed on the environmental effects of the council's decisions required by subdivision 6. The statement must be prepared and reviewed in accordance with chapter 116D and the rules issued pursuant thereto, except as otherwise required by this section. The statement must not address or reconsider alternatives eliminated from consideration pursuant to subdivisions 1 and 2 and must not address the matters subject to decision by the council pursuant to subdivision 6b.

Sec. 4. Minnesota Statutes 1984, section 473.153, is amended by adding a subdivision to read:

Subd. 8. [POLLUTION CONTROL AGENCY; TERMINATION OF SITING PROCESS.] After October 1, 1986, the pollution control agency, after consulting with the metropolitan council and waste control commission and following a public hearing as provided for contested cases in sections 14.57 to 14.69, may determine that the waste disposal facilities required to be established under section 473.153 are not needed because other permitted management methods are or will be sufficient to handle the waste without the disposal facilities. If the agency determines that the facilities are not needed, the agency shall order the council to terminate the disposal facilities siting process established by section 473.153 and to permanently dismiss the candidate sites identified under that section from further consideration as sites for the disposal facilities.

Sec. 5. Minnesota Statutes 1984, section 473.516, is amended by adding a subdivision to read:

Subd. 5. Notwithstanding section 473.523, the commission may enter into a negotiated contract with a private person to take, use, or otherwise dispose of sludge ash generated by the commission for a period of time not to exceed 30 years. In the contract the commission may, under terms and conditions agreed to by the commission and the private party,

(1) obligate itself to pay to the private person a fee for the taking, use, or disposal of sludge ash; and

(2) enter into other obligations the commission considers appropriate that are not otherwise contrary to law.

The obligation of the commission to pay a fee or perform other obligations under the contract is not considered a debt within the meaning of any statutory provision.

Sec. 6. [REPEALER.]

Section 473.153 is repealed effective the day following the date on which the candidate sites are dismissed pursuant to section 4."

Delete the title and insert:

"A bill for an act relating to the pollution control agency; waste disposal site selection; sludge ash disposal contract; amending Minnesota Statutes 1984, sections 473.153, subdivision 3, and by adding a subdivision; and 473.516, by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 473.153, subdivisions 1 and 5; repealing Minnesota Statutes 1984, section 473.153, as amended."

With the recommendation that when so amended the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

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.

Reported the same back with the following amendments:

Page 1, line 8, before "*The*" insert "*Notwithstanding Minnesota Statutes, sections 94.341 to 94.349,*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

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.

Reported the same back with the following amendments:

Page 2, line 1, strike "and"

Page 2, line 2, strike everything before the period

With the recommendation that when so amended the bill pass.

The report was adopted.

Erickson from the Committee on Education to which was referred:

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.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 121.9121, is amended by adding a subdivision to read:

Subd. 1a. [PROHIBITED TRANSFERS.] The state board of education must not authorize a school board to transfer money from the debt redemption fund to any other fund except as provided in section 475.61, subdivision 4.

Sec. 2. Minnesota Statutes 1984, section 475.61, subdivision 4, is amended to read:

Subd. 4. [SURPLUS FUNDS.] All such taxes shall be collected and remitted to the municipality by the county treasurer as other taxes are collected and remitted, and shall be used only for payment of the obligations on account of which levied or to repay advances from other funds used for such payments, except that any surplus remaining in the debt service fund when the obligations and interest thereon are paid may be appropriated to any other general purpose by the municipality. However, the amount of any surplus remaining in the debt service fund of a school district when the obligations and interest thereon are paid shall be used to reduce the maintenance levy authorized pursuant to section 124A.03, subdivision 1 (EXCEPT THAT FROM JULY 1, 1982 TO JUNE 30, 1983, A SCHOOL DISTRICT WHICH HAS DISCONTINUED ITS LEVY FOR DEBT SERVICE MAY TRANSFER TO ITS GENERAL FUND THE AMOUNT OF ANY SURPLUS REMAINING IN ITS DEBT SERVICE FUND WHEN THE OBLIGATIONS AND INTEREST THEREON ARE PAID OR WHEN AN ESCROW ACCOUNT FOR DEFEASANCE OF THE ENTIRE AMOUNT OF THE OBLIGATIONS AND INTEREST THEREON HAS BEEN ESTABLISHED).

Sec. 3. [DEBT SERVICE LEVY; INDEPENDENT SCHOOL DISTRICT NO. 750, COLD SPRING.]

Notwithstanding Minnesota Statutes, section 475.61, independent school district No. 750, Cold Spring, may increase the levies

it makes for debt service in 1986, for taxes payable in 1987, and in 1987, for taxes payable in 1988, over the amount the district is otherwise entitled to levy. The amount by which the levies may be increased must not exceed the amount necessary to provide for an equal levy for payment of the district's debt service obligations for each of the next five years, beginning with the levy made in 1986. The additional amount levied under this section must not be considered to be an excess amount for the purposes of section 475.61, subdivision 3. Any surplus money remaining in the debt service fund when the obligations and interest thereon are paid shall be used to reduce the district's maintenance levy authorized pursuant to Minnesota Statutes, section 124A.03, subdivision 1, in the next levy certified. This section does not authorize the district to incur additional indebtedness.

Sec. 4. [EFFECTIVE DATE.]

Section 1 is effective the day following final enactment."

Delete the title and insert:

"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 under conditions; allowing a debt service for independent district No. 750; amending Minnesota Statutes 1984, section 475.61, subdivision 4; Minnesota Statutes 1985 Supplement, section 121.9121, by adding a subdivision."

With the recommendation that when so amended the bill pass.

The report was adopted.

Onnen from the Committee on Health and Human Services to which was referred:

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.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [CITATION.]

Sections 1 to 18 may be cited as "the mandate control act of 1986."

Sec. 2. [PURPOSE.]

The state of Minnesota uses state-supervised county-administered systems for the delivery of many services to its citizens

and calls upon local units of government to provide efficient, cost-effective, quality services within limited funds. The purpose of the mandate control act of 1986 is to ensure that rulemaking reflects the policy of the legislature to allow local governments needed flexibility in the delivery of services.

Sec. 3. [3.99] [RULEMAKING NOTE.]

Subdivision 1. The head or chief administrative officer of each department or agency of state government shall prepare a rulemaking note at the request of the chair of the standing committee to which a bill has been referred, or the chair of the house appropriations committee, or the chair of the senate committee on finances.

Subd. 2. The rulemaking note shall:

(1) state the sections of the bill which will need to be implemented by rule,

(2) describe the purpose and parameters of the proposed rule, and

(3) estimate the cost of and length of time needed for rule-making.

Subd. 3. A copy of the rulemaking note shall be delivered to the chair of the house appropriations committee, the chair of the senate finance committee, the chair of the committee to which the bill has been referred, the chief authors of the bill, and the legislative commission to review administrative rules.

Subd. 4. The legislative commission to review administrative rules shall prescribe a uniform procedure to govern the departments and agencies of the state in complying with the requirements of this section.

Sec. 4. Minnesota Statutes 1984, section 14.11, subdivision 1, is amended to read:

Subdivision 1. [FISCAL NOTE ON RULE IN NOTICE.] If the adoption of a rule by an agency will require the expenditure of public moneys by local public bodies, the appropriate notice of the agency's intent to adopt a rule shall be accompanied by a written statement giving the agency's reasonable estimate of the total cost to all local public bodies in the state to implement the rule for the two years immediately following adoption of the rule if the estimated total cost exceeds \$100,000 in either of the two years. *The written statement must describe the methodology which the agency used to develop the estimated cost.* For purposes of this subdivision, local public bodies shall mean officers and governing bodies of the political subdivisions of the

state and other officers and bodies of less than state wide jurisdiction which have the authority to levy taxes.

Sec. 5. [14.116] [COUNTY CONSIDERATIONS IN RULE-MAKING.]

Subdivision 1. [DEFINITION.] For purposes of this section, a "state-supervised county-administered system" means a program that requires the cooperation of the department of health, the department of human services, or the department of jobs and training, separately or jointly, and the local agency, as defined at section 3.981, subdivision 4, to achieve delivery of the program services.

Subd. 2. [IMPACT ON SYSTEM.] When an agency proposes a new rule, or an amendment to an existing rule, which will affect a state-supervised county-administered system, the agency shall respond with specificity to written comments received from a county board concerning the impact of the proposed rule on county operations. Written comments must be received during the period for public comment and must be answered by the agency prior to final adoption of the rule. Response under this subdivision shall include publication in the state register of:

(i) a summary of the number and nature of comments, organized by part or subpart of the proposed rule; and

(ii) a statement of disposition of any amendment proposed by a county board. If the commissioner rejects the proposed amendment, the statement of disposition shall state with specificity the reason the proposed amendment is unreasonable or unacceptable.

Sec. 6. [14.301] [PUBLIC HEARING.]

The agency shall hold a public hearing on an emergency rule if the agency feels a hearing is needed or if 25 or more people, within 25 days after publication of notice under section 14.30, submit to the agency a written request for a public hearing for one of the following reasons:

(1) all or part of the rule does not require emergency rule-making; or

(2) the fiscal impact of the rule exceeds estimates of the agency.

The agency must hold a public hearing under this section within 25 days of the close of the period for comment under section 14.30.

Sec. 7. Minnesota Statutes 1984, section 14.31, is amended to read:

14.31 [MODIFICATIONS OF PROPOSED EMERGENCY RULE.]

The proposed emergency rule may be modified if the modifications are supported by the data and views submitted to the agency. The agency may make substantial modifications to the proposed emergency rule when such modifications respond to data and views submitted to the agency. The agency shall publish any substantial modifications within 20 days of the close of the period for comment under section 14.30, or, if there has been a public hearing, within 20 days of the date of the hearing, and shall leave the record open for comment for 20 days after publication before submitting the proposed rule to the attorney general under section 14.32.

Sec. 8. Minnesota Statutes 1985 Supplement, section 14.40, is amended to read:

14.40 [REVIEW OF RULES BY COMMISSION.]

Subdivision 1. [GENERAL POWERS.] The commission shall promote adequate and proper rules by agencies and an understanding upon the part of the public respecting them. The jurisdiction of the commission includes all rules as defined in section 14.02, subdivision 4. The commission also has jurisdiction of rules which are filed with the secretary of state in accordance with section 14.38, subdivisions 5, 6, 7, 8, 9, and 11 or were filed with the secretary of state in accordance with the provisions of section 14.38, subdivisions 5 to 9, which were in effect on the date the rules were filed. It may hold public hearings to investigate complaints with respect to rules if it considers the complaints meritorious and worthy of attention. If the rules that are the subject of the public hearing were adopted without a rulemaking hearing, it may request the office of administrative hearings to hold the public hearing and prepare a report summarizing the testimony received at the hearing. The office of administrative hearings shall assess the costs of the public hearing to the agency whose rules are the subject of the hearing. The commission may, on the basis of the testimony received at the public hearings, suspend any rule complained of by the affirmative vote of at least six members provided the provisions of section 14.42 have been met. If any rule is suspended, the commission shall as soon as possible place before the legislature, at the next year's session, a bill to repeal the suspended rule. If the bill is not enacted in that year's session, the rule is effective upon adjournment of the session unless the agency has repealed it. If the bill is enacted, the rule is repealed. The commission shall make a biennial report to the legislature and governor of its activities and include its recommendations to promote adequate and proper rules and public understanding of the rules.

Subd. 2. [REVIEW OF RULES WITH LOCAL COSTS.] At least once every four years, the commission shall review any rule which requires local units of government, in the aggregate, to spend annually \$1,000,000 or more of funds from any source. This provision does not apply to any rule for which the legislature has designated a sunset date.

Sec. 9. Minnesota Statutes 1984, section 145.915, is amended by adding a subdivision to read:

Subd. 3. When there is a decrease in state or federal funds for the support of services specified in the community health services act, counties may but are not required to supplement funding to maintain the level of service.

Sec. 10. Minnesota Statutes 1984, section 245.69, is amended by adding a subdivision to read:

Subd. 3. [RULEMAKING.] When a bill provides for delegating rulemaking power, the commissioner shall, in addition to preparing the rulemaking note under section 3:

(1) Prepare and provide to the chairs of the human services committees of the legislature and to representative groups of people affected by the rule a summary of the rule in plain language. The summary shall include an overview of the rule, as well as any minority reports, and shall focus on major changes to existing law and rule.

(2) Consult with an advisory group which includes an equitable distribution of consumers, providers, and local government. To the extent possible, members of the advisory group shall not be appointed by the commissioner but shall be designated by the groups they represent.

Sec. 11. Minnesota Statutes 1984, section 254A.03, subdivision 3, is amended to read:

Subd. 3. The commissioner of human services shall establish by rule criteria to be used in determining the appropriate level of chemical dependency care, whether outpatient, inpatient or short-term treatment programs, for each recipient of public assistance seeking treatment for alcohol or other drug dependency and abuse problems. The criteria shall address, at least, the family relationship, past treatment history, medical or physical problems, arrest record, and employment situation. The criteria shall permit county boards to establish qualifications for people making chemical dependency assessments and a process to be used in conducting assessments. The commissioner may develop minimum standards that shall be used by counties for persons conducting the assessments.

Sec. 12. Minnesota Statutes 1984, section 256.871, is amended by adding a subdivision to read:

Subd. 8. When the legislature appropriates money for supplementary grants and includes utility recaps in its appropriation, the commissioner shall issue no rule or instructional bulletin prohibiting counties from spending supplementary grant money for utility recaps under emergency assistance.

Sec. 13. Minnesota Statutes 1985 Supplement, section 256B.091, subdivision 4, is amended to read:

Subd. 4. [SCREENING OF PERSONS.] Prior to nursing home or boarding care home admission, screening teams shall assess the needs of all applicants, except (1) patients transferred from other nursing homes; (2) patients who, having entered acute care facilities from nursing homes, are returning to nursing home care; (3) persons entering a facility described in section 256B.431, subdivision 4, paragraph (b); or (4) persons entering a facility conducted by and for the adherents of a recognized church or religious denomination for the purpose of providing care and services for those who depend upon spiritual means, through prayer alone, for healing. The cost for screening persons who are receiving medical assistance or who would be eligible for medical assistance within 180 days of nursing home or boarding care home admission, must be paid by state, federal, and county money. Other persons shall be assessed by a screening team upon payment of a fee approved by the commissioner. *The county board is authorized to determine the use of staff and the process for conducting screening activities according to performance standards established by the commissioner under chapter 14.*

Sec. 14. Minnesota Statutes 1985 Supplement, section 256B.-092, subdivision 7, is amended to read:

Subd. 7. [SCREENING TEAMS ESTABLISHED.] Each county agency shall establish a screening team which, under the direction of the county case manager, shall make an evaluation of need for home and community-based services of persons who are entitled to the level of care provided by an intermediate care facility for persons with mental retardation or related conditions or for whom there is a reasonable indication that they might require the level of care provided by an intermediate care facility. The screening team shall make an evaluation of need within 15 working days of the request for service and within five working days of an emergency admission of an individual to an intermediate care facility for persons with mental retardation or related conditions. The screening team shall consist of the case manager, the client, a parent or guardian, a qualified mental retardation professional, as defined in the Code of Federal Regulations, title 42, section 442.401, as amended through December 31, 1982 (. FOR INDIVIDUALS DETERMINED TO HAVE

OVERRIDING HEALTH CARE NEEDS, A REGISTERED NURSE MUST BE DESIGNATED AS EITHER THE CASE MANAGER OR THE QUALIFIED MENTAL RETARDATION PROFESSIONAL), *including personnel from the county public health nursing agency.* The case manager shall consult with the client's physician, other health professionals or other persons as necessary to make this evaluation. The case manager, with the concurrence of the client or the client's legal representative, may invite other persons to attend meetings of the screening team. No member of the screening team shall have any direct or indirect service provider interest in the case. *The county board is authorized to determine the use of staff and the process for conducting screening team activities according to performance standards established by the commissioner under chapter 14.*

Sec. 15. Minnesota Statutes 1985 Supplement, section 256B.503, is amended to read:

256B.503 [RULES.]

To implement Laws 1983, chapter 312, article 9, sections 1 to 7, the commissioner shall promulgate emergency and permanent rules in accordance with sections 14.01 to 14.38. Rules adopted to implement Laws 1983, chapter 312, article 9, section 5, must (a) be in accord with the provisions of Minnesota Statutes, chapter 256E, (b) set standards for case management which include, encourage and enable flexible administration, (c) require the county boards to develop individualized procedures governing case management activities, (d) consider criteria promulgated under section 256B.092, subdivision 3, and the federal waiver plan, (e) identify cost implications to the state and to county boards, (AND) (f) require the screening teams to make recommendations to the county case manager for development of the individual service plan, *and (g) permit county boards to establish training and experience requirements for staff who perform services required by Laws 1983, chapter 312, article 9, section 5, subject to professional standards established in Minnesota Statutes and the code of federal regulations which apply to the people providing the services.*

The commissioner shall adopt permanent rules to implement this section by July 1, 1986. Emergency rules adopted under this section are effective until that date.

Sec. 16. Minnesota Statutes 1984, section 256E.08, subdivision 4, is amended to read:

Subd. 4. [CONTRACTS FOR SERVICES.] The county board may contract for community social services programs with a human services board, a multi-county board established by a joint powers agreement, other political subdivisions, or private organizations. The final approval of the community social ser-

vices plan required in section 256E.09 shall be made by the county board of each county. Nothing in this subdivision shall be construed to negate any collective bargaining unit agreements that are operative on July 1, 1979 between currently existing exclusive representatives and the county. *When contracting for services, the county board shall determine the vendor-required components of both the application for services and the individual service plan.*

Sec. 17. Minnesota Statutes 1984, section 256E.08, is amended by adding a subdivision to read:

Subd. 11. [EXEMPTION.] When there is a decrease in state or federal funds for the support of services specified in the community social services act, counties may but are not required to supplement funding to maintain the level of service.

Sec. 18. [466.131] [INDEMNIFICATION BY STATE.]

A municipality is an employee of the state for purposes of the indemnification provisions of section 3.736, subdivision 9, when the municipality is acting on behalf of the department of health and human services.

Sec. 19. [EFFECTIVE DATE.]

Sections 1 to 18 are effective the day following final enactment."

Delete the title and insert:

"A bill for an act relating to health and human services; controlling mandates; setting forth legislative purpose; requiring rulemaking note; expanding fiscal note; including county considerations in rulemaking; requiring public hearing for certain emergency rules; allowing substantial modification of proposed emergency rules; requiring periodic review of rules; requiring commissioner of human services to summarize proposed rules and consult with representative advisory committee; allowing county boards to establish qualifications and process to use in chemical dependency assessments; ensuring funds for utility recaps; allowing counties to modify screening processes; exempting counties from maintaining levels of service when funding is decreased; indemnifying counties; amending Minnesota Statutes 1984, sections 14.11, subdivision 1; 14.31; 145.915, by adding a subdivision; 245.69, by adding a subdivision; 254A.03, subdivision 3; 256.871, by adding a subdivision; 256E.08, subdivision 4, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 14.40; 256B.091, subdivision 4; 256B.092, subdivision 7; 256B.503; proposing coding for new law in Minnesota Statutes, chapters 3, 14, and 466."

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

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 2333, A bill for an act relating to transportation; providing for use of county state-aid highway funds on highways providing access to outdoor recreation areas; providing that motor vehicles do not exceed length restrictions, whether unladen or with load; defining tandem axles; providing for weight restrictions on highways including market arteries; increasing tax on gasoline and special fuel; reducing complement of department of transportation; creating legislative transportation commission; appropriating money; amending Minnesota Statutes 1984, sections 162.06, subdivision 5; 169.81, subdivision 2; 169.825, subdivisions 8, 10, and by adding a subdivision; 169.832, subdivision 11, and by adding a subdivision; and 296.02, subdivision 1b.

Reported the same back with the following amendments:

Page 1, line 30, after "which" insert "*border and provide substantial access to an outdoor recreation unit as defined in section 86A.04 or which*"

Page 2, line 2, delete the new language

Page 2, line 3, delete "86A.04" and insert "*such a unit*"

Page 11, line 6, delete "over"

Page 11, line 7, delete "*a three-year period*"

Page 11, line 28, strike "following rates:"

Page 11, line 29, strike "(a)"

Page 11, line 35, delete the new language

Page 11, line 36, delete everything before the period and insert "*rate of 19 cents per gallon until June 30, 1987, and 17 cents per gallon thereafter*"

Page 12, line 1, strike "(b)"

Page 12, line 2, delete the new language

Page 12, line 3, delete the new language and strike the period

Page 12, line 9, delete everything after the period

Page 12, delete lines 10 and 11

Page 12, line 21, delete "January" and insert "July"

Page 12, line 23, delete "January" and insert "July" and delete "following" and insert "next odd-numbered"

Amend the title as follows:

Page 1, line 8, before "increasing" insert "temporarily"

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

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2337, A bill for an act relating to the environment; amending Minnesota Statutes 1985 Supplement, sections 116.46, by adding a subdivision; and 116.48, subdivision 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 116.48, subdivision 4, is amended to read:

Subd. 4. [DEPOSIT INFORMATION.] Beginning January 1, 1986, and until July 1, 1987, a person who (DEPOSITS) *transfers the title to* regulated substances (IN) *to be placed directly into* an underground storage tank must inform the owner or operator in writing of the notification requirement of this section."

Amend the title as follows:

Page 1, lines 3 and 4, delete "sections 116.46, by adding a subdivision; and" and insert "section"

With the recommendation that when so amended the bill pass.

The report was adopted.

Valento from the Committee on Local and Urban Affairs to which was referred:

H. F. No. 2344, A bill for an act relating to counties; setting conditions for St. Louis county to appoint a county administrator; amending Minnesota Statutes 1984, section 375A.06, subdivision 5.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 375A.06, subdivision 5, is amended to read:

Subd. 5. [APPOINTMENT WITHOUT REFERENDUM.] Notwithstanding section 375A.12, a county board meeting the requirements of subdivision 1 (EXCEPT ST. LOUIS COUNTY) may without referendum appoint a county administrator as provided in this section.

Sec. 2. Minnesota Statutes 1984, section 383C.035, is amended to read:

383C.035 [UNCLASSIFIED CIVIL SERVICE.]

The officers and employees of such county and of any agency, board, or commission, supported in whole or in part by taxation upon the taxable property of such county or appointed by the judges of the district or probate court for such county, are hereby divided into the unclassified and classified service. The unclassified service shall comprise:

(a) All officers elected by popular vote or persons appointed to fill vacancies in such offices.

(b) Judges and receivers, referees, arbiters, court reporters, jurors, notaries public, and persons appointed by a court to make or conduct any special inquiry of a judicial and temporary character.

(c) Superintendent or principal administrative officer or comptroller of any separate department of county government which is now or hereafter created pursuant to law, who is directly responsible to the board of county commissioners or any other board or commission, as well as the county agricultural agents and the home demonstration agents under the control of the county extension committee.

(d) (MEMBERS OF THE TEACHING STAFF, SUPERVISORS AND PRINCIPALS IN THE EMPLOY OF THE SUPERINTENDENT OF COUNTY SCHOOLS.)

((E)) Members of nonpaid board, or commissioners appointed by the board of county commissioners or acting in an advisory capacity.

((F)) (e) Assistant county attorneys or special investigators in the employ of the county attorney.

((G)) (f) All common labor temporarily employed on an hourly basis.

((H)) (g) All inmate or patient help in county institutions.

((I)) (h) All physicians, dentists, registered nurses and medical laboratory technicians working under the direction of a licensed physician or dentist in any hospital or sanatorium operated by a commission or board of such county.

((J)) (i) All county commissioners' clerks appointed by the county board after the passage of sections 383C.03 to 383C.059; but nothing in sections 383C.03 to 383C.059 shall affect the civil service status of any person previously appointed and now holding such a position in the classified service of the county.

((K)) (j) A legislative lobbyist/grant coordinator appointed by the county board to act as legislative liaison with the St. Louis county legislative delegation and pursue legislative concerns and grant opportunities for the county, and the clerk for that position.

(k) *The county recorder.*

(l) *Any department head designated by the county board.*

The classified service shall include all other positions now existing and hereinafter created in the service of the county or any board or commission, agency, or offices of such county (, INCLUDING MINE INSPECTORS APPOINTED BY THE BOARD OF COUNTY COMMISSIONERS).

Sec. 3. Minnesota Statutes 1984, section 383C.136, is amended to read:

383C.136 [(TREASURER; ABOLITION) ORGANIZATION OF (OFFICE) OFFICES.]

In St. Louis county (ON THE EXPIRATION OF THE CURRENT TERM OF THE COUNTY TREASURER AND STARTING ON JANUARY 4, 1971), the duties and functions of the county treasurer shall be transferred to and be performed by the county auditor, and the office of county treasurer (SHALL BE) is abolished (AND CEASE TO EXIST FROM AND AFTER THAT DATE).

In St. Louis county, no person shall be elected after 1986 to succeed the county recorder. In 1991 the county board shall appoint a county recorder to serve at its discretion.

Sec. 4. [EFFECTIVE DATE.]

Pursuant to Minnesota Statutes, sections 645.023, subdivision 1, paragraph (b), section 1 of this act is effective without local approval.

After compliance with Minnesota Statutes, section 645.021, subdivision 3, by the St. Louis county board,

Section 2 of this act, except paragraph (1), takes effect January 1, 1987,

Section 2, paragraph (1) of this act takes effect January 1, 1989, and

Section 3 of this act takes effect January 1, 1990."

Delete the title and insert :

"A bill for an act relating to St. Louis county; making certain offices appointive; allowing the county board to assign certain offices to the unclassified service; amending Minnesota Statutes 1984, sections 375A.06, subdivision 5; 383C.035 and 383C.136."

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. 2348, A bill for an act relating to retirement; making public employees retirement association membership optional for employees of county historical societies; amending Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a.

Reported the same back with the following amendments:

Page 2, line 9, delete "*excepting*" and insert "*except*"

Page 2, line 10, delete everything before the period and insert "*employees enumerated in subdivision 2b, clause (u)*"

Page 2, after line 10, insert:

"Sec. 2. Minnesota Statutes 1984, section 353.01, subdivision 2b, is amended to read:

Subd. 2b. [EXCLUDED EMPLOYEES.] The following persons are excluded from the meaning of "public employee":

(a) Persons employed for professional services where such service is incidental to regular professional duties.

(b) Election officers.

(c) Independent contractors and their employees.

(d) Patient and inmate help in governmental subdivision charitable, penal and correctional institutions.

(e) Members of boards, commissions, bands and others who serve the governmental subdivision intermittently.

(f) Employees who hold positions of an essentially temporary or seasonal character, provided such employment does not continue for a period in excess of 120 working days in any calendar year. Immediately following the expiration of such 120 working days if such employees continue in public service and earn in excess of \$325 in any one calendar month, the department heads must then report all such employees for membership and must cause employee contributions to be made on behalf of such employees in accordance with section 353.27, subdivision 4, and they shall remain members until termination of public service.

(g) Part-time employees who receive monthly compensation not exceeding \$325, and part-time employees and elected officials whose annual compensation is stipulated in advance to be not more than \$3,900 per year, except that members shall continue their membership until termination of public service.

(h) Persons who first occupy an elected office after March 1, 1978, the compensation for which does not exceed \$325 per month.

(i) Emergency employees who are employed by reason of work caused by fire, flood, storm or similar disaster.

(j) Employees who by virtue of their employment are required to contribute to any other pension, relief or retirement fund established for the benefit of officers and employees of a governmental subdivision, except as an act of the legislature has specifically enabled participation by employees of a designated governmental subdivision in a plan supplemental to the public employees retirement association; provided that this clause shall not prevent a person from contributing to the public employees retirement association and also belonging to or

contributing to another public pension fund for other service occurring during the same period of time.

(k) Police matrons employed in a police department of any city who are transferred to the jurisdiction of a joint city and county detention and corrections authority.

(l) Chaplains and nuns who have taken a vow of poverty as members of a religious order.

(m) Full-time students who are enrolled and are regularly attending classes at an accredited school, college or university; provided, no person employed full-time by a governmental subdivision shall be exempt under this paragraph.

(n) Resident physicians, medical interns and pharmacist interns who are serving in public hospitals.

(o) Appointed or elected officers, paid entirely on a fee basis, and who were not members on June 30, 1971.

(p) Nothing in Laws 1973, Chapter 753 shall be interpreted to impair or revoke any option exercised under Laws 1963, Chapter 793.

(q) Persons employed in subsidized on-the-job training, work experience or public service employment as enrollees under the federal comprehensive employment and training act from and after March 30, 1978, unless the person has as of the later of March 30, 1978 or the date of employment sufficient service credit in the retirement fund to meet the minimum vesting requirements for a deferred retirement annuity, or the employer agrees in writing on forms prescribed by the executive director to make the required employer contributions, including any employer additional contributions, on account of that person from revenue sources other than funds provided under the federal comprehensive training and employment act, or the person agrees in writing on forms prescribed by the executive director to make the required employer contributions in addition to the required employee contribution.

(r) Town, city or county assessors elected or appointed pursuant to chapter 273 who do not receive compensation in excess of \$325 per month from any one employing governmental subdivision or who are employed pursuant to an employment contract which sets forth the total compensation to be paid and the length of service, not to exceed three months in duration, required for the performance of the contract and which was entered into in advance of the commencement of employment.

(s) A person holding a part time adult supplementary vocational-technical school license who renders part time teaching

service in a vocational-technical school if (1) the service is incidental to the person's regular nonteaching occupation; and (2) the applicable vocational-technical school stipulates annually in advance that the part time teaching service will not exceed 300 hours in a fiscal year; and (3) the part time teaching service actually does not exceed 300 hours in a fiscal year.

(t) A person exempt from licensure pursuant to section 125.031.

(u) Employees of a county historical society whose board passes and files with the association a resolution exempting the employees from coverage in the association."

Renumber the remaining section

Amend the title as follows:

Page 1, line 4, after "amending" insert "Minnesota Statutes 1984, section 353.01, subdivision 2b;"

With the recommendation that when so amended the bill pass and be placed on the Consent Calendar.

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 2356, A bill for an act relating to agricultural finance; renaming the agricultural resource loan guaranty board; providing powers; authorizing the board to participate in loans; appropriating money; amending Minnesota Statutes 1984, section 41A.02, subdivisions 3 and 6; Minnesota Statutes 1985 Supplement, sections 41A.01; 41A.02, subdivision 11; and 41A.05, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 41A; repealing Minnesota Statutes 1984, section 41A.06, subdivision 2.

Reported the same back with the following amendments:

Page 2, after line 13, insert:

"Sec. 3. Minnesota Statutes 1984, section 41A.02, subdivision 4, is amended to read:

Subd. 4. [AGRICULTURAL (RESOURCE LOAN GUARANTY) DEVELOPMENT FUND; (GUARANTY) DEVELOPMENT FUND.] "Agricultural (RESOURCE LOAN GUARANTY) development fund" or "(GUARANTY) development fund" means the fund created by section 41A.05."

Page 3, line 30, delete "*wthout*" and insert "*without*"

Page 3, line 36, delete "7" and insert "8"

Page 4, line 4, after the period insert "*If the participation loan is in an amount of \$500,000 or less,*"

Page 4, line 5, delete "*, provided that a loan*"

Page 4, delete line 6

Page 4, line 7, delete everything before the period

Page 4, line 14, strike "resource loan"

Page 4, line 15, strike "guaranty" and insert "*development*"

Page 4, line 23, strike "guaranty" and insert "*agricultural development*"

Page 5, line 11, strike "guaranty" and insert "*agricultural development*"

Page 5, line 15, strike "guaranty"

Page 5, line 21, strike "guaranty"

Page 6, delete lines 8 to 12 and insert:

"Sec. 12. [INSTRUCTION TO REVISOR.]

The revisor of statutes is directed to change the phrase "agricultural resource loan guaranty fund" whenever it appears in Minnesota Statutes to "agricultural development fund" in the next and subsequent editions of the statutes."

Renumber the sections accordingly

Amend the title as follows:

Page 1, line 5, delete "appropriating money;"

Page 1, line 8, delete "subdivision" and insert "subdivisions 4 and"

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

The report was adopted.

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

H. F. No. 2358, A bill for an act relating to occupations and professions; providing for the regulation of the practice of chiropractic; providing grounds for license revocation; prescribing penalties; appropriating money; amending Minnesota Statutes 1984, sections 148.01, subdivision 1; 148.06, subdivision 1; 148.07, subdivision 2; 148.08, subdivision 3; 148.10; and 319A.02, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 148; repealing Minnesota Statutes 1984, section 148.101.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 148.06, subdivision 1, is amended to read:

Subdivision 1. [LICENSE REQUIRED; QUALIFICATIONS.] No person shall practice chiropractic in this state without first being licensed by the state board of chiropractic examiners. The applicant shall have earned at least one-half of all academic credits required for awarding of a baccalaureate degree from the University of Minnesota, or other university, college or community college of equal standing, in subject matter determined by the board, and taken a four-year resident course of at least eight months each in a school or college of chiropractic that is fully accredited by the council on chiropractic education (OR FULLY ACCREDITED BY AN AGENCY APPROVED BY THE UNITED STATES OFFICE OF EDUCATION OR THEIR SUCCESSORS). The board may recommend a two-year prechiropractic course of instruction to any university, college or community college which in its judgment would satisfy the academic prerequisite for licensure as established by this section.

An examination for a license shall be in writing and shall include testing in:

(a) The basic sciences including but not limited to anatomy, physiology, bacteriology, pathology, hygiene, and chemistry as related to the human body or mind;

(b) The clinical sciences including but not limited to the science and art of chiropractic, chiropractic physiotherapy, diagnosis, roentgenology and nutrition; and

(c) Professional ethics and any other subjects that the board may deem advisable.

The board may consider a valid certificate of examination from the National Board of Chiropractic Examiners as evidence

of compliance with the written examination requirements of this subdivision. The applicant shall be required to give practical demonstration in vertebral palpation, nerve tracing, adjusting and any other subject that the board may deem advisable. A license, counter-signed by the members of the board and authenticated by the seal thereof, shall be granted to each applicant who (CORRECTLY ANSWERS 75 PERCENT OF THE QUESTIONS PROPOUNDED) *qualifies* in each of the subjects required by this subdivision and meets the standards of practical demonstration established by the board. Each application shall be accompanied by a fee set by the board. The fee shall not be returned (IN THE EVENT OF FAILURE TO PASS,) but the applicant may, within one year, (PRESENT HIMSELF FOR) *submit* to examination without the payment of an additional fee. The board may grant a license to an applicant who holds a valid license to practice chiropractic issued by the appropriate licensing board of another state or country, provided the applicant meets the other requirements of this section and satisfactorily passes the practical examination before the board. *The burden of proof is on the applicant to demonstrate these qualifications or satisfaction of these requirements.*

Effective January 30, 1990, the applicant after graduation from an accredited chiropractic college shall successfully complete a nine-month residency program approved by the board as a condition for application for licensure.

The board shall employ the following criteria in determining whether a residency program shall be approved:

(a) The residency must enhance the knowledge and skill in the practice of chiropractic.

(b) The resident shall have available for use laboratory, X-ray, and physiotherapy equipment for training and diagnosis.

(c) The residency program must be administered by a college accredited by the Council on Chiropractic Education.

(d) The residency shall contain a minimum of 1,280 hours over not less than a nine-month time span of clinical instruction.

The resident before beginning the residency must complete all Council on Chiropractic Education accredited college clinic and academic requirements for graduation including:

(1) Satisfactorily completing two student clinic trimester and three public clinic trimesters.

(2) Be certified by the National Board of Chiropractic Examiners as passing both Part I and Part II of the written examinations.

The residency requirement purpose is to provide practical clinical training and experience. The resident evaluates and treats patients with a wide variety of health conditions under supervision in a clinic or institutional setting.

Sec. 2. Minnesota Statutes 1984, section 148.07, subdivision 2, is amended to read:

Subd. 2. [EXPENSES.] The expenses of administering sections 148.01 to (148.101) *148.105* shall be paid from the appropriation made to the state board of chiropractic examiners. Expenditures and revenues must be managed in accordance with the statewide accounting principles and requirements of the commissioner of finance.

Sec. 3. Minnesota Statutes 1984, section 148.08, subdivision 3, is amended to read:

Subd. 3. [RULES.] The board of chiropractic examiners shall promulgate rules necessary to administer sections 148.01 to (148.101) *148.105* to protect the health, safety, and welfare of the public, including rules governing the practice of chiropractic and defining any terms, whether or not used in sections 148.01 to (148.101) *148.105*, if the definitions are not inconsistent with the provisions of sections 148.01 to (148.101) *148.105*.

Sec. 4. Minnesota Statutes 1984, section 148.10, is amended to read:

148.10 [LICENSES REVOKED; NEW LICENSES.]

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

(1) (THE PUBLISHING OR DISTRIBUTING, OR CAUSING TO BE PUBLISHED OR DISTRIBUTED, IN NEWSPAPERS, MAGAZINES, DIRECTORIES, PAMPHLETS, POSTERS, CARDS, OR IN ANY OTHER MANNER BY ADVERTISEMENT, WHEREIN THE TERM "CURE" OR "GUARANTEE TO CURE" OR SIMILAR TERMS ARE USED; WHICH IS HEREBY DECLARED TO BE FRAUDULENT AND MISLEADING TO THE GENERAL PUBLIC;) *Advertising that is false or misleading, that violates a rule of the board, or that claims the cure of any condition or disease, or professional superiority to or greater skill than that possessed by another doctor of chiropractic.*

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

148.06 (;) *or conduct which subverts or attempts to subvert the licensing examination process.*

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

(4) The conviction of a crime involving moral turpitude (;).

(5) *The conviction in any court of a felony or conviction, during the previous five years, of a felony reasonably related to the practice of chiropractic.*

(6) Habitual intemperance in the use of alcohol or drugs (;).

((6)) (7) Failure to pay the annual renewal license fee (;).

((7)) (8) Advanced physical or mental disability (;).

((8)) (9) The revocation or suspension of a license to practice chiropractic; or other disciplinary action against the licensee; or the denial of an application for a license by the proper licensing authority of another state, territory or country; *or failure to report to the board that charges regarding the person's license have been brought in another state or jurisdiction.*

((9)) (10) The violation of, or failure to comply with, the provisions of sections 148.01 to (148.101) *148.104*, the rules of the state board of chiropractic examiners, or a lawful order of the board (;).

((10)) (11) Unprofessional conduct (; OR).

((11)) (12) Being unable to practice chiropractic with reasonable skill and safety to patients by reason of illness, professional incompetence, senility, drunkenness, use of drugs, narcotics, chemicals or any other type of material, or as a result of any mental or physical condition, *including deterioration through the aging process or loss of motor skills.* If the board has probable cause to believe that a person comes within this clause, it shall direct the person to submit to a mental or physical examination. For the purpose of this clause, every person licensed under this chapter shall be deemed to have given his consent to submit to a mental or physical examination when directed in writing by the board and further to have waived all objections to the admissibility of the examining physicians' testimony or examination reports on the ground that the same constitute a privileged communication. Failure of a person to submit to such examination when directed shall constitute an admission of the allegations against him, unless the failure was

due to circumstances beyond his control, in which case a default and final order may be entered without the taking of testimony or presentation of evidence. A person affected under this clause shall at reasonable intervals be afforded an opportunity to demonstrate that he can resume the competent practice of chiropractic with reasonable skill and safety to patients.

In addition to ordering a physical or mental examination, the board may, notwithstanding section 13.42, 144.651, or any other law limiting access to health data, obtain health data and health records relating to a licensee or applicant without the licensee's or applicant's consent if the board has probable cause to believe that a doctor of chiropractic comes under subdivision 1, clause (12). The health data may be requested from a provider, as defined in section 144.335, subdivision 1, paragraph (b), an insurance company, or a government agency, including the department of human services. A provider, insurance company, or government agency shall comply with any written request of the board under this subdivision and is not liable in any action for damages for releasing the data requested by the board if the data are released pursuant to a written request under this subdivision, unless the information is false and the provider or entity giving the information knew, or had reason to believe, the information was false. Information obtained under this subdivision is classified as private under sections 13.01 to 13.87.

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

(13) Aiding or abetting an unlicensed person in the practice of chiropractic, except that it is not a violation of this clause for a doctor of chiropractic to employ, supervise, or delegate functions to a qualified person who may or may not be required to obtain a license or registration to provide health services if that person is practicing within the scope of his or her license or registration or delegated authority.

(14) Improper management of health records, including failure to maintain adequate health records, to comply with a patient's request made pursuant to section 144.335 or to furnish a health record or report required by law.

(15) Failure to make reports required by section 5, subdivision 2, or to cooperate with an investigation of the board as required by section 7, or the submission of a knowingly false report against another doctor of chiropractic under section 5.

(16) Splitting fees, or promising to pay a portion of a fee or a commission, or accepting a rebate.

(17) *Revealing a privileged communication from or relating to a patient, except when otherwise required or permitted by law.*

For the purposes of clause (2), conduct that subverts or attempts to subvert the licensing examination process includes, but is not limited to: (a) conduct that violates the security of the examination materials, such as removing examination materials from the examination room or having unauthorized possession of any portion of a future, current, or previously administered licensing examination; (b) conduct that violates the standard of test administration, such as communicating with another examinee during administration of the examination, copying another examinee's answers, permitting another examinee to copy one's answers, or possessing unauthorized materials; or (c) impersonating an examinee or permitting an impersonator to take the examination on one's own behalf.

For the purposes of (CLAUSE) clauses (4) and (5), conviction (SHALL BE DEEMED TO INCLUDE A CRIMINAL PROCEEDING IN WHICH A FINDING OR VERDICT OF GUILT IS MADE OR RETURNED BUT THE ADJUDICATION OF GUILT IS EITHER WITHHELD OR NOT ENTERED) as used in these subdivisions includes a conviction of an offense that if committed in this state would be deemed a felony without regard to its designation elsewhere, or a criminal proceeding where a finding or verdict of guilt is made or returned but the adjudication of guilt is either withheld or not entered.

For the purposes of clauses (4) (AND), (5), and (6), a copy of the judgment or proceeding under seal of the clerk of the court or of the administrative agency which entered the same shall be admissible into evidence without further authentication and shall constitute prima facie evidence of its contents.

For the purposes of clause ((10)) (11), unprofessional conduct means any unethical, deceptive or deleterious conduct or practice harmful to the public, any departure from or the failure to conform to the minimal standards of acceptable chiropractic practice, or a willful or careless disregard for the health, welfare or safety of patients, in any of which cases proof of actual injury need not be established. Unprofessional conduct shall include, but not be limited to, the following acts of a chiropractor:

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

(b) *(MAKING SUGGESTIVE, LEWD, LASCIVIOUS OR IMPROPER ADVANCES TO A PATIENT) Engaging in conduct with a patient that is sexual or may reasonably be interpreted by the patient as sexual, or in any verbal behavior that is seductive or sexually demeaning to a patient;*

- (c) Performing unnecessary services;
- (d) Charging a patient an unconscionable fee or charging for services not rendered;
- (e) Directly or indirectly engaging in threatening, dishonest, or misleading fee collection techniques;
- (f) Perpetrating fraud upon patients, third party payers, or others, relating to the practice of chiropractic (; AND), *including violations of the Medicare or Medicaid laws or state medical assistance laws; or*
- (g) Any other act that the board by rule may define.

Subd. 2. [ISSUANCE FOLLOWING REFUSAL, REVOCATION OR CANCELATION.] The state board of chiropractic examiners may, at any time within two years of the refusal or revocation or cancelation of a license under this section, by a majority vote, issue a new license or grant a license to the person affected, restoring him to, or conferring upon him, all the rights and privileges of, and pertaining to, the practice of chiropractic, as defined and regulated by sections 148.01 to 148.10. Any person to whom such have been restored shall pay a fee set by the board upon issuance of a new license.

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

- (a) Publicly reprimand or censure the person;
- (b) Place the person on probation for the period and upon the terms and conditions that the board may prescribe; (AND)
- (c) Require payment of all costs of proceedings resulting in the disciplinary action; *and*
- (d) *Impose a civil penalty not exceeding \$10,000 for each separate violation, the amount of the civil penalty to be fixed so as to deprive the doctor of chiropractic of any economic advantage gained by reason of the violation charged or to reimburse the board for the cost of the investigation and proceeding.*

Subd. 4. [TEMPORARY SUSPENSION.] In addition to any other remedy provided by law, the board may, without a hearing, temporarily suspend a license for not more than 60 days if the board finds that a person has violated a statute or rule

which the board is empowered to enforce and continued practice by the person would create an imminent risk of harm to others. The suspension shall take effect upon written notice to the person, specifying the statute or rule violated. At the time it issues the suspension notice, the board shall schedule a disciplinary hearing to be held pursuant to the Administrative Procedure Act. The person shall be provided with at least 20 days notice of any hearing held pursuant to this subdivision.

Subd. 5. [EFFECT OF APPEAL.] A suspension, revocation, condition, limitation, qualification, or restriction of a license shall be in effect pending determination of an appeal unless the court, upon petition and for good cause shown, shall otherwise order.

A license to practice chiropractic is automatically suspended if (1) a guardian of the person of a licensee is appointed by order of a probate court pursuant to sections 525.54 to 525.61, for reasons other than the minority of the licensee; or (2) the licensee is committed by order of a probate court pursuant to chapter 253B or sections 526.09 to 526.11. The license remains suspended until the licensee is restored to capacity by a court and, upon petition by the licensee, the suspension is terminated by the board after a hearing.

Sec. 5. [148.102] [REPORTS OF STATE OR LOCAL SOCIETIES.]

Subdivision 1. [REQUIREMENT.] A state or local chiropractic society shall report to the board any termination, revocation, or suspension of membership or any other disciplinary action taken against a doctor of chiropractic. If the society has received a complaint which might be grounds for discipline under section 148.10 against a member doctor of chiropractic on which it has not taken any disciplinary action, the society shall report the complaint and the reason why it has not taken action on it or shall direct the complainant to the board of chiropractic examiners.

Subd. 2. [LICENSED PROFESSIONALS.] A licensed health professional shall report to the board personal knowledge of any conduct which the professional reasonably believes constitutes grounds for disciplinary action under section 148.10 by any doctor of chiropractic including any conduct indicating that the doctor of chiropractic may be incompetent, or may have engaged in unprofessional conduct, or may be physically unable to engage safely in the practice of chiropractic. No report shall be required if the information was obtained in the course of a patient relationship if the patient is a doctor of chiropractic and the treating health professional successfully counsels the doctor of chiropractic to limit or withdraw from practice to the extent required by the impairment.

Subd. 3. [INSURERS.] Two times each year each insurer authorized to sell insurance described in section 60A.06, subdivision 1, clause (13), and providing professional liability insurance to chiropractors shall submit to the board a report concerning the chiropractors against whom malpractice settlements or awards have been made to the plaintiff. The report must contain at least the following information:

(1) the total number of malpractice settlements or awards made to the plaintiff;

(2) the date the malpractice settlements or awards to the plaintiff were made;

(3) the allegations contained in the claim or complaint leading to the settlements or awards made to the plaintiff;

(4) the dollar amount of each malpractice settlement or award;

(5) the regular address of the practice of the doctor of chiropractic against whom an award was made or with whom a settlement was made; and

(6) the name of the doctor of chiropractic against whom an award was made or with whom a settlement was made.

The insurance company shall, in addition to the above information, report to the board any information it possesses which tends to substantiate a charge that a doctor of chiropractic may have engaged in conduct violating section 148.10 and this section.

Subd. 4. [COURTS.] The clerk of district court or any other court of competent jurisdiction shall report to the board any judgment or other determination of the court which adjudges or includes a finding that a doctor of chiropractic is mentally ill, mentally incompetent, guilty of a felony, guilty of an abuse or fraud, appoints a guardian of the doctor of chiropractic pursuant to sections 525.54 to 525.61 or commits a doctor of chiropractic pursuant to chapter 253B or sections 526.09 to 526.11.

Subd. 5. [SELF-REPORTING.] A doctor of chiropractic shall report to the board any action concerning himself or herself which would require that a report be filed with the board by any person, health care facility, business, or organization pursuant to subdivision 4.

Subd. 6. [DEADLINES; FORMS.] Reports required by subdivisions 1 to 5 must be submitted not later than 30 days after the occurrence of the reportable event or transaction. The board may provide forms for the submission of reports required by this section, may require that reports be submitted on the forms pro-

vided, and may adopt rules necessary to assure prompt and accurate reporting.

Subd. 7. [SUBPOENAS.] The board may issue subpoenas for the production of any reports required by subdivisions 1 to 5 or any related documents.

Sec. 6. [148.103] [IMMUNITY FOR REPORTING OR INVESTIGATING.]

Subdivision 1. [REPORTING.] Any person, health care facility, business, or organization is immune from civil liability or criminal prosecution for submitting a report to the board pursuant to section 5 or for otherwise reporting to the board violations or alleged violations of section 148.10. The reports are private.

Subd. 2. [INVESTIGATION.] Members of the board and persons employed by the board or engaged in the investigation or prosecution of violations and in the preparation and management of charges of violations of sections 148.01 to 148.105 on behalf of the board are immune from civil liability and criminal prosecution for any actions, transactions, or publications in the execution of, or relating to, their duties under sections 148.01 to 148.105.

Sec. 7. [148.104] [COOPERATION DURING INVESTIGATIONS.]

A doctor of chiropractic who is the subject of an investigation by or on behalf of the board shall cooperate fully with the investigation. Cooperation includes responding fully and promptly to any question raised by or on behalf of the board relating to the subject of the investigation and providing copies of patient health records, as reasonably requested by the board, to assist the board in its investigation.

Sec. 8. [148.105] [VIOLATION.]

Subdivision 1. [GENERALLY.] Any person who practices, or attempts to practice, chiropractic manipulation, or who uses any of the terms or letters "Doctors of Chiropractic," "Chiropractor," "D.C.," or any other title or letters under any circumstances as to lead the public to believe that the persons who so use the terms are engaged in the practice of chiropractic, without having complied with the provisions of sections 148.01 to 148.104, are guilty of a gross misdemeanor; and, upon conviction, fined not less than \$1,000 nor more than \$10,000 or be imprisoned in the county jail for not less than 30 days nor more than six months or punished by both fine and imprisonment, in the discretion of the court. It is the duty of the county attorney of the county in

which the person practices to prosecute. Nothing in this section shall be considered as interfering with any person:

(a) licensed by a health related licensing board, as defined in section 214.01, subdivision 2, including licensed psychologists with respect to the use of hypnosis;

(b) registered by the commissioner of health pursuant to section 214.13; or

(c) engaged in other methods of healing regulated by law in the state of Minnesota; provided that the person confines activities within the scope of the license or other regulation and does not practice or attempt to practice chiropractic.

Subd. 2. [EXCEPTIONS.] The following persons shall not be in violation of subdivision 1:

(1) a student practicing under the direct supervision of a preceptor while the student is enrolled in and regularly attending a recognized chiropractic college; and

(2) a student who is in continuing training and performing the duties of an intern or resident or engaged in postgraduate work considered by the board to be the equivalent of an internship or residency in any institution approved for training by the board.

Sec. 9. Minnesota Statutes 1984, section 319A.02, subdivision 2, is amended to read:

Subd. 2. "Professional service" means personal service rendered by a professional pursuant to a license or certificate issued to him by the state of Minnesota to practice medicine and surgery pursuant to sections 147.01 to 147.29, chiropractic pursuant to sections 148.01 to (148.101) 148.105, nursing pursuant to sections 148.171 to 148.285, optometry pursuant to sections 148.52 to 148.62, psychology pursuant to sections 148.88 to 148.98, dentistry pursuant to sections 150A.01 to 150A.12, pharmacy pursuant to sections 151.01 to 151.40, podiatry pursuant to sections 153.01 to 153.15, veterinary medicine pursuant to sections 156.001 to 156.14, architecture, engineering, surveying and landscape architecture pursuant to sections 326.02 to 326.15, accountancy pursuant to sections 326.17 to 326.23, or law pursuant to sections 481.01 to 481.17, or pursuant to a license or certificate issued to him by another state pursuant to similar laws.

Sec. 10. [APPROPRIATION.]

The sum of \$120,000 is appropriated from the special revenue account for health boards in the general fund to the state board

of chiropractic examiners for the purposes of funding the board's operation.

Fees assessed shall be adjusted to provide for this appropriation.

The appropriation is available until June 30, 1987.

Sec. 11. [REPEALER.]

Minnesota Statutes 1984, section 148.101, is repealed."

Amend the title as follows:

Page 1, line 6, delete "148.01, subdivision 1;"

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

The report was adopted.

McDonald from the Committee on Agriculture to which was referred:

H. F. No. 2372, A bill for an act relating to agriculture; creating a rural economy adjustment board; providing for the issuance of bonds or other obligations by the board and the loan of proceeds to counties for grants or loans to farmers to repay or refinance existing indebtedness; authorizing the levy and collection of taxes for the repayment of loans by counties; permitting the acquisition of conservation easements in agricultural property; proposing coding for new law in Minnesota Statutes, chapter 41A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [41B.01] [CITATION; PURPOSE.]

Subdivision 1. Sections 1 to 24 shall be known as and may be cited as the "Minnesota Rural Finance Administration Law of 1986."

Subd. 2. Sections 1 to 24 create and establish the Minnesota Rural Finance Administration and establish a program under which state bonds are authorized to be issued and proceeds of their sale are appropriated under the authority of article XI, section 5, clause (h) of the Minnesota Constitution, to develop the state's agricultural resources by extending credit

on real estate security. The purpose of the program and of the bonds issued to finance or provide security for the program is to purchase participation interests in loans to be made available by agricultural lenders to farmers in order to restructure existing debt and to make available additional credit to farmers who own or purchase agricultural properties on terms and conditions not otherwise available from other credit sources. It is hereby found and declared that there presently exists in the state economic conditions which have severely adversely affected the economic viability of farms to the detriment of the rural economy and to the detriment of the economy of the state of Minnesota as a whole. It is further hereby found and declared that as a result of public agricultural policies, agricultural market conditions, and other causes, the condition of the farm economy of the state of Minnesota is such as to jeopardize the continued existence and successful operation of farms in this state, necessitating the establishment of the program authorized hereby to provide new sources of credit on favorable terms and conditions. It is further found and declared that providing credit for farmers on favorable terms and conditions will serve and promote the public welfare by assuring the viability of farm operations, by preventing erosion of the tax base in rural areas, by reducing foreclosures on farm property, and by enhancing the financial stability of farmers and of the businesses which depend on farmers as customers. It is further found and declared that in establishing a Minnesota rural finance administration and in authorizing the programs provided for herein, the legislature is acting in all respects for the benefit of the people of the state of Minnesota to serve the public purpose of improving and otherwise promoting their health, welfare, and prosperity and that the Minnesota rural finance administration, as created and established, is empowered to act on behalf of the people of the state of Minnesota in serving this public purpose for the benefit of the general public.

Sec. 2. [41B.02] [DEFINITIONS.]

Subdivision 1. For the purposes of sections 1 to 24 the terms defined in this section shall have the meanings ascribed to them.

Subd. 2. "Administration" means the Minnesota Rural Finance Administration created by sections 1 to 24.

Subd. 3. "Eligible borrower" means a person or entity described in section 4, subdivision 8, which is determined by the administration to be eligible to receive a qualified agricultural loan.

Subd. 4. "Farm" means real property, substantially all of which is devoted to "agricultural use" as defined in section 40A.02, subdivision 3.

Subd. 5. "Eligible agricultural lender" means an entity of the kind described in section 4, subdivision 7, which enters into an agreement with the administration providing for the purchase by the administration of participation interests in eligible agricultural loans originated and serviced by the qualified agricultural lender.

Subd. 6. "Qualified agricultural loan" means a loan to an eligible borrower made by an eligible agricultural lender which the administration purchases or in which the administration purchases a participation interests.

Subd. 7. "Eligible security" means real estate constituting a farm. Eligible security shall also include any tangible personal property in which an eligible borrower grants a security interest in favor of an eligible agricultural lender.

Subd. 8. "Bonds" means bonds, notes, or other obligations issued by the administration. For the purposes of section 19, "bonds" shall also include bonds or other obligations issued by the state.

Subd. 9. "Security account" means the fund established as provided in section 19, subdivision 5.

Sec. 3. [41B.03] [RURAL FINANCE ADMINISTRATION.]

Subdivision 1. There is created a public body corporate and politic to be known as the "Minnesota Rural Finance Administration," which shall perform the governmental functions and exercise the sovereign powers delegated to it in this act in furtherance of the public policies and purposes declared in section 1. The board of the administration shall consist of the commissioner of agriculture, the state auditor, and five public members appointed by the governor with advice and consent of the senate. 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 and no public member shall reside within the metropolitan area as defined in section 473.02, subdivision 5. Each member shall hold office until a successor has been appointed and has qualified. A certificate or appointment or reappointment of any member shall be conclusive evidence of the due and proper appointment of the member.

Subd. 2. The membership terms, compensation, removal of members, and filling of vacancies for the public members of the administration shall be as provided in section 15.0575.

Subd. 3. The chairman of the board shall be designated by the governor from among the public members appointed. The vice-chairman of the board shall be the commissioner of agriculture.

Subd. 4. The management and control of the administration shall be vested solely in the board in accordance with sections 1 to 24.

Subd. 5. The powers of the administration shall be vested in the members in office from time to time. A majority of the members of the administration constitutes a quorum for the purpose of conducting its business and exercising its powers and for all other purposes, notwithstanding the existence of any vacancies. Action may be taken by the administration upon a vote of a majority of the members present.

Subd. 6. The administration shall be under the administrative control of an executive director. The executive director shall be appointed by the governor under the provisions of section 15.06. The executive director may appoint a deputy director. The executive director may further appoint such permanent and temporary employees as he deems necessary subject to the approval of the commissioner of employee relations. All permanent employees of the administration, except the executive director, deputy director, and additional positions established pursuant to section 43A.08, subdivision 1a are in the classified civil service. Notwithstanding section 16A.752 or any other provision of law to the contrary, any approved complement established by law for the agency shall not be reduced as a result of vacancies in approved positions. No additional deputy commissioner positions may be created.

Subd. 7. The members and officers of the administration shall not be liable personally, either jointly or severally, for any debt or obligation created or incurred by the administration.

Sec. 4. [41B.04] [LOAN PARTICIPATION PROGRAM; SPECIFIC POWERS AND DUTIES OF THE ADMINISTRATION.]

Subdivision 1. The administration shall have the specific powers and duties set forth in this section.

Subd. 2. The administration shall implement a program to purchase qualified agricultural loans or to purchase loan participation interests in qualified agricultural loans in either case made by eligible agricultural lenders to eligible borrowers. Each such purchase shall be made only upon determination by or on behalf of the administration that the loan is a qualified agricultural loan.

Subd. 3. The emergency and permanent rules adopted as provided in section 7 shall comply with the following criteria:

(a) Each loan shall be for the purpose of developing the state's agricultural resources and shall be an extension of credit

on real estate security. The loan may be secured by eligible security in addition to real estate. The security interests granted by the eligible borrower shall be senior and prior to any other security interest in the assets so pledged.

(b) No loan shall be made to finance activities of the borrower which are not an agricultural use as defined in section 40A.02, subdivision 3.

(c) A loan or participation interest therein may be purchased by the administration only if the eligible agricultural lender has determined and has certified to the administration that the borrower is an eligible borrower who has the reasonable ability to make timely payment of principal and interest on the loan when due over the term of the loan. The eligible agricultural lender shall further certify to the administration that the loan is a qualified agricultural loan.

Subd. 5. The administration shall exercise its best efforts to assure that credit made available through the loan program is made available throughout the agricultural areas of the state, and that the number or amount of loans are not unduly concentrated in any one area of the state.

Subd. 6. The administration shall exercise its best efforts to assure that the program provides the maximum feasible benefits to as many eligible borrowers as is reasonably possible.

Subd. 7. Any bank, credit union, savings and loan association chartered by the state or federal government, unit of the farm credit system, the federal deposit insurance corporation, the federal savings and loan insurance corporation, insurance company, fund or other financial institution doing business as an agricultural lender within the state shall be eligible for consideration as an eligible agricultural lender if the administration determines that such lender has sufficient personnel and other resources to efficiently and properly originate and service the qualified agricultural loans. Each such eligible agricultural lender shall enter into one or more agreements with the administration providing for the origination and servicing of qualified agricultural loans on such terms and conditions as the administration shall determine to be appropriate.

Subd. 8. An eligible borrower shall be a state resident or domestic family farm corporation as defined in section 500.24, subdivision 2, which operates a farming enterprise within the state consisting of real estate in agricultural use as defined in section 40A.02.

Subd. 9. Participation interests shall not be purchased in loans made with respect to farms located within the counties of

Ramsey, Washington, Dakota, Hennepin, Anoka, Carver, or Scott.

Subd. 10. The interest rate per annum on the loan, or portion thereof represented by the participation interest purchased by the administration, shall be that rate of interest determined by the administration to be necessary to provide for the timely payment of principal and interest when due on bonds or other obligations issued by the administration, and to provide for the reasonable and necessary costs of issuing, carrying, administering, and securing such bonds or notes and to pay the costs incurred and to be incurred by the administration in the implementation of the program. The interest rate per annum borne by any portion of a loan retained by the eligible agricultural lender shall be that rate of interest determined by the administration to be necessary to secure the eligible agricultural lender's participation in the program, provided that such interest rate shall not exceed two percent in excess of the eligible agricultural lender's cost of funds. The administration may specify the points, fees, and other charges which the eligible agricultural lender may charge to the eligible borrower.

Subd. 11. The administration may enter into agreements with eligible agricultural lenders providing for advance reservations of purchases of loans or participation interests therein, provided that such agreements shall provide that the administration will only purchase loans or participation interests therein pursuant to normal procedure, but provided further that the administration may provide in such agreement for special procedures or requirements designed to meet specific conditions or requirements.

Subd. 12. The participation interest in any specific loan purchased by the administration shall not exceed an 85 percent interest. The administration may provide in agreements with eligible agricultural lenders for the purchase of participation interests in a lesser percentage.

Subd. 13. The administration shall enter into agreements with eligible agricultural lenders requiring that payments of principal and interest made by eligible borrowers under each loan shall be applied by the eligible agricultural lender to reduce the portion of the loan purchased by the administration and the portion of the loan retained by the lender on a proportionate basis, and the portion of the loan retained by the lender shall not in any event receive preferential treatment. Agreements with eligible agricultural lenders may further provide that any partial payment made by a borrower shall be applied to payment of amounts due on the portion of the loan purchased by the administration prior to application of such payment to amounts due on the portion of the loan retained by the lender. The administration may enter into agreements with eligible agricultural lenders providing that proceeds of the

enforcement or foreclosure of qualified agricultural loans shall be applied to payment of amounts due on the portion of the loan purchased by the administration prior to application of such proceeds to payment of amounts due on any portion of the loan retained by the lender.

Subd. 14. The administration may enter into agreements with qualified agricultural lenders, insurance companies, or others insuring or guaranteeing payment of qualified agricultural loans or any portion thereof.

Subd. 15. Financial information, including but not limited to credit reports, financial statements, and net worth calculations, received or prepared by the administration regarding any administration loan or grant and the name of each individual who is the recipient of a loan are private data on individuals, pursuant to section 13.02, subdivision 12.

Sec. 5. [41B.05] [GENERAL POWERS OF THE ADMINISTRATION.]

Subdivision 1. For the purpose of exercising the specific powers granted in section 4 and effectuating the other purposes of sections 1 to 24 the administration shall have the general powers granted in this section.

Subd. 2. It may sue and be sued.

Subd. 3. It may have a seal and alter the same at will.

Subd. 4. It may make, and from time to time, amend and repeal rules and regulations not inconsistent with the provisions of sections 1 to 24.

Subd. 5. It may acquire, hold, and dispose of personal property for its corporate purposes.

Subd. 6. It 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.

Subd. 7. It may acquire real property, or an interest therein, in its own name, by purchase or foreclosure, where such acquisition is necessary or appropriate.

Sec. 6. [41B.06] [ADDITIONAL POWERS AND DUTIES OF THE ADMINISTRATION.]

Subdivision 1. In addition to the powers granted in sections 4 and 5, the administration shall have the further powers granted in this section.

Subd. 2. It may provide general technical services related to rural finance.

Subd. 3. It may provide general consultative assistance services related to rural finance, and shall make available technical assistance to potential lenders and applicants to encourage applications for loans.

Subd. 4. It may promote research and development in matters related to rural finance.

Subd. 5. It may enter into agreements with lenders, borrowers, or the issuers of securities for the purpose of regulating the development and management of farms financed in whole or in part by the proceeds of qualified agricultural loans.

Subd. 6. It may enter into agreements with other appropriate federal, state, or local governmental units to foster rural finance. It may give advance reservations of loan financing as part of the agreements, with the understanding that the administration will only approve the loans pursuant to normal procedures, and may adopt special procedures designed to meet problems inherent in such programs.

Subd. 7. It may undertake and carry out studies and analyses of rural financing needs within the state and ways of meeting such needs including: data with respect to geographical distribution; farm size; the distribution of farm credit needs according to debt ratios and similar factors; the amount and quality of available financing and its distribution according to factors affecting rural financing needs and the meeting thereof; and may make the results of such studies and analyses available to the public and may engage in research and disseminate information on rural finance.

Subd. 8. It may survey and investigate the rural financing needs throughout the state and make recommendations to the governor and the legislature as to legislation and other measures necessary or advisable to alleviate any existing shortage in the state.

Subd. 9. It may establish cooperative relationships with such county and multicounty authorities as may be established and may develop priorities for the utilization of administration resources and assistance within a region in cooperation with county and multicounty authorities.

Subd. 10. It may contract with, use, or employ any federal, state, regional, or local public or private agency or organization, legal counsel, financial advisors, investment bankers or others, upon terms it deems necessary or desirable, to assist in the exercise of any of the powers granted in sections 1 to 24 and

to carry out the objectives of sections 1 to 24 and may pay for the services from administration funds.

Subd. 11. It may establish cooperative relationships with counties to develop priorities for the use of administration resources and assistance within counties and to consider county plans and programs in the process of setting the priorities.

Sec. 7. [41B.07] [RULES.]

The administration may adopt emergency and permanent rules for the efficient administration of the programs authorized by this act. The emergency rules need not be adopted in compliance with chapter 14 and are effective for 360 days or until the permanent rules are adopted, whichever occurs first. The emergency rules are effective upon adoption by the agency and shall be published in the State Register as soon thereafter as possible.

Sec. 8. [41B.08] [REVENUE BONDS; PURPOSES, TERMS, APPROVAL.]

Subdivision 1. The administration from time to time may issue its negotiable bonds in such principal amount as, in the opinion of the administration, shall be necessary to provide sufficient funds for achieving its purposes including the making of qualified agricultural loans or the purchase of interests therein, the payment of interest on bonds of the administration, the establishment of reserves to secure such bonds, and the payment of all other expenditures of the administration incident to and necessary or convenient to carry out its corporate purposes and powers. Bonds of the administration may be issued as bonds or notes or in any other form authorized by law.

Subd. 2. The administration from time to time may issue bonds for the purpose of refunding any bonds of the administration then outstanding, including the payment of any redemption premiums thereon and any interest accrued or to accrue to the redemption date next succeeding the date of delivery of such refunding bonds. The proceeds of any such refunding bonds may, in the discretion of the administration, be applied to the purchase or payment at maturity of the bonds to be refunded, or to the redemption of such outstanding bonds on the redemption date next succeeding the date of delivery of such refunding bonds and may, pending such application, be placed in escrow to be applied to such purchase, retirement, or redemption. Any such escrowed proceeds, pending such use, may be invested and reinvested in obligations issued or guaranteed by the state or the United States or by any agency or instrumentality thereof, or in certificates of deposit or time deposits secured in such manner as the administration shall determine, maturing at such time or times as shall be appropriate to assure the prompt payment of the principal of and interest and redemption

premiums, if any, on the bonds to be refunded. The income earned or realized on any such investment may also be applied to the payment of the bonds to be refunded. After the terms of the escrow have been fully satisfied, any balance of such proceeds and any investment income may be returned to the administration for use by it in any lawful manner. All refunding bonds issued under the provisions of this subdivision shall be issued and secured in the manner provided by resolution of the administration.

Subd. 3. All bonds issued hereunder shall be negotiable investment securities within the meaning and for all purposes of the uniform commercial code, subject only to any provisions of the bonds and notes for registration. All bonds so issued may be either general obligations of the administration, secured by its full faith and credit, and payable out of any money, assets, or revenues of the administration, subject to the provisions of resolutions or indentures pledging and appropriating particular money, assets, or revenues to particular bonds, or limited obligations of the administration not secured by its full faith and credit, and payable solely from specified sources or assets.

Subd. 4. No bonds shall be issued unless a rating of "A" or better has been awarded to the bonds by a national bond rating agency.

Sec. 9. [41B.09] [REVENUE BONDS; RESOLUTIONS AUTHORIZING, ADDITIONAL TERMS, SALE.]

The bonds of the administration shall be authorized by a resolution or resolutions adopted by the administration, shall bear such date or dates, shall mature at such time or times, shall bear interest at such rate or rates, be in such denominations, be in such form, carry such registration privileges, be executed in such manner, be payable in lawful money of the United States, at such place or places within or without the state, and be subject to such terms of redemption or purchase prior to maturity as such resolutions or certificates may provide. If, for any reason, whether existing at the date of issue of any bonds or at the date of making or purchasing any loan or securities from the proceeds or thereafter, the interest on any bonds shall be or become subject to federal income taxation, this shall not impair or affect the validity or the provisions made for the security of the bonds. The administration may make such covenants and take or cause to be taken such actions as are in its judgment necessary or desirable to comply with conditions established by federal law or regulations for the exemption of interest on its obligations. The administration may refrain from compliance with such conditions if in its judgment this would serve the purposes and policies set forth in this chapter with respect to any particular issue of bonds, unless this would violate covenants made by the administration. No bond issued as a note shall mature more than ten

years from its date or from the date of any note refunded thereby. The maximum maturity of any bond, whether or not issued for the purpose of refunding, shall be 50 years from its date. The bonds of the administration may be sold at public or private sale, at such price or prices as the administration shall determine; provided that the underwriting discount, spread, or commission paid or allowed to the underwriters of the bonds shall be an amount not in excess of the amount determined by the administration to be reasonable in the light of the risk assumed and the expenses of issuance, if any, required to be paid by the underwriters.

Sec. 10. [41B.10] [REVENUE BONDS; OPTIONAL RESOLUTION AND CONTRACT PROVISIONS.]

Subdivision 1. Any resolution authorizing any bonds or any issue thereof may contain provisions, which shall be a part of the contract with the holders thereof, as to the matters referred to in this section.

Subd. 2. It may pledge or create a lien on all or any part of the money or property of the administration and any money held in trust or otherwise by others to secure the payment of the bonds or of any issue thereof, subject to such agreements with bondholders as may then exist.

Subd. 3. It may provide for the custody, collection, securing, investment, and payment of any money of the administration.

Subd. 4. It may set aside reserves or sinking funds and provide for the regulation and disposition thereof and may create other special funds into which any money of the administration may be deposited.

Subd. 5. It may limit the loans and securities to which the proceeds of sale of bonds may be applied and may pledge repayments thereon to secure the payment of the notes or bonds or of any issue thereof.

Subd. 6. It may limit the issuance of additional bonds, the terms upon which additional bonds may be issued and secured, and the refunding of outstanding or other bonds.

Subd. 7. It may prescribe the procedure, if any, by which the terms of any contract with bondholders may be amended or abrogated, the amount of bonds the holders of which must consent thereto, and the manner in which such consent may be given.

Subd. 8. It may vest in a trustee or trustees such property, rights, powers, and duties in trust as the administration may determine, which may include any or all of the rights, powers,

and duties of the bondholders, or may limit the rights, powers, and duties of such trustee.

Subd. 9. It may define the acts or omissions to act which shall constitute a default in the obligations and duties of the administration and may provide for the rights and remedies of the holders of bonds in the event of such default, and provide any other matters of like or different character, consistent with the general laws of the state and other provisions of this act, which in any way affect the security or protection of the bonds and the rights of holders thereof.

Sec. 11. [41B.11] [PLEDGES.]

Any pledge made by the administration shall be valid and binding from the time the pledge is made, the money or property so pledged and thereafter received by the administration shall immediately be subject to the lien of such pledge without any physical delivery thereof or further act, and the lien of any such pledge shall be valid and binding as against all parties having claims of any kind in tort, contract, or otherwise against the administration, irrespective of whether such parties have notice thereof. Neither the resolution nor any other instrument by which a pledge is created need be recorded.

Sec. 12. [41B.12] [REVENUE BONDS; NONLIABILITY OF INDIVIDUALS.]

Neither the members of the administration nor any person executing the bonds shall be liable personally on the bonds or be subject to any personal liability or accountability by reason of the issuance thereof.

Sec. 13. [41B.13] [REVENUE BONDS; PURCHASE AND CANCELLATION BY ADMINISTRATION.]

The administration, subject to such agreements with bondholders as may then exist, shall have power out of any funds available therefor to purchase bonds of the administration, which shall thereupon be canceled, at a price not exceeding (a) if the bonds are then redeemable, the redemption price then applicable plus accrued interest to the next interest payment date thereon, or (b) if the bonds are not redeemable, the redemption price applicable on the first date after such purchase upon which the bonds become subject to redemption plus accrued interest to such date.

Sec. 14. [41B.14] [REVENUE BONDS; NONLIABILITY OF STATE.]

The state of Minnesota shall not be liable on bonds of the administration issued under section 8 and such bonds shall not

be a debt of the state. The bonds shall contain on the face thereof, a statement to such effect.

Sec. 15. [41B.15] [STATE PLEDGE AGAINST IMPAIRMENT OF CONTRACTS.]

The state pledges and agrees with the holders of any bonds issued under section 8, that the state will not limit or alter the rights vested in the administration to fulfill the terms of any agreements made with the holders thereof, or in any way impair the rights and remedies of the holders until the bonds, together with interest thereon, 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, are fully met and discharged. The administration is authorized to include this pledge and agreement of the state in any agreement with the holders of such bonds.

Sec. 16. [41B.16] [SECURITY ACCOUNT; DEFAULT IN PAYMENTS; APPOINTMENT OF TRUSTEE.]

Subdivision 1. Upon determining that a default may occur in the payment of principal or interest on any issue of bonds issued under section 8, or if any debt service reserve fund established in connection with such bonds is drawn upon because the revenues of the program are not then sufficient to make any payment of the principal or interest on such bonds, the administration shall certify such facts to the commissioner of finance and shall request that the commissioner of finance transfer from the security account established under section 19, subdivision 5, to such accounts or funds as may be designated by the administration such amount as may be required to cure such deficiency.

Subd. 2. If the administration defaults in the payment of principal or interest on any issue of bonds after the same shall become due, whether at maturity or upon call for redemption, and such default continues for a period of 30 days, or if the administration fails or refuses to comply with the provisions of this chapter, or defaults in any agreement made with the holders of any issue of bonds, the holders of 25 percent in aggregate principal amount of the bonds of such issue then outstanding may appoint a trustee to represent the holders of such bonds, unless the bonds are issued under an indenture made and entered into by the administration with a designated trustee.

Sec. 17. [41B.17] [POWERS AND DUTIES OF TRUSTEE.]

Subdivision 1. The trustee designated in any indenture or resolution securing an issue of bonds, or a trustee appointed pursuant to section 16, subdivision 2, may, and upon written request of the holders of 25 percent in principal amount of such

notes or bonds then outstanding shall, in the trustee's own name, subject to the provisions of such indenture or resolution:

(a) enforce all rights of the bondholders, including the right to require the administration to collect fees, charges, interest, and payments on loans or interests therein held by the administration and eligible securities purchased by it adequate to carry out any agreement as to, or pledge of, such fees, charges, and payments, and to require the administration to carry out any other agreements with the holders of such notes or bonds and to perform its duties under this chapter;

(b) bring suit upon such bonds;

(c) require the administration to account as if it were the trustee of any express trust for the holders of such bonds;

(d) enjoin any acts or things which may be unlawful or in violation of the rights of holders of such bonds; or

(e) declare all such bonds due and payable, and if all defaults shall be made good, then, with the consent of the holders of 25 percent of the principal amount of such bonds then outstanding, the trustee may annul such declaration and consequences.

Subd. 2. In addition to the powers specifically granted herein, the trustee shall have and possess all of the powers necessary or appropriate for the exercise of any functions specifically set forth herein or incident to the general representation of bondholders or noteholders in the enforcement and protection of their rights.

Subd. 3. The venue of any action or proceedings brought by a trustee under sections 1 to 24, shall be in Ramsey county. Before declaring the principal of bonds due and payable, the trustee shall first give 30 days notice in writing to the governor, the administration, and the state treasurer.

Sec. 18. [41B.18] [REVENUE BOND FUND; REPORTS.]

Subdivision 1. The administration may create and establish a special fund or funds for the security of one or more or all series of its bonds, which funds shall be known as debt service reserve funds. The administration may pay into each debt service reserve fund:

(a) any money appropriated by the state only for the purposes of such fund;

(b) any money transferred from the security fund for the purposes of such fund;

(c) any proceeds of sale of bonds to the extent provided in the resolution or indenture authorizing the issuance thereof;

(d) any funds directed to be transferred by the administration to such debt service reserve fund; and

(e) any other money made available to the administration only for the purpose of such fund from any other source or sources.

Subd. 2. The money held in or credited to each debt service reserve fund, except as provided in this section, shall be used solely for the payment of the principal of bonds of the administration as the same mature, the purchase of such bonds, the payment of interest thereon, or the payment of any premium required when such bonds or notes are redeemed before maturity; provided, that money in any such fund shall not be withdrawn therefrom at any time in such amount as would reduce the amount of the fund to less than the amount which the administration shall determine to be reasonably necessary for the purposes of the fund, except for the purpose of paying principal or interest due on bonds secured by the fund, for the payment of which other money of the administration is not available.

Subd. 3. If the administration shall create and establish a debt service reserve fund for the security of any series of bonds, it shall not issue any additional bonds which are similarly secured if the amount of any of the debt service reserve funds at the time of such issuance does not equal or exceed the minimum amount, if any, required by the resolution creating such fund, unless the administration shall deposit in each such fund at the time of such issuance, from the proceeds of the bonds or otherwise, an amount which, together with the amount then in the fund, will not be less than the minimum amount so required.

Subd. 4. To the extent consistent with the resolutions and indentures securing outstanding bonds, the administration may, at the close of any fiscal year, transfer to any other fund or account from any debt service reserve fund, any excess in that fund over the amount deemed by the administration to be reasonably necessary for the purpose of the fund. Any such excess shall be transferred first to the security fund to the extent of any prior withdrawals therefrom which have not previously been restored to the security fund.

Subd. 5. Nothing in this section shall be construed to limit the right of the administration to create and establish by resolution or indenture such other funds or security in addition to debt service reserve funds as may be necessary or desirable in connection with any bonds or programs.

Subd. 6. *The administration shall also submit a biennial report of its activities, projected activities, receipts, and expenditures for the next biennium, to the governor and the legislature on or before January 15 in each odd-numbered year. The report shall include the distribution of money under each administration program by county. In addition, the report shall include the cost to the administration of the issuance of its bonds for each issue in the biennium.*

Subd. 7. *All of the books and records of the administration shall be subject to audit by the legislative auditor in the manner prescribed for other agencies of state government. The administration is authorized also to employ and to contract in its resolutions and indentures for the employment of public accountants for the audit of books and records pertaining to any fund or funds.*

Sec. 19. [14B.19] [GENERAL OBLIGATION BONDS.]

Subdivision 1. [PROCEDURE.] *For the purpose of developing the state's agricultural resources by providing for the extension of credit on real estate security and to assure the timely payment of the principal of and interest on the bonds or other obligations issued by the rural finance administration, and upon request of the rural finance administration under section 8, the commissioner of finance is authorized at the direction of the administration to issue general obligation bonds of the state in a principal amount not exceeding \$250,000,000. The bonds shall be secured as provided in the Minnesota Constitution, article XI, section 7, and, except as provided in this section, shall be issued and secured as provided in Minnesota Statutes, section 16A.641. The proceeds of the bonds, except any premium and accrued interest, shall be deposited in the security account established by this section and used solely for the purposes specified above and in this section. The premium and accrued interest, if any, shall be deposited in the rural renewal bond account in the state bond fund.*

Subd. 2. [TERMS OF BONDS.] *Notwithstanding any provision of section 16A.641 to the contrary, the commissioner of finance may fix the terms of the bonds as provided in sections 475.54, subdivision 5a, and 475.56, paragraph (b), and may enter into, on behalf of the state all agreements deemed necessary for this purpose, including those authorized to be entered into by municipalities by said section.*

Subd. 3. [SALE OF BONDS.] *If determined by the commissioner of finance to be necessary in order to reduce costs of issuance, to secure a favorable prevailing interest rate, or to receive the bond proceeds by a specified date, or if the terms of the bonds are fixed as provided in sections 475.54, subdivision 5a,*

and 475.56, paragraph (b), the bonds may be sold by negotiation and without solicitation of sealed bids.

Subd. 4. [BOND FUND ACCOUNT.] The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account that shall be designated as the rural renewal bond account, to record receipts and disbursements of money transferred to the account to pay bonds issued under this section and to record income from the investment of the money therein. The income shall be credited to the account in each fiscal year in an amount equal to the approximate average return that year on all funds invested by the commissioner of finance, as determined by the commissioner of finance, times the average balance in the account that year.

Subd. 5. [RURAL FINANCE ADMINISTRATION SECURITY ACCOUNT.] The commissioner of finance shall maintain a separate account that shall be designated as the rural finance administration security account, into which shall be deposited the proceeds of the rural renewal general obligation bonds issued as provided in this section. The commissioner of finance shall maintain a separate bookkeeping account to record receipts and disbursements of money transferred to or from the security account and to record income from the investment of money therein. Upon the written request of the administration, the commissioner of finance shall transfer from the security account to such account or accounts as the administration shall designate, a sum of money sufficient in amount, when added to the balances then on hand in such designated accounts, to pay bonds issued by the administration under this act and the interest on them due and to become due on the next succeeding date for the payment of the principal of and interest on such bonds of the administration or to restore to any debt service reserve fund established in connection therewith any amount withdrawn from such debt service reserve account to pay such bonds. The commissioner of finance shall further transfer from the security account on or before the date on which any installment of the principal of and interest on bonds authorized by this section is due, a sum sufficient in amount, when added to the balance then on hand in the rural renewal bond account, to pay all bonds issued under this section and the interest on them due and to become due on the next succeeding date for payment of such bonds.

Subd. 6. [INVESTMENT OF SECURITY ACCOUNT.] Moneys from time to time on deposit in the security account shall be invested at the direction of the administration in any investment authorized by this subdivision. Moneys on deposit in the security account may be invested in (a) certificates of deposit insured by the Federal Deposit Insurance Corporation or Federal Savings and Loan Insurance Corporation, (b) certificates of deposit issued by eligible agricultural lenders, whether or not fully insured or secured, (c) deposits secured by obligations of the United States or of the state of a market value equal at all times

to the amount of the deposit and all banks and trust companies are authorized to give such security for such deposits, or (d) in qualified agricultural loans or in participation interests in qualified agricultural loans. If and to the extent moneys have been transferred from the security account to provide for the timely payment of the principal of and interest on bonds issued by the administration, or to transfer moneys to a debt service reserve fund established in connection therewith, the administration shall be required to transfer to the security account on or before December 1 of each succeeding year an amount equal to that previously transferred from the security account, provided that the administration's obligation to transfer moneys to the security account shall be limited to moneys then on hand in funds or accounts of the administration in excess of those appropriated to other purposes or required to provide for the payment of the principal of and interest on bonds issued by the administration and to pay the costs of issuing, carrying, administering, and securing such bonds of the administration and of administering and implementing the programs of the administration financed by such bonds.

Subd. 7. [TRANSFERS, APPROPRIATION.] In addition to the money required to be transferred to the rural renewal bond account under subdivision 5, and in order to reduce the amount of taxes otherwise required by the Minnesota Constitution to be levied for the state bond fund, the commissioner of finance shall transfer from the general fund to the rural renewal bond account, on December 1 in each year, a sum of money sufficient in amount, when added to the balance then on hand in that account, to pay all bonds issued under this section and the interest on them due and to become due to and including July 1 in the second ensuing year. All money to be so credited and all income from its investment is annually appropriated for the payment of the bonds and interest on them, and shall be available in the rural renewal bond account before the levy of the tax in any year required by the Minnesota Constitution, article XI, section 7. The legislature may also appropriate to the rural renewal bond account any other money in the state treasury not otherwise appropriated, for the security of bonds issued under this section in the event that sufficient money should not be available in the account from the appropriation in this section, before the levy of the tax in any year. The commissioner of finance shall make the appropriate entries in the accounts of the respective funds.

Subd. 8. [CONSTITUTIONAL LEVY.] On or before December 1 in each year the state auditor shall levy on all taxable property within the state whatever tax may be necessary to produce an amount sufficient, with all money then in the rural renewal bond account, to pay the entire amount of principal and interest due on or before July 1 in the second year thereafter on bonds issued under this section. This tax shall be levied upon all real property used for a homestead, as well as other taxable property, notwithstanding section 273.13, subdivision 22. The tax must not

be limited in rate or amount until all the bonds and interest on them are fully paid. The proceeds of this tax are appropriated and shall be credited to the state bond fund, and the principal and interest on the bonds are payable from all the proceeds. As much of the proceeds as is necessary, is appropriated for the payments. If at any time there is insufficient money from the proceeds of the taxes to pay the principal and interest when due on the bonds, the principal and interest must be paid out of the general fund in the state treasury, and the amount necessary for the payment is appropriated.

Subd. 9. [COMPLIANCE WITH FEDERAL LAW.] The commissioner of finance is authorized to covenant and agree with the holders of the bonds issued under this section that the state will comply, insofar as possible, with the provisions of the United States Internal Revenue Code now or hereafter enacted that are applicable to the bonds and that establish conditions under which the interest to be paid on the bonds will not be includable in gross income for federal tax purposes.

Subd. 10. [TAXABILITY OF INTEREST.] Interest on the bonds authorized by this section may be issued without regard to whether the interest to be paid on them is includable in gross income for federal tax purposes.

Sec. 20. [41B.20] [EXEMPTION FROM TAXES.]

Subdivision 1. The property of the administration and its income and operation shall be exempt from all taxation by the state or any of its political subdivisions.

Subd. 2. Notwithstanding section 290.80, subdivision 8, interest upon obligations of the administration issued under section 8 or upon obligations of the state of Minnesota issued under section 19 shall not be included in gross income for the purposes of chapter 290, provided that any item which was excluded in arriving at gross income under the provisions of section 290.01, subdivisions 20 to 20f, shall not be again excluded under this section. This subdivision shall not apply to corporations taxable under section 290.02 or 290.361.

Sec. 21. [41B.21] [CERTAIN ACTIONS.]

Any action or proceedings brought by any person with respect to the rights or powers of the administration or calling into question the validity or enforceability of bonds or obligations authorized by this act is a remedial case of which the supreme court has original jurisdiction pursuant to article VI, section 2 of the constitution. Any such action shall be commenced solely by service upon the state auditor, the commissioner of agriculture, or the executive director of the administration and by filing of the summons and complaint with the supreme

court. Upon filing of an answer to the complaint, the court shall order a hearing which shall be held not later than 30 days from the date of filing of such answer. At such hearing, the court shall establish an expedited schedule for the action.

Sec. 22. [41B.22] [CONSTRUCTION.]

Sections 1 to 21 are necessary for the welfare of the state of Minnesota and its inhabitants; therefore, it shall be liberally construed to effect its purpose.

Sec. 23. [APPROPRIATION.]

To pay the expenses of the establishment of the administration and of the programs authorized by this chapter, \$..... is appropriated from the general fund to the administration for the fiscal year ending June 30, 1987.

Sec. 24. [EFFECTIVE DATE.]

This act is effective the day after final enactment."

Delete the title and insert:

"A bill for an act relating to agriculture; providing for the creation of the Minnesota Rural Finance Administration; providing for the establishment of a program to purchase participation interests in agricultural loans; providing for the establishment of a security fund for a loan program; appropriating money and authorizing state bonds; proposing coding for new law as Minnesota Statutes, chapter 41B."

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

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 2374, A bill for an act relating to traffic regulations; increasing area of state in which weight limitations on highways may be seasonally increased; providing that weight limitations are increased seasonally for transporting sugar beets and potatoes under certain conditions; increasing weight limitations under which special permits may be issued; imposing fees; amending Minnesota Statutes 1984, sections 169.825, subdivision 11; and 169.86, subdivision 5.

Reported the same back with the following amendments:

Page 1, after line 12, insert:

"Section 1. Minnesota Statutes 1984, section 169.81, subdivision 2, is amended to read:

Subd. 2. [LENGTH OF VEHICLES.] (a) No single unit motor vehicle, except truck cranes which may not exceed 45 feet, unladen or with load may exceed a length of 40 feet extreme overall dimensions inclusive of front and rear bumpers, except that the governing body of a city is authorized by permit to provide for the maximum length of a motor vehicle, or combination of motor vehicles, or the number of vehicles that may be fastened together, and which may be operated upon the streets or highways of a city; provided, that the permit may not prescribe a length less than that permitted by state law. A motor vehicle operated in compliance with the permit on the streets or highways of the city is not in violation of this chapter.

(b) No single semitrailer may have an overall length, exclusive of non-cargo-carrying accessory equipment, including refrigeration units or air compressors, necessary for safe and efficient operation mounted or located on the end of the semitrailer adjacent to the truck or truck-tractor, in excess of 48 feet, except (AS PROVIDED IN PARAGRAPH (D)) *that a single semitrailer may have an overall length in excess of 48 feet if (1) the distance from the kingpin to the centerline of the rear axle group of the semitrailer does not exceed 41 feet, and (2) if the semitrailer is operated only in a combination of vehicles which does not exceed an overall length of 65 feet.* No single trailer may have an overall length inclusive of tow bar assembly and exclusive of rear protective bumpers which do not increase the overall length by more than six inches, in excess of 45 feet. For determining compliance with the provisions of this subdivision, the length of the semitrailer or trailer must be determined separately from the overall length of the combination of vehicles.

(c) No semitrailer or trailer used in a three-vehicle combination may have an overall length, exclusive of non-cargo-carrying accessory equipment, including refrigeration units or air compressors, necessary for safe and efficient operation mounted or located on the end of the semitrailer or trailer adjacent to the truck or truck-tractor, and further exclusive of the tow bar assembly, in excess of 28-1/2 feet. The commissioner may not grant a permit authorizing the movement, in a three-vehicle combination, of a semitrailer or trailer that exceeds 28-1/2 feet, except that the commissioner may renew a permit that was granted before April 16, 1984 for the movement of a semitrailer or trailer that exceeds the length limitation in this paragraph.

((D) THE COMMISSIONER MAY ISSUE AN ANNUAL PERMIT FOR A SEMITRAILER IN EXCESS OF 48 FEET

IN LENGTH, IF THE DISTANCE FROM THE KINGPIN TO THE CENTERLINE OF THE REAR AXLE GROUP OF THE SEMITRAILER DOES NOT EXCEED 41 FEET AND IF A COMBINATION OF VEHICLES, WHICH INCLUDES A SEMITRAILER IN EXCESS OF 48 FEET FOR WHICH A PERMIT HAS BEEN ISSUED UNDER THIS PARAGRAPH, DOES NOT EXCEED AN OVERALL LENGTH OF 65 FEET. THE ANNUAL FEE FOR A PERMIT ISSUED UNDER THIS PARAGRAPH IS \$36.)”

Page 4, lines 11 to 21, reinstate the stricken language and delete new language

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon insert “providing for the length of certain vehicles;”

Page 1, delete line 7

Page 1, line 8, delete “permits may be issued” and insert “changing special permit fees for certain construction equipment, machinery, and supplies”

Page 1, line 9, after “sections” insert “169.81, subdivision 2;”

With the recommendation that when so amended the bill pass.

The report was adopted.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred:

H. F. No. 2394, A bill for an act relating to veterans; requiring the MIA-POW flag to be flown on the capitol.

Reported the same back with the following amendments:

Page 1, line 6, delete “MIA-POW” and insert “POW-MIA”

Page 1, line 7, delete “MIA-POW” and insert “POW-MIA”

Page 1, line 9, delete “MIA-POW” and insert “POW-MIA”

Page 1, line 10, delete “MIA-POW” and insert “POW-MIA”

Amend the title as follows:

Page 1, line 2, delete "MIA-POW" and insert "POW-MIA"

With the recommendation that when so amended the bill pass.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2395, A bill for an act relating to game and fish; legislative oversight over federal fund receipts and expenditures.

Reported the same back with the following amendments:

Page 1, line 15, after "*commission*" insert "*in a manner consistent with federal regulations*"

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. 2407, A bill for an act relating to state lands; directing transfer of the Croft Mine Park, and all artifacts, machinery, and other personal property used in its operation, to any one or a combination of the city of Ironton, the city of Crosby, and the Croft historical park board.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2409, A bill for an act relating to environment; providing for the adoption of a sewage treatment system construction code; requiring certification of sewage system contractors and inspectors in certain counties; providing for the administration of certification laws by the pollution control agency; authorizing adoption of rules; providing penalties; proposing coding for new law in Minnesota Statutes, chapter 116.

Reported the same back with the following amendments:

Page 2, line 31, after "Locate" insert "or location"

Page 2, line 33, after "site," insert "such"

Page 3, line 10, before "construction" insert "location, design, and"

Page 4, line 18, delete "siting" and insert "location"

Page 4, line 21, delete "siting" and insert "location"

Page 5, line 15, delete "under" and insert "in compliance with"

Page 5, line 19, delete "under" and insert "in compliance with"

With the recommendation that when so amended the bill pass.

The report was adopted.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred:

H. F. No. 2422, A bill for an act relating to elections; providing for recall of certain elected county officials; proposing coding for new law in Minnesota Statutes, chapter 351; repealing Minnesota Statutes 1984, sections 351.03; 351.04; 351.08 to 351.11.

Reported the same back with the following amendments:

Page 2, lines 5 and 35, delete "RECALL" and insert "REMOVAL"

Page 2, lines 10 and 22, delete "recall" and insert "removal"

Page 2, line 15, before the period insert "*except that a petition may not be submitted after 180 days prior to a general election for the office which is held by the county official to be named in the petition*"

Page 3, lines 5 and 27, delete "recall" and insert "removal"

Page 4, line 35, delete "recall" and insert "removal"

Page 5, lines 5 and 11, delete "recall" and insert "removal"

Page 5, line 8, delete "RECALL" and insert "REMOVAL"

Page 5, lines 10 and 20, delete "recalled" and insert "removed"

Page 5, lines 22 and 23, delete “, or for the next full term of the same office following removal”

Amend the title as follows :

Page 1, line 2, delete “recall” and insert “removal”

With the recommendation that when so amended the bill pass.

The report was adopted.

Fjoslien from the Committee on General Legislation and Veterans Affairs to which was referred :

H. F. No. 2423, A bill for an act relating to elections; providing for the use of certain optical scan electronic voting systems; amending Minnesota Statutes 1984, sections 203B.08, subdivision 1a; proposing coding for new law in Minnesota Statutes, chapter 206.

Reported the same back with the following amendments :

Page 1, delete section 1

Renumber the sections in sequence

Amend the title as follows :

Page 1, delete line 4

Page 1, line 5, delete everything before “proposing”

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. 2428, A bill for an act relating to public employment labor relations; regulating fair share fees; regulating arbitration; defining employer and employee; amending Minnesota Statutes 1984, sections 179A.03, subdivisions 14, 15, and by adding a subdivision; 179A.05, subdivision 6; 179A.07, subdivision 2; 179A.13, by adding a subdivision; 179A.16, subdivisions 4 and 8; and 179A.21, subdivision 2.

Reported the same back with the following amendments :

Page 4, after line 9, insert:

"Sec. 4. Minnesota Statutes 1985 Supplement, section 179A.04, subdivision 3, is amended to read:

Subd. 3. [OTHER DUTIES.] The director shall:

(a) provide mediation services as requested by the parties until the parties reach agreement. The director may continue to assist parties after they have submitted their final positions for interest arbitration;

(b) issue notices, subpoenas, and orders required by law to carry out duties under sections 179A.01 to 179A.25;

(c) certify to the board items of dispute between parties subject to action of the board under section 179A.16;

(d) assist the parties in formulating petitions, notices, and other papers required to be filed with the director or the board;

(e) certify the final results of any election or other voting procedure conducted under sections 179A.01 to 179A.25;

(f) adopt rules regulating the forms of petitions, notices, and orders; and the conduct of hearings and elections;

(g) receive, catalogue, and file all orders and decisions of the board, all decisions of arbitration panels authorized by sections 179A.01 to 179A.25, all grievance arbitration decisions, and the director's orders and decisions. All orders and decisions catalogued and filed shall be readily available to the public;

(h) adopt, subject to chapter 14, a grievance procedure to fulfill the purposes of section 179A.20, subdivision 4. (THE GRIEVANCE PROCEDURE SHALL NOT PROVIDE FOR THE SERVICES OF THE BUREAU OF MEDIATION SERVICES.) The grievance procedure shall be available to any employee in a unit not covered by a contractual grievance procedure;

(i) conduct elections;

(j) maintain a schedule of state employee classifications or positions assigned to each unit established in section 179A.10, subdivision 2;

(k) collect such fees as are established by rule for empanelment of persons on the labor arbitrator roster maintained by the director or in conjunction with fair share fee challenges;

(l) subject to the availability of staff and resources, provide grievance arbitration services upon the mutual request of the parties to a dispute and collect a fee for these services. The fee shall be established by the director at a rate designed to fully recover the costs of the services."

Renumber the sections in sequence

Page 5, lines 27 to 30, reinstate all stricken language except for "\$180" on line 30

Page 5, line 30, after the stricken "\$180" insert "up to \$350"

Page 6, line 8, delete "\$250" and insert "up to \$350"

Amend the title as follows:

Page 1, line 9, after "2" insert "; Minnesota Statutes 1985 Supplement, section 179A.04, subdivision 3"

With the recommendation that when so amended the bill pass.

The report was adopted.

Carlson, D., from the Committee on Transportation to which was referred:

H. F. No. 2429, A bill for an act relating to transportation; adding new route to trunk highway system in substitution of existing route; allowing old highway to be turned back to city of Willmar; permitting commissioner of transportation to exchange transportation facilities under conditions of clear public benefit; providing for variance from rules for certain tank motor vehicles; providing that the use of certain high occupancy lanes and exclusive bus lanes by vehicles carrying more than one person to be considered by commissioner of transportation; directing revisor of statutes to make route substitutions; amending Minnesota Statutes 1985 Supplement, sections 161.20, subdivision 2; and 221.033, subdivision 3; and Laws 1974, chapter 151, section 3.

Reported the same back with the following amendments:

Page 1, after line 18, insert:

"Section 1. [160.81] [HIGHWAYS IN RECREATION AREAS.]

Subdivision 1. [JOINT STANDARDS.] The commissioner of transportation, in consultation with the commissioner of nat-

ural resources, shall establish standards for trunk highway segments located in areas of unusual scenic interest. The rules shall:

(1) define "areas of unusual scenic interest," which must include major recreational areas, historic areas and major publicly and privately owned tourist attractions.

(2) prescribe standards for right-of-way, shoulders and parking areas for trunk highway segments in such areas; and

(3) prescribe standards for scenic overlooks, parking piers and other parking areas, tourist information facilities, public water access points and other facilities intended to expand the recreational use of trunk highway segments in such areas.

Subd. 2. [PLAN.] The commissioner of transportation, in consultation with the commissioner of natural resources, shall prepare a plan for the recreational uses of trunk highway right-of-way and adjacent public land in areas of unusual scenic interest. The plan must provide for the enhancement of such recreational uses by the construction of new recreational facilities or the improvement or rehabilitation of existing recreational facilities, as enumerated in subdivision 1, clause (3). The plan must provide for joint development of these facilities by the departments of transportation and natural resources, where feasible, and must contain provisions permitting local units of government and regional development commissions to participate in the planning and development of recreational facilities.

Subd. 3. [RECREATIONAL FACILITIES.] The commissioner of transportation may, in areas of unusual scenic interest:

(a) construct, improve and maintain recreational facilities, including parking areas, scenic overlooks and tourist information facilities, on trunk highway right-of-way and adjacent areas; and

(b) construct, improve and maintain access ramps and turn-offs to connect trunk highways with recreational land owned by the department of natural resources.

Subd. 4. [APPLICABILITY OF ADMINISTRATIVE PROCEDURE ACT.] Promulgation of the recreational use plan under subdivision 2 is subject to chapter 14, the administrative procedure act. The standards established under subdivision 1 are not subject to the administrative procedure act."

"Sec. 4. Minnesota Statutes 1984, section 169.07, is amended to read:

169.07 [UNAUTHORIZED SIGNS.]

No person shall place, maintain, or display upon or in view of any highway any unauthorized sign, signal, marking, or device which purports to be or is an imitation of or resembles an official traffic-control device or railroad sign or signal, or which attempts to direct the movement of traffic, or which hides from view or interferes with the effectiveness of any official traffic-control device or any railroad sign or signal, and no person shall place or maintain, nor shall any public authority permit, upon any highway any traffic sign or signal bearing thereon any commercial advertising. This shall not be deemed to prohibit (a) the erection upon private property adjacent to highways of signs giving useful directional information and of a type that cannot be mistaken for official signs, or (b) *the temporary placement by auctioneers licensed or exempt from licensing under section 330.01, for a period of not more than eight consecutive hours, on or adjacent to the right-of-way of a highway not more than four signs directing motorists to the location of an auction. The signs must conform to standards for size, content, placement, and location for such signs promulgated by the commissioner of transportation. The rules may require a permit for each such sign but no fee may be charged for the permit.*

Every such prohibited sign, signal, or marking is hereby declared to be a public nuisance, and the authority having jurisdiction over the highways is hereby empowered to remove the same, or cause it to be removed, without notice.

Sec. 5. Minnesota Statutes 1984, section 169.44, is amended by adding a subdivision to read:

Subd. 1d. [OPTIONAL SYSTEM.] In addition to equipment required under subdivision 1a and notwithstanding the provisions of section 169.64, a school bus may be equipped with a driver-activated, student control warning system which includes a high-intensity red flashing signal, an audible warning signal and a green all-clear signal, and may activate such a system whenever the use of the stop signal arm and flashing red signals is required under subdivision 2.

Sec. 6. Minnesota Statutes 1984, section 173.08, subdivision 1, is amended to read:

Subdivision 1. [ADVERTISING DEVICES RESTRICTED.] No advertising device, excepting the advertising devices described and permitted under sections 173.01 to 173.27, shall be erected or maintained in an adjacent area, after June 8, 1971, except the following:

(a) Directional and other official signs, including, but not limited to, signs pertaining to natural wonders, scenic and historical attractions, which are required or authorized by law, and which comply with regulations which shall be promulgated by the commissioner relative to their lighting, size, spacing and other requirements as may be appropriate to implement sections 173.01 to 173.27;

(b) Advertising devices advertising the sale or lease of property upon which they are located, provided that there shall not be more than one such sign, advertising the sale or lease of the same property, visible to traffic proceeding in any one direction on any one interstate or primary highway;

(c) Advertising devices advertising activities conducted on the property on which they are located, including, without limiting the generality of the foregoing, goods sold, stored, manufactured, processed or mined thereon, services rendered thereon, and entertainment provided thereon;

(d) Advertising devices stating the name and address of the owner, lessee or occupant of such property or information otherwise required or authorized by law to be posted or displayed thereon;

(e) Public utility signs;

(f) Service club and religious notices;

(g) Advertising devices of which the advertising copy or the name of the owner thereof is in no part visible from the traveled way of the aforesaid highways;

(h) Advertising devices which are located, or which are to be located, in business areas and which comply, or will comply when erected, with the provisions of sections 173.01 to 173.27;

(i) *signs placed temporarily by auctioneers under section 169.07."*

Page 4, after line 32, insert:

"Sec. 10. [SETTLEMENT FUNDS.]

To the extent allowable under the terms of settlements prescribed by the federal government or federal court order, the state agency designated by the governor to receive funds resulting from litigation or settlements of alleged violations of federal petroleum pricing regulations shall deposit percent of such funds received as follows:

(1) 75 percent of such percentage in the highway user tax distribution fund; and

(2) 25 percent of such percentage in the transit assistance fund."

Page 4, line 34, delete "1 to 5" and insert "2, 3, 7, 8, and 9"

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 2, after the semicolon insert "providing for standards for highways in areas of unusual scenic interest;"

Page 1, line 7, after the semicolon insert "providing for temporary directional signs to auctions; providing for driver-activated student control warning system on school buses;"

Page 1, line 11, after the semicolon insert "providing for distribution of certain settlement funds;"

Page 1, line 13, after the semicolon insert "amending Minnesota Statutes 1984, sections 169.07; 169.44, by adding a subdivision; and 173.08, subdivision 1;"

Page 1, line 16, before the period insert "; proposing coding for new law in Minnesota Statutes, chapter 160"

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. 2453, A bill for an act relating to state lands; authorizing conveyance of certain state easement.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Rose from the Committee on Environment and Natural Resources to which was referred:

H. F. No. 2466, A bill for an act relating to natural resources; authorizing additions to and deletions from certain state parks and recreation areas.

Reported the same back with the following amendments:

Page 2, after line 7, insert:

"Subd. 2. [85.012] [Subd. 21.] [FRONTENAC STATE PARK.]

The following areas are added to Frontenac State Park:

Government Lot 1 and that part of Government Lot 2 lying easterly of the center line of said Government Lot 2 of Section 33; Government Lot 1 of Section 34; all in Township 113 North, Range 13 West.

The West Half of the Northwest Quarter and that part of the West Half of the Southwest Quarter lying northerly of the township road of Section 3; that part of Sections 4 and 5 lying northerly of the township road; and the Northeast Quarter of the Northeast Quarter of Section 6; all in Township 112 North, Range 13 West.

The following areas are deleted from Frontenac State Park:

That part of the East Half of the Southwest Quarter and the Southwest Quarter of the Southeast Quarter of Section 3 lying southerly of the township road; all of the Southeast Quarter of the Northeast Quarter and the Northeast Quarter of the Southeast Quarter of Section 9; all that part of the South Half of the Southeast Quarter of Section 9 except the rights-of-way of U.S. Highway 61 and the Chicago, Milwaukee, St. Paul and Pacific Railroad; all that part of Section 10 lying northwesterly of C.S.A.H. 2 and southerly of the township road; all that part of the North Half of Section 15 lying northerly of the northerly right-of-way line of U.S. Highway 61 and westerly of C.S.A.H. 2; all that part of the Southeast Quarter of Section 10 and the Northeast Quarter of the Northeast Quarter of Section 15 lying southeasterly of C.S.A.H. 2 and northerly and easterly of the following described lines: Beginning at the intersection of C.S.A.H. 2 and a line 300 feet north of and parallel with the northerly line of Hibernia Avenue of the town of Frontenac Station, thence easterly along said line to its intersection with the northerly extension of the easterly line of Ludlow Avenue, thence southerly along the easterly line of Ludlow Avenue and its extension to a point 270 feet north of the northerly line of Columbia Avenue, thence deflecting left at a right angle to a line parallel with and 100 feet distance from the easterly line of Ludlow Avenue, thence southerly along said line to its intersection with the northerly right-of-way line of U.S. Highway 61, thence easterly along said northerly right-of-way line to the east line of Section 15 and there terminating; all that part of the West Half of the Southwest Quarter of Section 11 and the West Half of the Northwest Quarter of Section 14 lying south-

easterly of C.S.A.H. 2, northerly of the northerly right-of-way line of U.S. Highway 61, and westerly of the following described line: Commencing at the southwest corner of said Section 11; thence on an assumed bearing of North 00 degrees 25 minutes 27 seconds West 1519.93 feet along the west line of said Section 11; thence North 89 degrees 34 minutes 33 seconds East 490.90 feet to Point "A"; thence North 42 degrees 46 minutes 45 seconds West 507.40 feet to the center line of C.S.A.H. 2 (a/k/a Frontenac and Wells Creek Road and road from old Village of Frontenac to new Village of Frontenac) and the point of beginning; thence South 42 degrees 46 minutes 45 seconds East 507.40 feet to Point "A"; thence South 00 degrees 00 minutes 18 seconds West 1416.61 feet; thence South 55 degrees 09 minutes 18 seconds East 1027.56 feet to the east line of said Northwest Quarter of the Northwest Quarter of said Section 14 and there terminating; all that part of the East Half of the Northwest Quarter of Section 14 described as follows: Beginning at the intersection of the north-south quarter section line of the Northwest Quarter of said Section 14 and the northerly right-of-way line of U.S. Highway 61 as now located, run thence North 400 feet, thence East 100 feet, thence South 200 feet, thence East 100 feet, thence South 200 feet more or less to the northerly line of said U.S. Highway 61, thence westerly and along said northerly line of said highway, 200 feet more or less to the point of beginning; all in Township 112 North, Range 13 West."

Page 2, delete lines 20 to 34

Renumber the subdivisions in order

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. 2468, A bill for an act relating to historical associations; providing procedures and limits for certain state assistance; amending Minnesota Statutes 1984, sections 138.92; and 138.93.

Reported the same back with the recommendation that the bill pass and be placed on the Consent Calendar.

The report was adopted.

Forsythe from the Committee on Appropriations to which was referred:

S. F. No. 125, A bill for an act relating to labor; changing the definition of plumber's apprentice for the purpose of employment licensing; requiring the registration of plumber's apprentices;

amending Minnesota Statutes 1984, section 326.01, subdivision 9; proposing coding for new law in Minnesota Statutes, chapter 326.

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

The report was adopted.

Schreiber from the Committee on Taxes to which was referred :

S. F. No. 1193, A bill for an act relating to taxation; aggregate removal production; eliminating time requirement for notifying operator of unpaid tax; imposing a penalty; amending Minnesota Statutes 1984, section 298.75, subdivisions 4 and 6.

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

The report was adopted.

SECOND READING OF HOUSE BILLS

H. F. Nos. 651, 901, 1007, 1599, 1677, 1744, 1749, 1751, 1785, 1797, 1821, 1896, 1908, 1911, 1914, 1916, 1944, 1956, 1966, 2001, 2010, 2030, 2033, 2067, 2077, 2080, 2101, 2106, 2130, 2134, 2137, 2139, 2168, 2170, 2177, 2193, 2195, 2205, 2206, 2207, 2218, 2221, 2256, 2259, 2266, 2268, 2295, 2296, 2315, 2316, 2324, 2337, 2344, 2348, 2374, 2394, 2395, 2407, 2409, 2422, 2423, 2428, 2429, 2453, 2466 and 2468 were read for the second time.

SECOND READING OF SENATE BILLS

S. F. Nos. 125 and 1193 were read for the second time.

INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House Files were introduced :

Frerichs introduced :

H. F. No. 2469, A bill for an act relating to public safety; restricting local requirements for stairways to be enclosed in certain buildings; requiring local governing bodies to consider certain facts before enacting ordinances affecting housing; defining the term "stories"; amending Minnesota Statutes 1984, section 299F.011, subdivision 4, and by adding a subdivision; and Minnesota Statutes 1985 Supplement, section 16B.61, subdivision 3.

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

Bishop introduced :

H. F. No. 2470, A bill for an act relating to occupations and professions; barbers; providing for compensation of board members for the performance of their examination duties; amending Minnesota Statutes 1984, section 154.22.

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

McDonald, for the Committee on Agriculture, introduced :

H. F. No. 2471, A memorial resolution urging the United States Congress, the United States General Accounting Office, and the Congressional Research Service to investigate the incidence of dirty grain shipped from the United States, and its effect on American agricultural exports.

The bill was read for the first time and laid over one day.

McDonald, for the Committee on Agriculture, introduced :

H. F. No. 2472, A resolution memorializing the President and the Congress of the United States to repeal the Federal Reserve Act.

The bill was read for the first time and laid over one day.

Metzen introduced :

H. F. No. 2473, A bill for an act relating to motor vehicles; increasing the amount of the bond required of self-propelled recreational vehicles dealers; amending Minnesota Statutes 1985 Supplement, section 168.27, subdivision 24.

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

Skoglund, Riveness, Wynia, Greenfield and Anderson, G., introduced:

H. F. No. 2474, A bill for an act relating to crimes; making it a felony to assault or injure a pregnant woman; expanding the crime of criminal vehicular operation; imposing penalties; amending Minnesota Statutes 1984, sections 609.035; and 609.21, by adding subdivisions; proposing coding for new law in Minnesota Statutes, chapter 609.

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

Frerichs and Johnson introduced:

H. F. No. 2475, A bill for an act relating to compacts; enacting enabling language for Minnesota to join driver license compact; allowing exchange of driver license information with other states; promoting consolidated, complete driver record; proposing coding for new law in Minnesota Statutes, chapter 171.

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

Frerichs and Johnson introduced:

H. F. No. 2476, A bill for an act relating to public safety; motor vehicles; eliminating redundant and surplus language; correcting inconsistent provisions in statutes; requiring certain information on petition for judicial review of license revocation determination; changing fee for motorized bicycle permit renewal for persons 18 years of age; permitting donor designation on minor donor's driver's license or identification card; abolishing automatic reinstatement of revoked or suspended driving privilege of nonresident in certain circumstances; extending effective period for provisional drivers' licenses by one year; amending Minnesota Statutes 1984, sections 168.28; 169.123, subdivision 5c; 171.02, subdivision 3; and 171.07, subdivision 5; and Minnesota Statutes 1985 Supplement, sections 168.013, subdivisions 1c and 1e; and 171.27; repealing Minnesota Statutes 1984, section 171.15, subdivision 2.

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

Riveness, Wynia, Skoglund, Welle and Rest introduced:

H. F. No. 2477, A bill for an act relating to insurance; creating a joint underwriting association; requiring participation by insurers; proposing new law coded as Minnesota Statutes, chapter 62I.

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

Riveness, Voss, Brown, Solberg and Minne introduced:

H. F. No. 2478, A bill for an act relating to insurance; prohibiting certain tying arrangements; providing deposit requirements for domestic companies; extending coverage under the insurance guaranty association act; extending certain filing, approval, and disapproval dates; broadening fair plan coverage; regulating fraternal benefit societies; regulating forms; amending Minnesota Statutes 1984, sections 60A.06, by adding a subdivision; 60C.09, subdivision 1; 62A.02, subdivisions 2 and 3; 62A.17, subdivision 2; 62B.07, subdivisions 2 and 3; 62C.14, subdivision 10; 62E.14, subdivision 3; 62F.06, subdivision 1; 62F.09; 62G.16, subdivision 9; 65A.32; 65A.33; 65A.34, subdivision 1; 65A.35, subdivisions 1 and 2; 65A.37; 70A.06, subdivision 2; 70A.08, by adding a subdivision; 72A.13, subdivision 1; Minnesota Statutes 1985 Supplement, sections 60A.10, subdivision 1; 64B.03; and 64B.06.

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

Riveness, Voss, Welle, Rest and Otis introduced:

H. F. No. 2479, A bill for an act relating to insurance; requiring certain annual reports of property and casualty insurers; regulating rates and forms; amending Minnesota Statutes 1984, sections 60A.13, by adding a subdivision; 70A.04, subdivision 2, and by adding a subdivision; 70A.06, subdivision 1; 70A.10; and 70A.11; repealing Minnesota Statutes 1984, section 70A.06, subdivision 4.

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

Haukoos, Dempsey, Waltman, Knickerbocker and Sparby introduced:

H. F. No. 2480, A bill for an act relating to state government; requiring a study on the feasibility of building a parking ramp on certain property.

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

Vellenga and Wynia introduced:

H. F. No. 2481, A bill for an act relating to human services; providing for outpatient commitment; defining "incapacitated person" to include one who needs mental health services; providing for guardianship and conservatorship to alleviate mental illness; amending Minnesota Statutes 1984, sections 253B.02, subdivision 15, and by adding subdivisions; 253B.07, subdivision 2; 253B.09, subdivisions 1, 2, and 5, and by adding a subdivision; 253B.10, subdivision 1; 253B.12, subdivisions 2 and 5; 253B.14; 525.54, subdivision 2; 525.551, subdivision 5; and 525.56, subdivision 3.

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

Sherman, Dempsey, Pappas, Kiffmeyer and Nelson, K., introduced:

H. F. No. 2482, A bill for an act relating to crime victims; authorizing the payment of certain reparations to victims of the crime of tampering with a witness; amending Minnesota Statutes 1985 Supplement, section 611A.52.

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

Gruenes introduced:

H. F. No. 2483, A bill for an act relating to retirement; public employees retirement association; permitting the purchase of prior service credits by certain employees; amending Minnesota Statutes 1984, section 353.36, subdivision 2b, and by adding a subdivision.

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

DenOuden introduced :

H. F. No. 2484, A bill for an act relating to the Minnesota zoological garden; authorizing a lease and management contract; abolishing the state zoological board; amending Minnesota Statutes 1984, sections 43A.27, by adding a subdivision; 179A.03, subdivision 15; 466.01, subdivision 1; Minnesota Statutes 1985 Supplement, sections 43A.27, subdivision 2; 352.01, subdivision 2A; proposing coding for new law in Minnesota Statutes, chapter 85A; repealing Minnesota Statutes 1984, section 85A.01, subdivisions 3 and 4; Minnesota Statutes 1985 Supplement, sections 85A.01, subdivisions 1 and 2; 85A.02, subdivision 5a; and 85A.04, subdivision 1.

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

Erickson introduced :

H. F. No. 2485, A bill for an act relating to education; requiring instruction in stewardship of land and water resources in all schools; authorizing aid for education in stewardship of land and water resources; requiring the commissioner of education to perform certain duties; requiring the board of teaching to amend rules relating to teacher preparation institutions and entrance licenses; proposing coding for new law in Minnesota Statutes, chapters 124 and 126.

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

Omann and Marsh introduced :

H. F. No. 2486, A bill for an act relating to corrections; authorizing the commissioner of corrections to contract for an inmate visitation program; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 243.

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

Stanisus introduced :

H. F. No. 2487, A bill for an act relating to human services; regulating work activities of handicapped persons in state facilities; amending Minnesota Statutes 1985 Supplement, section 246.56, subdivision 2.

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

Stanis introduced:

H. F. No. 2488, A bill for an act relating to human services; expanding the commissioner's power to grant funds for services for mentally ill persons; amending Minnesota Statutes 1984, sections 245.73, subdivision 3; and 256E.12, subdivision 2.

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

Stanis introduced:

H. F. No. 2489, A bill for an act relating to human services; providing for conditions requiring monthly reporting by recipients of aid to families with dependent children; amending Minnesota Statutes 1985 Supplement, section 256.73, subdivision 6.

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

Stanis introduced:

H. F. No. 2490, A bill for an act relating to human services; providing for exhaustion of benefits from other programs before payment of adoption subsidies; amending Minnesota Statutes 1984, section 259.40, subdivisions 1 and 2; proposing coding for new law in Minnesota Statutes, chapter 259.

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

Sherman and Johnson introduced:

H. F. No. 2491, A bill for an act relating to taxes; exempting certain real property from taxation; amending Minnesota Statutes 1985 Supplement, section 272.02, subdivision 1.

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

Sherman and Johnson introduced:

H. F. No. 2492, A bill for an act relating to Winona county; permitting the county to convey certain real estate to a county agricultural society.

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

Stanisus, Vellenga, Cohen and Ozment introduced:

H. F. No. 2493, A bill for an act relating to human services; exempting certain nursing homes from financial statement audits; amending Minnesota Statutes 1985 Supplement, section 256B.48, subdivision 1b.

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

Shaver introduced:

H. F. No. 2494, A bill for an act relating to commerce; authorizing payment of a certain nominal referral fee by timeshare developers; amending Minnesota Statutes 1985 Supplement, section 82.19, subdivision 3.

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

Zaffke introduced:

H. F. No. 2495, A bill for an act relating to state government; establishing an oil furnace audit program; amending Minnesota Statutes 1984, section 268.37, by adding a subdivision; Laws 1985, First Special Session chapter 9, article 1, section 3, subdivision 5.

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

Simoneau introduced :

H. F. No. 2496, A bill for an act relating to unemployment compensation; regulating benefits and contribution rates; appropriating money; amending Minnesota Statutes 1984, sections 268.04, subdivisions 2, 4, 24, 25, and by adding subdivisions; 268.06, subdivisions 2, 3a, 8, and by adding a subdivision; 268.07, subdivisions 2, 2a, and 3; 268.071, subdivision 1; 268.09, subdivisions 1 and 2; 268.10, subdivisions 1 and 2; 268.12, subdivision 8; 268.121; 268.16, subdivision 2, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 268.0111, by adding a subdivision; 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268; repealing Minnesota Statutes 1984, section 268.04, subdivisions 8, 29, and 30.

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

Bishop introduced :

H. F. No. 2497, A bill for an act relating to venue of actions; modifying venue in actions to recover possession of personal property; amending Minnesota Statutes 1984, section 542.06.

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

Ozment introduced :

H. F. No. 2498, A bill for an act relating to taxation; providing for reduction in the rate of excise tax on gasoline sold for marine use at qualified service stations; amending Minnesota Statutes 1984, section 296.02, subdivision 6.

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

Dyke introduced :

H. F. No. 2499, A bill for an act relating to state parks; requiring a permit for the use of metal detectors in state parks and other public areas; providing penalties; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 85.

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

Begich and Solberg introduced:

H. F. No. 2500, A bill for an act relating to transportation; prohibiting railroad company from holding employee liable for negligence resulting in damage to company property during the course of employment; proposing coding for new law in Minnesota Statutes, chapter 219.

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

McDonald, for the Committee on Agriculture, introduced:

H. F. No. 2501, A bill for an act relating to game and fish; establishing a program to compensate landowners and lessees for damages done by wild animals; appropriating money.

The bill was read for the first time and laid over one day.

HOUSE ADVISORIES

The following House Advisory was introduced:

Seaberg, Marsh and Kelly introduced:

H. A. No. 73, A proposal to study revisions to Juvenile Court Act and other laws relating to juveniles.

The advisory was referred to the Committee on Crime and Family Law.

CONSENT CALENDAR

H. F. No. 1970, A bill for an act relating to state lands; prescribing appraisal for conveyance of surplus state land in Dakota county to city of Hastings; amending Laws 1985, chapter 61, section 1.

The bill was read for the third time and placed upon its final passage.

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

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 2068 was reported to the House.

Voss offered an amendment to H. F. No. 2068.

CALL OF THE HOUSE

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

Anderson, G.	Elioff	Kalis	Neuenschwander	Rest
Anderson, R.	Ellingson	Kelly	Norton	Richter
Backlund	Erickson	Kiffmeyer	O'Connor	Riveness
Battaglia	Fjoslien	Knickerbocker	Ogren	Rodosovich
Beard	Forsythe	Knuth	Olsen, S.	Rose
Becklin	Frederick	Kostohryz	Olson, E.	Sarna
Begich	Frederickson	Krueger	Onnen	Schafer
Bennett	Frerichs	Kvam	Osthoff	Scheid
Bishop	Greenfield	Lieder	Otis	Schoenfeld
Blatz	Gruenes	Long	Ozment	Seaberg
Boerboom	Gutknecht	Marsh	Pappas	Segal
Brinkman	Halberg	McDonald	Pauly	Shaver
Burger	Hartinger	McEachern	Peterson	Sherman
Carlson, J.	Hartle	McKasy	Piepho	Simoneau
Carlson, L.	Haukoos	McLaughlin	Piper	Skoglund
Clark	Heap	McPherson	Poppenhagen	Solberg
Clausnitzer	Himle	Metzen	Price	Sparby
Dempsey	Jacobs	Miller	Quinn	Stanius
DenOuden	Jaros	Minne	Quist	Sviggum
Dimler	Jennings, L.	Munger	Redalen	Thiede
Dyke	Johnson	Murphy	Rees	Thorson

Tjornhoim
Tomlinson
Tompkins

Tunheim
Uphus
Valento

Vanasek
Vellenga
Voss

Waltman
Welle
Wenzel

Wynia
Zaffke
Spk. Jennings, D.

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

POINT OF ORDER

Halberg raised a point of order pursuant to rule 3.9 that the Voss amendment was not in order. The Speaker ruled the point of order well taken and the Voss amendment out of order.

H. F. No. 2068, A bill for an act relating to the city of Litchfield; permitting certain investments of municipal power agency funds.

The bill was read for the third time and placed upon its final passage.

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

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

There were 120 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

Ellingson was excused between the hours of 2:25 p.m. and 4:40 p.m.

H. F. No. 2143, A bill for an act relating to utilities; permitting certain energy cost adjustments; amending Minnesota Statutes 1984, section 216B.16, subdivision 7.

The bill was read for the third time and placed upon its final passage.

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

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

There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

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 third time and placed upon its final passage.

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

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

There were 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

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 third time and placed upon its final passage.

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

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

There were 128 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 2265 was reported to the House.

Halberg moved that H. F. No. 2265 be continued on the Consent Calendar for one day. The motion prevailed.

CALL OF THE HOUSE LIFTED

Voss moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

REPORT FROM THE COMMITTEE ON RULES AND
LEGISLATIVE ADMINISTRATION

Himle, from the Committee on Rules and Legislative Administration, pursuant to Rule 1.9, designated the following bills as Special Orders to be acted upon immediately preceding Special Orders pending for Monday, March 3, 1986:

S. F. No. 1612; H. F. Nos. 1764 and 1776.

SPECIAL ORDERS

S. F. No. 1612 was reported to the House.

Poppenhagen moved to amend S. F. No. 1612, the unofficial engrossment, as follows:

Page 9, after line 21, insert:

"Sec. 11. Minnesota Statutes 1984, section 471.616, subdivision 1, is amended to read:

Subdivision 1. [BIDDING REQUIRED.] No governmental subdivision, political subdivision, or any other body corporate and politic authorized by law to purchase group insurance for its employees and providing or intending to provide group insurance protections and benefits for 25 or more of its employees shall enter into a contract for or renew any group insurance policy or contract without calling for bids and awarding the contract to the lowest responsible bidder by way of competitive bidding procedures similar to those for the provision of services and supplies under section 16B.07, subdivisions 1 to 5. A political subdivision may provide in the bid specifications that self insured health benefit plans will not be considered. Lowest responsible bidder means the insurer, service plan corporation, or self insurance plan, if allowed by the bid specifications which offers the lowest cost, is authorized to do business in this state, and is deemed by the governmental unit to be capable of satisfactorily performing the administration of the policy or contract in accordance with the bid specifications. "Cost" means in the case of an insurer, the *net premium (RATE), including consideration of any expense and risk charges*; in the case of service plan corporation, the charge for expenses and risk taking; and in the case of self insurance plans, the sum of the cost of paid claims, including provision for estimated incurred but unpaid claims at the end of the term, administrative costs, and premium for excess coverage. The cost of changing plans may also be considered in determining the lowest cost. The aggregate value of benefits provided by a contract entered into after July 1, 1973 shall not be less than those provided by the preexisting contract (a) unless a majority of the employees covered under the group insurance plan and voting on the question agree to a reduction in the benefits, if the employees are not represented by an exclusive representative pursuant to section 179A.12, or (b) unless the public employer and the exclusive representative of the employees of an appropriate bargaining unit, certified pursuant to section 179.67, agree to a reduction in the benefits. The aggregate value of benefits of any former employee who has retired shall not, in any event, be reduced pursuant to clause (a) or (b), unless he has individually agreed to the reduction.

No contract need be submitted to bid more frequently than once every 48 months, unless for any reason whatsoever, a 50 percent or greater change in the premium per covered employee under the policy contract is provided, required or indicated. If additional employees are added to an existing group pursuant to

a joint powers agreement under section 471.59, new bids and award are not required.

When an insurer proposes an increase in rates, it shall accompany its proposal with an aggregate claims record for the appropriate period that explains the proposed increase. When a contract is resubmitted for bids the aggregate claims record shall accompany the specifications for the contract. Cost comparisons are not required between insured and self-insurance alternatives, but apply to comparisons between two or more insured proposals or comparisons between two or more self insurance proposals."

Renumber the remaining section

Amend the title as follows:

Page 1, line 3, after the semicolon insert "redefining cost for purpose of insurance company bidding for government contracts;"

Page 1, line 16, delete "and"

Page 1, line 17, after the semicolon insert "and 471.616, subdivision 1;"

The motion prevailed and the amendment was adopted.

S. F. No. 1612, A bill for an act relating to insurance; changing certain incorporation requirements for domestic insurance corporations; changing certain investment requirements for life insurance companies; amending Minnesota Statutes 1984, sections 60A.07, subdivision 1; and 61A.282, subdivision 1.

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

The question was taken on the passage of the bill and the roll was called. There were 88 yeas and 26 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Clark	Greenfield	Kostohryz	Onnen
Becklin	Clausnitzer	Gruenes	Kvam	Osthoff
Bennett	Cohen	Gutknecht	Lieder	Ozment
Bishop	Dempsey	Halberg	Long	Pauly
Blatz	DenOuden	Hartinger	Marsh	Piepho
Boerboom	Dimler	Hartle	McDonald	Piper
Boo	Dyke	Haukoos	McKasy	Poppenhagen
Brandl	Erickson	Heap	McPherson	Redalen
Brinkman	Fjoslien	Johnson	Miller	Rees
Burger	Forsythe	Kalis	Minne	Richter
Carlson, D.	Frederick	Kiffmeyer	Munger	Rose
Carlson, J.	Frederickson	Knickerbocker	Olsen, S.	Schafer
Carlson, L.	Frerichs	Knuth	Omann	Seaberg

Segal	Sparby	Tjornhom	Valan	Waltman
Shaver	Stanis	Tomlinson	Valento	Wynia
Sherman	Sviggum	Tompkins	Veilenga	Zaffke
Simoneau	Thiede	Tunheim	Voss	Spk. Jennings, D.
Skoglund	Thorson	Uphus		

Those who voted in the negative were:

Anderson, G.	Jennings, L.	Murphy	Pappas	Schoenfeld
Battaglia	Kahn	Neuenschwander	Quinn	Staten
Beard	Krueger	Norton	Rodosovich	Vanasek
Begich	McEachern	O'Connor	Sarna	Welle
Brown	McLaughlin	Ogren	Scheid	Wenzel
Elioff				

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

H. F. No. 1764 was reported to the House.

Blatz; Rodosovich; McEachern; Gutknecht; Voss; Uphus; Knickerbocker; Tunheim; Lieder; Waltman; Kalis; Knuth; Olson, E.; Bennett; Kelly; Pauly; Johnson; Boo; Dimler and Frerichs moved to amend H. F. No. 1764, the second engrossment, as follows:

Page 6, after line 7, insert:

"Sec. 5. [145.684] [NONECONOMIC LOSSES; LIMITATIONS.]

In actions for malpractice, error, mistake, or failure to cure, whether based on contract or tort, against health care providers, the amount of damages for noneconomic losses must not exceed \$400,000."

Renumber remaining sections

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Blatz et al., amendment and the roll was called. There were 100 yeas and 23 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Carlson, L.	Forsythe	Haukoos
Anderson, R.	Boerboom	Clausnitzer	Frederick	Himle
Backlund	Boo	DenOuden	Frederickson	Jacobs
Battaglia	Brinkman	Dimler	Frerichs	Jennings, L.
Beard	Brown	Dyke	Gruenes	Johnson
Becklin	Burger	Elioff	Gutknecht	Kalis
Begich	Carlson, D.	Erickson	Hartinger	Kelly
Bennett	Carlson, J.	Fjoslien	Hartle	Kiffmeyer

Knickerbocker	Minne	Poppenhagen	Segal	Tomlinson
Knuth	Neuenschwander	Quist	Shaver	Tompkins
Kostohryz	Ogren	Redalen	Sherman	Tunheim
Krueger	Olsen, S.	Rees	Simoneau	Uphus
Kvam	Olson, E.	Richter	Skoglund	Valan
Lieder	Omann	Rodosovich	Solberg	Valento
Marsh	Onnen	Rose	Sparby	Voss
McEachern	Otis	Sarna	Stanius	Waltman
McKasy	Pauly	Schafer	Sviggum	Welle
McPherson	Peterson	Scheid	Thiede	Wenzel
Metzen	Piepho	Schoenfeld	Thorson	Zaffke
Miller	Piper	Schreiber	Tjornhom	Spk. Jennings, D.

Those who voted in the negative were:

Bishop	Greenfield	Munger	Pappas	Staten
Brandl	Halberg	Murphy	Price	Vanasek
Clark	Kahn	Nelson, D.	Rice	Wynia
Cohen	Long	Norton	Riveness	
Dempsey	McLaughlin	O'Connor	Seaberg	

The motion prevailed and the amendment was adopted.

Blatz moved to amend H. F. No. 1764, the second engrossment, as amended, as follows:

Page 3, after line 2, insert:

"Subd. 3. [DEPENDENT.] "Dependent" means a child of a plaintiff under age 21, or any other person over age 21 who is dependent on the plaintiff for monetary support and who is physically or mentally incapacitated from earning."

Renumber remaining subdivisions

Page 8, line 32, delete "(a) All periodic payments for" and insert:

"(a) All periodic payments for future damages made to the plaintiff cease when the plaintiff dies except when the plaintiff is survived by a spouse or dependent. Under those circumstances, the portion of the periodic payments representing future loss of earnings or earnings capacity awarded pursuant to subdivision 2(a)(2)(ii) will continue and is governed by the original payment schedule. Payments will cease on completion of the original payment schedule, the death of the spouse, the attainment of age 21 by the last dependent child, or the death of the last remaining incapacitated dependent, whichever occurs later."

Page 8, delete lines 33 to 36

Page 9, delete lines 1 to 8

The motion prevailed and the amendment was adopted.

The Speaker called Halberg to the Chair.

Boo and Skoglund moved to amend H. F. No. 1764, the second engrossment, as amended, as follows:

Page 15, line 35, strike "willful indifference to" and insert "intentional disregard of"

Amend the title as follows:

Page 1, line 9, delete "removing" and insert "changing the pleading of"

The motion prevailed and the amendment was adopted.

The Speaker resumed the Chair.

Quinn and Schoenfeld moved to amend H. F. No. 1764, the second engrossment, as amended, as follows:

Page 1, after line 19, insert:

"Section 1. Minnesota Statutes 1984, section 60A.13, is amended by adding a subdivision to read:

Subd. 8. [ANNUAL REPORTS.] Each insurer licensed to write property and casualty insurance in this state, as a supplement to the annual statement required by this section, shall submit a report on a form furnished by the commissioner showing its direct writings in Minnesota and in the United States on: liquor liability, product liability, medical malpractice, and any other line so designated by the commissioner on January 1 of each year.

The supplemental reports must include the following data for the previous year ending on the 31st day of December:

- (1) direct premiums written;*
- (2) direct premiums earned;*
- (3) net investment income, including net realized capital gains and losses, using appropriate estimates where necessary;*
- (4) incurred claims, developed as the sum, and with figures provided for, of the following:*
 - (a) dollar amount of claims closed with payment, plus*
 - (b) reserves for reported claims at the end of the current year, minus*

(c) reserves for reported claims at the end of the previous year, plus

(d) reserves for incurred but not reported claims at the end of the current year, minus

(e) reserves for incurred but not reported claims at the end of the previous year, plus

(f) reserves for loss adjustment expense at the end of the current year, minus

(g) reserves for loss adjustment expense at the end of the previous year;

(5) actual incurred expenses allocated separately to loss adjustment, commissions, other acquisition costs, general office expenses, taxes, licenses and fees, and all other expenses;

(6) net underwriting gain or loss; and

(7) net operation gain or loss, including net investment income.

This report is due by the first of May of each year and the first report must cover the year 1986. The commissioner shall annually compile and review all reports submitted by insurers pursuant to this section. These filings must be published and made available to any interested insured or citizen."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 12, after "limitation;" insert "requiring certain supplemental reports;" and after "sections" insert "60A.13, by adding a subdivision;"

A roll call was requested and properly seconded.

The question was taken on the Quinn and Schoenfeld amendment and the roll was called. There were 75 yeas and 49 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Brandl	Elioff	Kahn	Long
Backlund	Brown	Greenfield	Kalis	McDonald
Battaglia	Carlson, L.	Gutknecht	Knickerbocker	McEachern
Beard	Clark	Halberg	Knuth	McLaughlin
Begich	Cohen	Hartinger	Kostohryz	Metzen
Bishop	Dempsey	Jacobs	Krueger	Minne
Blatz	DenOuden	Johnson	Lieder	Munger

Murphy	Otis	Rees	Seaberg	Tunheim
Nelson, D.	Pappas	Rest	Segal	Uphus
Nelson, K.	Pauly	Riveness	Simoneau	Vanasek
Neuenschwander	Peterson	Rodosovich	Skoglund	Vellenga
Norton	Piper	Sarna	Solberg	Voss
O'Connor	Price	Scheid	Sparby	Welle
Ogren	Quinn	Schoenfeld	Staten	Wenzel
Osthoff	Quist	Schreiber	Tompkins	Wynia

Those who voted in the negative were:

Anderson, R.	Dyke	Himle	Ozment	Thiede
Becklin	Fjoslien	Jennings, L.	Piepho	Thorson
Bennett	Forsythe	Kelly	Poppenhagen	Tjornhom
Boerboom	Frederick	Kiffmeyer	Redalen	Tomlinson
Boo	Frederickson	Marsh	Richter	Valan
Brinkman	Frerichs	McKasy	Rose	Valento
Burger	Gruenes	McPherson	Schafer	Waltman
Carlson, J.	Hartle	Olsen, S.	Sherman	Zaffke
Clausnitzer	Haukoos	Omann	Stanius	Spk. Jennings, D.
Dimler	Heap	Onnen	Sviggum	

The motion prevailed and the amendment was adopted.

H. F. No. 1764, A bill for an act relating to commerce; regulating medical malpractice insurance to health care providers who are unable to obtain the coverage in the voluntary market; regulating malpractice actions against health care providers; providing certification of expert review and the waiver of privilege by health care providers; requiring disclosure of experts; revising the statute of limitations for minors; changing the pleading of punitive damages; changing the collateral source rule; and providing periodic payments of damages exceeding a threshold limitation; requiring certain supplemental reports; amending Minnesota Statutes 1984, sections 60A.13, by adding a subdivision; 62F.04, by adding a subdivision; 62F.06, subdivision 1; 541.15; 549.09, subdivision 1; 549.20, subdivision 1, and by adding a subdivision; and 595.02, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 145.

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

The question was taken on the passage of the bill and the roll was called. There were 127 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Blatz	Clark	Fjoslien	Hartering
Anderson, R.	Boerboom	Clausnitzer	Forsythe	Hartle
Backlund	Boo	Cohen	Frederick	Haukoos
Battaglia	Brandl	Dempsey	Frederickson	Heap
Beard	Brinkman	DenOuden	Frerichs	Himle
Becklin	Brown	Dimler	Greenfield	Jacobs
Begich	Burger	Dyke	Gruenes	Jennings, L.
Bennett	Carlson, J.	Elioff	Gutknecht	Johnson
Bishop	Carlson, L.	Erickson	Halberg	Kahn

Kalis	Minne	Peterson	Schoenfeld	Tompkins
Kelly	Munger	Piepho	Schreiber	Tunheim
Kiffmeyer	Murphy	Piper	Seaberg	Uphus
Knickerbocker	Nelson, D.	Poppenhagen	Segal	Valan
Knuth	Nelson, K.	Price	Shaver	Valento
Kostohryz	Neuenschwander	Quinn	Sherman	Vanasek
Krueger	O'Connor	Quist	Simoneau	Vellenga
Kvam	Ogren	Redalen	Skoglund	Voss
Lieder	Olsen, S.	Rees	Solberg	Waltman
Long	Olson, E.	Rest	Sparby	Welle
Marsh	Omann	Richter	Stanisus	Wenzel
McDonald	Onnen	Riveness	Staten	Wynia
McEachern	Osthoff	Rodosovich	Sviggum	Zaffke
McKasy	Otis	Rose	Thiede	Spk. Jennings, D.
McLaughlin	Ozment	Sarna	Thorson	
McPherson	Pappas	Schafer	Tjornhom	
Metzen	Pauly	Scheid	Tomlinson	

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

H. F. No. 1776 was reported to the House.

Olsen, S., moved to amend H. F. No. 1776, the second engrossment, as follows:

Page 1, after the enacting clause, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 3.736, subdivision 1, is amended to read:

Subdivision 1. [GENERAL RULE.] The state will pay compensation for injury to or loss of property or personal injury or death caused by an act or omission of any employee of the state while acting within the scope of his office or employment or peace officer who is not acting on behalf of a private employer and who is acting in good faith pursuant to section 629.40, subdivision 3, under circumstances where the state, if a private person, would be liable to the claimant, *whether arising out of a governmental or proprietary function*. Nothing in this section waives the defense of judicial or legislative immunity except to the extent provided in subdivision 8."

Renumber remaining sections

Amend the title as follows:

Page 1, line 14, delete "subdivision 3" and insert "subdivisions 1 and 3"

The motion prevailed and the amendment was adopted.

Olsen, S., moved to amend H. F. No. 1776, the second engrossment, as amended, as follows:

Page 16, after line 27, insert:

"Sec. 30. Minnesota Statutes 1984, section 549.20, subdivision 1, is amended to read:

Subdivision 1. Punitive damages (SHALL BE ALLOWED) are not allowable in civil actions (ONLY UPON CLEAR AND CONVINCING EVIDENCE THAT THE ACTS OF THE DEFENDANT SHOW A WILLFUL INDIFFERENCE TO THE RIGHTS OR SAFETY OF OTHERS).

Sec. 31. [549.22] [NONECONOMIC LOSSES; LIMITATIONS.]

Subdivision 1. [DEFINITION.] For purposes of this section, "noneconomic loss" means all nonpecuniary harm for which damages are recoverable, including but not limited to pain, disability, disfigurement, embarrassment, emotional distress, and loss of consortium.

Subd. 2. [LIMITATION.] In civil actions, whether based on contract or tort, the amount of damages per person for noneconomic losses may not exceed \$250,000.

Sec. 32. Minnesota Statutes 1984, section 604.02, subdivision 1, is amended to read:

Subdivision 1. When two or more persons are (JOINTLY) liable in an action for death or injury to a person or injury to property, (CONTRIBUTIONS TO AWARDS SHALL BE) each person is severally liable in proportion to the percentage of fault attributable to (EACH, EXCEPT THAT EACH IS JOINTLY AND SEVERALLY LIABLE FOR THE WHOLE AWARD) that person. The principle of joint and several liability for the whole award is abolished.

For purposes of this subdivision, "person" includes municipalities as defined in section 2.

Sec. 33. [REPEALER.]

Minnesota Statutes 1984, section 549.20, subdivisions 2 and 3 are repealed."

Page 16, line 30, delete "29" and insert "33"

Renumber the remaining section

Amend the title as follows:

Page 1, line 9, after the semicolon, insert "abolishing punitive damages in civil actions; limiting noneconomic loss; and eliminating joint liability in tort;"

Page 1, line 13, after the semicolon, insert "549.20, subdivision 1; and 604.02, subdivision 1;"

Page 1, line 14, after the semicolon, insert "repealing Minnesota Statutes 1984, section 549.20, subdivisions 2 and 3;"

Page 1, line 15, delete "and 548" and insert "548, and 549"

The motion prevailed and the amendment was adopted.

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

Boo and Kelly moved to amend H. F. No. 1776, the second engrossment, as amended, as follows:

Page 16, after line 27, insert:

"Sec. 30. [549.22] [ATTORNEY FEE SCHEDULE.]

An attorney shall not contract for or collect a contingency fee for representing any person in any civil action, whether based on contract or tort, in excess of the following limits:

- (1) *33 percent of the first \$200,000 recovered;*
- (2) *25 percent of the next \$200,000 recovered;*
- (3) *ten percent of any amount exceeding \$400,000.*

The limitations shall apply regardless of whether the recovery is by settlement, arbitration, or judgment, or whether the person for whom the recovery is made is a responsible adult, an infant, or a person of unsound mind."

Page 16, line 30, delete "33" and insert "30"

Renumber the remaining section

Amend the title as follows:

Page 1, line 9, after the semicolon insert "limiting contingent attorney's fees;"

Page 1, line 15, delete "and 548" and insert "548, and 549"

Long moved to amend the Boo and Kelly amendment, as follows:

Page 1, after line 9, insert:

"An attorney shall not contract for or collect a fee for defending any party in any civil action in excess of \$100.00 per hour for time actually and necessarily spent in preparing and conducting the defense."

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

POINT OF ORDER

Seaberg raised a point of order pursuant to rule 3.9 that the Boo and Kelly amendment was not in order. The Speaker ruled the point of order not well taken and the Boo and Kelly amendment in order.

The question recurred on the Boo and Kelly amendment to H. F. No. 1776, as amended. The motion prevailed and the amendment was adopted.

Voss moved to amend H. F. No. 1776, the second engrossment, as amended, as follows:

Page 16, after line 27, insert:

"Sec. 30. Minnesota Statutes 1984, section 549.21, is amended to read:

549.21 [REIMBURSEMENT FOR CERTAIN COSTS IN CIVIL ACTIONS.]

Subdivision 1. [ACKNOWLEDGEMENT IN PLEADINGS.] The parties by their attorneys in any civil action shall attach to and make a part of the pleading served on the opposite party or parties a signed acknowledgement stating that the parties acknowledge that costs, disbursements, reasonable attorney and witness fees may be awarded to the opposing party or parties pursuant to subdivision 2.

Subd. 2. [AWARD OF COSTS.] Upon motion of a party, or upon the court's own motion, the court in its discretion may award to that party costs, disbursements, reasonable attorney fees and witness fees if the party or attorney against whom costs, disbursements, reasonable attorney and witness fees are charged acted in bad faith; asserted a claim or defense knowing it to be frivolous; asserted an unfounded position solely to delay the ordinary course of the proceedings or to harass; or committed a fraud upon the court. To qualify for an award under this section, a party shall give timely notice of intent to claim an award. An award under this section shall be without prejudice and as an alternative to any claim for sanctions that may be asserted under the rules of civil procedure. Nothing herein shall authorize the

award of costs, disbursements or fees against a party or attorney advancing a claim or defense unwarranted under existing law, if it is supported by a good faith argument for an extension, modification, or reversal of the existing law."

Renumber the sections in sequence

Correct internal references

Amend the title as follows:

Page 1, line 9, after the semicolon, insert "providing for reimbursement for certain costs in civil actions;,"

Page 1, line 13, after the semicolon, insert "549.21;,"

The motion prevailed and the amendment was adopted.

Voss moved to amend H. F. No. 1776, the second engrossment, as amended, as follows:

Page 3, after line 4, insert the following:

"Section 1. [62L.01] [CITATION.]

Sections 1 to 20 may be cited as the Minnesota joint underwriting association act.

Sec. 2. [62L.02] [MINNESOTA JOINT UNDERWRITING ASSOCIATION.]

Subdivision 1. [CREATION.] The Minnesota joint underwriting association is created to provide insurance coverage to any person or entity unable to obtain insurance through ordinary methods. Every insurer authorized to write insurance in this state shall be a member of the association as a condition to obtaining and retaining a license to write insurance in this state. Insurers who only write life insurance or only types of insurance for which another joint underwriting association or assigned risk plan is provided by state statute shall not be required to be a member of the joint underwriting association.

Subd. 2. [DIRECTOR.] The association shall have a board of directors composed of 11 persons chosen annually as follows: five persons elected by members of the association at a meeting called by the commissioner; three public members, as defined in section 214.02 appointed by the commissioner; and three members, appointed by the commissioner representing groups to whom coverage has been extended by the association. If at any time no coverage is currently extended by the association then either additional public members may be appointed

to fill these three positions or, at the option of the commissioner, representatives from groups who had previously been covered by the association may serve as directors.

Sec. 3. [62I.03] [DEFINITION.]

Subdivision 1. [SCOPE.] As used in sections 1 to 20 the following terms have the meanings given them in this section.

Subd. 2. [ASSOCIATION.] "Association" means the Minnesota joint underwriting association.

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

Subd. 4. [MEMBER.] "Member" means every insurer authorized to write and writing insurance in this state except for those who only write life insurance or only types of insurance for which another joint underwriting association or assigned risk plan is provided by Minnesota statute.

Subd. 5. [DIRECT WRITTEN PREMIUMS.] "Direct written premiums" means that amount at column (2), line 31, page 14, of the annual statement filed annually with the department of commerce pursuant to section 60A.13.

Subd. 6. [DEFICIT.] "Deficit" means, for a particular policy year and line or type of insurance, that amount by which total paid and outstanding losses and loss adjustment expenses exceed premium revenue, including retrospective premium revenue.

Sec. 4. [62I.04] [POLICY ISSUANCE.]

Any person or entity that is a resident of the state of Minnesota who has a current written notice of refusal to insure from an insurer licensed to offer insurance in the state of Minnesota may make written application to the association for coverage. The applicable premium or required portion of it must be paid prior to coverage by the association.

The application shall be filed simultaneously with the association and the market assistance plan for the association.

The association is authorized to (1) issue or cause to be issued insurance policies to applicants subject to limits specified in the plan of operation; (2) underwrite the insurance and adjust and pay losses with respect to it, or appoint service companies to perform those functions; (3) assume reinsurance from its members; and (4) cede reinsurance.

Sec. 5. [62I.05] [PLAN OF OPERATION.]

Within 45 days after the appointment of the directors of the association, the directors shall submit to the commissioner for review, a proposed plan of operation, consistent with the provisions of this chapter.

The plan of operation shall provide economic, fair, and non-discriminatory administration and for the prompt, efficient provision of insurance coverage of all types. It may contain other provisions necessary for the operation of the association, including but not limited to preliminary assessment of all members for initial expenses necessary to commence operations, establishment of necessary facilities, management of the association, assessment of members to defray losses and expenses, commission arrangements, reasonable and objective underwriting standards, acceptance and cessation of reinsurance, appointment of servicing carriers or other servicing arrangements and procedures for determining amounts of insurance to be provided by the association.

The plan of operation is subject to approval by the commissioner. If the commissioner disapproves all or any part of the proposed plan of operation, the directors shall within 15 days submit for review an appropriate revised plan of operation. If a revised plan is not submitted within 15 days the commissioner shall promulgate a plan of operation. The plan of operation approved or promulgated by the commissioner is effective and operational upon the order of the commissioner.

Amendments to the plan of operation may be made by the directors of the association subject to approval by the commissioner.

Sec. 6. [62I.06] [POLICY FORMS; PREMIUM RATE.]

Subdivision 1. [REQUIREMENT.] The policies and contracts of coverage issued pursuant to this chapter shall contain the usual and customary provisions of similar insurance policies issued by private insurance companies. If a standard form is used in the private marketplace for any type of coverage that is to be extended by the association then the association shall use that form. If there are varying types of forms used in the marketplace the association may choose to use a standard policy form issued by a service organization or other entity who commonly prepares standardized types of forms. If the board determines that neither of these alternatives is appropriate then it shall adopt a policy form based upon the terms and conditions of the policies used for this type of coverage that are the most commonly used in the private market. As far as practical the board shall attempt to adopt forms that are consistent with the practice in the private market. No policy forms shall be used by the association unless it has been filed with the commissioner, and the commissioner may disapprove the form within 30 days if the commissioner determines that it is misleading, it violates public policy, or for any reason that the commissioner would be empowered to reject a similar form filed by a private company.

Subd. 2. [CANCELLATION.] If the insured fails to pay a stabilization reserve fund charge the association may cancel the policy by mailing or delivering to the insured at the insured's address shown on the policy at least ten days written notice stating the date that the cancellation is effective.

Subd. 3. [RATES.] The rates, rating plan, rating rules, rating classification and territories applicable to insurance written by the association and related statistics are subject to chapter 70A. Rates shall be on an actuarially sound basis, giving consideration to the group retrospective rating plan. The commissioner shall take all appropriate steps to make available, upon request of the association, loss and expense experience of insurers previously writing or currently writing insurance of any type the association offers or intends to offer.

Subd. 4. [APPROVAL.] All policies issued by the association are subject to the group retrospective rating plan approved by the commissioner under which the final premium for the insureds of the association, as a group, will be equal to the administrative expenses, loss and loss adjustment expenses and taxes, plus a reasonable allowance for contingency and servicing. If the board of directors feels it is appropriate and in the interest of fairness and equity, the insureds of the association may be broken down into more than one group. The rating plan may provide for varying rates within the rating plan for such groups as their relative burden to the group as a whole would merit. Policyholders shall be given full credit for all investment income, net of expenses and reasonable management fee on policyholder supplied funds. The standard premium, before retrospective adjustment, for each policy issued by the association shall be established for portions of the policy period coinciding with the association's fiscal year on the basis of the association rates, rating plans, rating rules, rating classifications and territories then in effect. The maximum premium for all policyholders of the association as a group shall be limited as provided in sections 1 to 20.

Subd. 5. [EXAMINATIONS.] The commissioner shall examine the business of the association as often as is appropriate to insure that the group retrospective rating plan is operating in a manner consistent with this chapter or other Minnesota laws. If it is found that the operation is deficient or inconsistent with this chapter or other Minnesota laws the commissioner may order the association to take corrective action.

Subd. 6. [DEFICITS.] The association shall certify to the commissioner the estimated amount of any deficit remaining after the stabilization reserve fund has been exhausted and payment of the maximum final premium for all policyholders of the association. Within 60 days after the certification, the commissioner shall authorize the association to recover the members' respective shares of the deficit by assessing all members an

amount sufficient to fully fund the obligations of the association. The assessment of each member shall be determined in the manner provided in section 7. An assessment made pursuant to this section shall be deductible by the member from past or future premium taxes due the state.

Subd. 7. [AMENDMENTS TO RATING PLAN.] In addition to the usual manner of amending the rating plan set forth in this section and section 5, the following procedure may also be used:

(1) *Any person may, by written petition served upon the commissioner of commerce request that a hearing be held to amend the rating plan, or any part of the rating plan.*

(2) *The commissioner shall forward a copy of the petition to the chief administrative law judge within three business days of its receipt. The chief administrative law judge shall, within three business days of receipt of the copy of the petition or a request for hearing by the commissioner, set a hearing date, assign an administrative law judge to hear the matter, and notify the commissioner of the hearing date and the administrative law judge assigned to hear the matter. The hearing date must be set not less than 60 days nor more than 90 days from the date of receipt of the petition by the commissioner or the date of the commissioner's request for hearing if the commissioner is the person requesting a hearing.*

(3) *The commissioner shall publish a notice of the hearing in the State Register at least 30 days before the hearing date. The notice should be similar to that used for rulemaking under the administrative procedure act. Approval of the notice by the administrative law judge is not required.*

(4) *The hearing and all matters which occur after the hearing are a contested case under chapter 14. Within 45 days from the commencement of the hearing and within 15 days of the completion of the hearing the administrative law judge shall submit a report to the commissioner of commerce. The parties, or the administrative law judge, if the parties cannot agree, shall adjust all time requirements under the contested case procedure to conform with the 45 day requirement.*

(5) *The commissioner shall render a decision within ten business days of the receipt of the administrative law judge's report.*

(6) *If all parties to the proceeding agree, any of the previous requirements may be waived or modified.*

(7) *A petition for a hearing to amend the rating plan or any part of the rating plan received by the commissioner within 180 days of the date of the commissioner's decision in a prior pro-*

ceeding to amend the rating plan is invalid and requires no action provided the petition involves the same rates as the previous hearing. If the petition involves matters in addition to those dealt with in the previous hearing then the additional matters shall be treated as a separate petition for hearing and a hearing may be held on those matters.

Sec. 7. [62I.07] [MEMBERSHIP ASSESSMENTS.]

A member of the association shall participate in its writings, expenses, servicing allowance, management fees and losses in the proportion that the direct written premiums of the member, excluding that portion of premiums attributable to the operation of the association written during the premium year bears to the aggregate direct written premium written in this state by all members. The members' participation in the association shall be determined annually on the direct written premiums written during the preceding calendar year as reported in the annual statements and other reports filed by the member with the commissioner.

Sec. 8. [62I.08] [APPLICATION PROCEDURE.]

A person or entity that has been denied coverage or is unable to find an insurer willing to write coverage is eligible to make an application to the association. The application shall be on a form approved by the board of directors. To show eligibility to participate in the association the applicant shall certify that the applicant has been unable to find anyone to offer the coverage sought by the applicant. No further proof shall be required of the applicant. The application shall be filed simultaneously with the association and the market assistance plan of the association.

Sec. 9. [62I.12] [ASSOCIATION ADMINISTRATION.]

Subdivision 1. [ADMINISTRATOR.] The association shall be administered by a qualified insurer or vendor of risk management services selected by the commissioner. If the commissioner deems it necessary the commissioner may select more than one person to administer the association.

Subd. 2. [DUTIES.] The administrator shall perform all services necessary to accomplish the purposes of the association, including the servicing of policies or contracts of coverage, data management, and collection of assessments.

Subd. 3. [APPEALS.] Anyone adversely affected by the decision of the administrator may object to the decision by appealing to the commissioner within 15 days after the decision. The appeal must be made by letter mailed to the commissioner with a copy to the administrator within the 15-day period. The letter must include a summary of the administrator's decision

from which the appeal is taken, the basis for the objection to the administrator's decision, and any argument or evidence in support of the appeal. Within 15 days after receipt of the letter, the administrator shall file a response, including the basis of the administrator's decision and all argument and evidence in support of the decision, with the commissioner. Within ten days after receipt of the administrator's response, the commissioner shall either affirm, reverse, or modify the administrator's decision as the commissioner deems appropriate.

Sec. 10. [62L.13] [ACTION BY THE MINNESOTA JOINT UNDERWRITING ASSOCIATION UPON THE APPLICATION.]

Subdivision 1. [GENERALLY.] Eligibility for coverage by the association is subject to the terms and conditions of subdivisions 2 and 3.

Subd. 2. [MINIMUM OF QUALIFICATIONS.] Anyone who is unable to obtain insurance in the private market and who so certifies to the association in the application is eligible to make written application to the association for coverage. Payment of the applicable premium or required portion of it must be paid prior to coverage by the association. An offer of coverage at a rate in excess of the rate that would be charged by the association for similar coverage and risk shall be deemed to be a refusal of coverage for purposes of eligibility for participation in the association. It shall not be deemed to be a written notice of refusal if the rate for coverage offered is less than five percent in excess of the joint underwriting association rates for similar coverage and risk. However, the offered rate must also be the rate that the insurer has filed with the department of commerce if the insurer is required to file its rates with the department. If the insurer is not required to file its rates with the department, the offered rate must be the rate generally charged by the insurer for similar coverage and risk.

Subd. 3. [DISQUALIFYING FACTORS.] For good cause, coverage may be denied or terminated by the association. Good cause may exist if the applicant or insured: (1) has an outstanding debt due or owing to the association at the time of application or renewal arising from a prior policy; (2) refuses to permit completion of an audit requested by the commissioner or administrator; (3) submits misleading or erroneous information to the commissioner or administrator; (4) disregards safety standards, laws, rules or ordinance pertaining to the risk being insured; (5) fails to supply information requested by the commissioner or administrator; (6) fails to comply with the terms of the policies or contracts for coverage issued by the association.

Subd. 4. [DISQUALIFICATION AFTER COVERAGE GRANTED.] If an application is filed with the market assistance program less than 15 business days before the expiration

of the applicant's current insurance coverage, the market assistance program may continue to seek coverage for the applicant after coverage is extended by the assigned risk plan. The market assistance program will have 15 business days from the date of filing the application with the market assistance program to obtain an offer of coverage for the applicant. If the market assistance program is able to secure an offer of coverage for the applicant within 15 business days of filing of the application and if the offer of coverage would not otherwise be considered refusal for purposes of the assigned risk plan, the applicant will be deemed to be not qualified to participate in the association plan and coverage, if any, shall be terminated.

Subd. 5. [NOTICE.] An application for coverage under the association must be granted or denied within ten days after receipt by the administrator of a properly completed application and any supplemental information requested by the administrator. Anyone covered by the association must be given at least 30 days notice of nonrenewal or cancellation of coverage.

Sec. 11. [62I.14] [ASSESSMENTS.]

In the event the commissioner deems it necessary to make an assessment, an assessed insurer must pay the assessment within 30 days of receipt of notice of the assessment. The commissioner may suspend or revoke an insurer's certificate of authority and impose a civil penalty in an amount not to exceed \$5,000 for an insurer's failure to pay the assessment within the 30 day period.

Sec. 12. [62I.15] [EXTENSION OF COVERAGE.]

If the association determines that the applicant meets the underwriting standards of the association as described in the plan of operation and there is no unpaid, uncontested premium due from the application for prior insurance, including failure to make written objections to premium charges within 30 days after billing, or if there is no other allowable reason as set forth in this chapter for denial of coverage, the association upon receipt of the premium or portion of it as described in the plan of operation shall issue a policy of insurance to the applicant.

Sec. 13. [62I.16] [STABILIZATION RESERVE FUND.]

Subdivision 1. [CREATION.] There is created a stabilization reserve fund. Each policyholder shall pay to the association a stabilization reserve fund charge of 33 percent of each premium payment due for insurance through the association. This charge shall be separately stated in the policy. The association shall cancel the policy of any policyholder who fails to pay the stabilization reserve fund charge.

Subd. 2. [PAYMENT.] The association shall promptly pay into the stabilization reserve fund all fund charges it collects

from its policyholders and any retrospective premium refunds payable under the group retrospective rating plan.

Subd. 3. [SUPERVISION.] All money paid into the fund shall be held in trust by the corporate trustee selected by the board of directors. The corporate trustee may invest the money held in trust subject to the approval of the board. All investment income shall be credited to the fund. All expenses of the administration of the fund shall be charged against the fund. The money held in trust shall be used solely for the purpose of discharging when due and retrospective premium charges payable by policy holders and any retrospective premium refunds payable to policyholders under the group retrospective rating plan. Payment of retrospective premium charges shall be made upon certification of the amount due. If all money accruing to the fund is exhausted in payment of retrospective premium charges, all liability and obligations of the association's policyholders with respect to the payment of retrospective premium charges shall terminate and shall be conclusively presumed to have been discharged. Any stabilization reserve fund charges from a particular policy year and line or type of insurance not used to pay retrospective premiums must be returned to policyholders after all claims and expense obligations from that particular policy year and line or type of insurance are satisfied.

Subd. 4. [EXEMPTION.] The board of directors may upon their own motion or upon application of any applicant or insured exempt any group from the payment of the stabilization reserve charge. The exemption shall be granted only to those groups who are unable to obtain insurance coverage in the private market as a result of the private market's refusal to write coverage for that group rather than because of loss experiences or risks posed by the applicant or insured as an individual. It shall be presumed that a group is qualified for this exemption if more than 20 percent of the members of that group are unable to obtain the insurance coverage that they seek. The board of directors shall also consider granting exemption if any members of the same group are unable to obtain coverage in the private market even though no claims have been made against them or payments made on their behalf by any insurer within the last three years.

Subd. 5. [SURCHARGE.] In addition to determining the basic rate for coverages to be offered by the joint underwriting association, the association shall also develop a surcharge plan or similar method for adjusting the rate to be charged to those persons who have had claims made against them. The surcharge plan shall take into effect the risk posed to the association by the applicant or the insured. The surcharge plan shall be sufficient to provide for the sound financial operation of the plan based upon commonly agreed upon actuarial principles.

No cause of action of any nature shall arise against the association, the commissioner or the commissioner's authorized representatives, or any other person or organization, for any statements made in good faith by them during any proceedings or concerning any matters within the scope of this chapter.

Sec. 15. [62I.18] [RIGHT OF APPEAL.]

Any applicant to the association, any person insured pursuant to this chapter or their representatives, any affected insurer, or any person who has applied for coverage pursuant to this chapter may appeal to the commissioner within 30 days after any ruling, action, or decision by or on behalf of the association with respect to those items that the plan of operation defines as appealable matters.

Sec. 16. [62I.19] [ANNUAL STATEMENTS.]

On March 1 of each year the association shall file with the commissioner a report of its transactions, financial conditions, and operations during the preceding year. The report should be on a form approved by the commissioner. The commissioner may at any time require the association to furnish additional information to assist in evaluating the scope, operation, and experience of the association.

Sec. 17. [62I.20] [MERGER OF OTHER PLANS.]

Upon application by the governing body of the liquor liability assigned risk plan authorized by section 340A.409 or the temporary joint underwriting association authorized by chapter 62F to be merged with the association, the commissioner shall, if the commissioner deems it appropriate, hold a public hearing in regard to the merger. The commissioner upon motion or upon the motion of any insured under plans shall hold a hearing. Unless it can be shown that the rights of the insured would be adversely affected by the merger or that it would be less efficient or more costly to merge the plans, the commissioner shall consent to the merger. The commissioner shall also consent to the merger at any time there are less than ten insureds in any plan."

Page 16, line 28, delete "30" and insert "46"

Page 16, after line 31, insert:

"Sec. 47. [EFFECTIVE DATE.]

Sections 3 to 20 are effective the day following final enactment."

ReNUMBER the sections in sequence

Correct internal references

Amend the title as follows :

Page 1, line 9, after the semicolon, insert "creating a joint underwriting association; requiring participation by insurers;"

Page 1, line 15, before the period, insert "proposing coding for new law as Minnesota Statutes, chapter 62I"

A roll call was requested and properly seconded.

POINT OF ORDER

Olsen, S., raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker ruled the point of order not well taken and the amendment in order.

The question recurred on the Voss amendment and the roll was called. There were 56 yeas and 69 nays as follows :

Those who voted in the affirmative were :

Anderson, G.	Jaros	Murphy	Price	Staten
Battaglia	Jennings, L.	Nelson, K.	Quinn	Tomlinson
Beard	Kahn	Neuenschwander	Rest	Tunheim
Begich	Kelly	Norton	Riveness	Veilenga
Brandl	Knuth	O'Connor	Rodosovich	Voss
Brown	Kostohryz	Ogren	Sarna	Welle
Carlson, L.	Krueger	Olson, E.	Scheid	Wenzel
Cohen	Lieder	Osthoff	Schoenfeld	Wynia
Elioff	Long	Otis	Segal	
Ellingson	McLaughlin	Pappas	Simoneau	
Greenfield	Metzen	Peterson	Skoglund	
Halberg	Minne	Piper	Sparby	

Those who voted in the negative were :

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

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

Wynia moved to amend H. F. No. 1776, the second engrossment, as amended, as follows:

Page 16, after line 27, insert the following:

"Sec. 30. [62F.15] [COMPANY TO REPORT TO COMMISSIONER.]

An insurance company that intends to increase insurance premiums must send written notice of the increase to the Commissioner at least 30 days before adopting the increase."

Renumber the remaining section

Amend the title as follows:

Page 1, line 9, after the semicolon insert "requiring notice of proposed rate increases;"

Page 1, line 15, after "chapters" insert "62F,"

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

Long moved to amend H. F. No. 1776, the second engrossment, as amended, as follows:

Page 16, after line 27, insert:

"Sec. 30. [FEE LIMIT.]

An attorney shall not contract for or collect a fee for defending any party in any civil action in excess of \$100.00 per hour for time actually and necessarily spent in preparing and conducting the defense."

Renumber the sections in sequence

Amend the title as follows:

Page 1, line 9, after "party" insert "limiting attorney fees"

A roll call was requested and properly seconded.

The question was taken on the Long amendment and the roll was called. There were 26 yeas and 88 nays as follows:

Those who voted in the affirmative were:

Anderson, G.
Battaglia

Begich
Brown

Cohen
Elioff

Greenfield
Jaros

Jennings, L.
Kahn

Kelly	Murphy	Olson, E.	Piper	Voss
Lieder	Nelson, D.	Pappas	Quinn	Wenzel
Long	Norton	Peterson	Schoenfeld	Wynia
McLaughlin				

Those who voted in the negative were:

Anderson, R.	Erickson	Knickerbocker	Quist	Swiggum
Backlund	Fjoslien	Kostohryz	Redalen	Thiede
Bennett	Forsythe	Krueger	Rees	Thorson
Bishop	Frederick	Kvam	Rest	Tjornhom
Boerboom	Frederickson	Marsh	Richter	Tomlinson
Boo	Frerichs	McDonald	Riveness	Tompkins
Brandl	Gruenes	McEachern	Rodosovich	Tunheim
Brinkman	Gutknecht	McKasy	Rose	Uphus
Burger	Halberg	McPherson	Schafer	Valan
Carlson, D.	Hartinger	Metzen	Scheid	Valento
Carlson, J.	Hartle	Miller	Schreiber	Vanasek
Carlson, L.	Haukoos	Munger	Seaberg	Vellenga
Clausnitzer	Heap	O'Connor	Shaver	Waltman
Dempsey	Himle	Omann	Simoneau	Welle
DenOuden	Jacobs	Onnen	Skoglund	Zaffke
Dimler	Johnson	Otis	Solberg	Spk. Jennings, D.
Dyke	Kalis	Piepho	Sparby	
Ellingson	Kiffmeyer	Poppenhagen	Stanisus	

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

H. F. No. 1776, A bill for an act relating to commerce; providing immunity to the state and municipalities for certain claims; regulating certain self-insurance pools; modifying the limitation on actions for damages based on services of construction to improve real property; abolishing the collateral source rule; requiring judgments to be paid in periodic installments rather than a lump sum upon request of either party; limiting contingent attorney's fees; abolishing punitive damages in civil actions; limiting noneconomic loss; and eliminating joint liability in tort; providing for reimbursement for certain costs in civil actions; amending Minnesota Statutes 1984, sections 466.01, subdivision 1; 466.03, subdivisions 4 and 6b, and by adding subdivisions; 471.982, subdivision 3; 541.051; 549.09, subdivision 1; 549.20, subdivision 1; 549.21; and 604.02, subdivision 1; Minnesota Statutes 1985 Supplement, section 3.736, subdivisions 1 and 3; repealing Minnesota Statutes 1984, section 549.20, subdivisions 2 and 3; proposing coding for new law in Minnesota Statutes, chapters 466, 541, 548, and 549.

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

The question was taken on the passage of the bill and the roll was called. There were 120 yeas and 10 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Backlund	Beard	Begich	Bishop
Anderson, R.	Battaglia	Becklin	Bennett	Blatz

Boerboom	Ferichs	Marsh	Piepho	Skoglund
Boo	Gruenes	McDonald	Piper	Solberg
Brandl	Gutknecht	McEachern	Poppenhagen	Sparby
Brinkman	Halberg	McKasy	Price	Stanis
Brown	Hartinger	McPherson	Quist	Sviggum
Burger	Hartle	Metzen	Redalen	Thiede
Carlson, D.	Haukoos	Miller	Rees	Thorson
Carlson, J.	Heap	Minne	Rest	Tjornhom
Carlson, L.	Himle	Murphy	Richter	Tomlinson
Clausnitzer	Jacobs	Nelson, K.	Riveness	Tompkins
Cohen	Jaros	Neuenschwander	Rodosovich	Tunheim
Dempsey	Jennings, L.	Ogren	Rose	Uphus
DenOuden	Johnson	Olsen, S.	Sarna	Valan
Dimler	Kalis	Olson, E.	Schafer	Valento
Dyke	Kelly	Omann	Scheid	Vanasek
Elioff	Kiffmeyer	Onnen	Schoenfeld	Vellenga
Ellingson	Knickerbocker	Osthoff	Schreiber	Voss
Erickson	Knuth	Otis	Seaberg	Waltman
Fjoslien	Kostohryz	Ozment	Segal	Welle
Forsythe	Krueger	Pappas	Shaver	Wenzel
Frederick	Kvam	Pauly	Sherman	Zaffke
Frederickson	Lieder	Peterson	Simoneau	Spk. Jennings, D.

Those who voted in the negative were :

Greenfield	McLaughlin	Nelson, D.	O'Connor	Staten
Kahn	Munger	Norton	Quinn	Wynia

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

Halberg moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

GENERAL ORDERS

Halberg moved that the bills on General Orders for today be continued one day. The motion prevailed.

MOTIONS AND RESOLUTIONS

Riveness moved that the name of Welle be stricken and the name of Vellenga be added as an author on H. F. No. 1908. The motion prevailed.

Haukoos moved that the name of Schafer be added as an author on H. F. No. 1919. The motion prevailed.

Boo moved that the name of Osthoff be added as an author on H. F. No. 1956. The motion prevailed.

Rees moved that the name of Sarna be added as an author on H. F. No. 2207. The motion prevailed.

Johnson moved that the names of Jennings, L., and Lieder be added as authors on H. F. No. 2216. The motion prevailed.

Rees moved that the name of Backlund be added as an author on H. F. No. 2268. The motion prevailed.

Burger introduced :

House Concurrent Resolution No. 12, A house concurrent resolution endorsing an approach to transform education through a private-sector/citizen supported nonprofit national network of affiliated local and state level Citizens Centers for Improving Education formed to develop the best possible alternatives to present policies and practices.

The concurrent resolution was referred to the Committee on Education.

Waltman introduced :

House Resolution No. 42, A house resolution commending the people and schools of Zumbrota upon the centennial of the graduation of its first class.

The resolution was referred to the Committee on Education.

Long; Rest; Carlson, L., and Otis introduced :

House Resolution No. 43, A house resolution recognizing the week of March 2 to 9, 1986, as Volunteers of America Week in Minnesota.

SUSPENSION OF RULES

Long moved that the rules be so far suspended that House Resolution No. 43 be now considered and be placed upon its adoption. The motion prevailed.

HOUSE RESOLUTION NO. 43

A house resolution recognizing the week of March 2 to 9, 1986, as Volunteers of America Week in Minnesota.

Whereas, Volunteers of America is one of the nation's and Minnesota's largest human service organizations; and

Whereas, Volunteers of America has been helping others for nearly 90 years; and

Whereas, Volunteers of America offers nationwide programs for the elderly, families, youth, offenders, alcoholics, drug abusers, and the disabled; and

Whereas, in Minnesota, Volunteers of America operate two residential treatment centers for emotionally handicapped boys, three programs serving autistic, autistic-like, and developmentally disabled children and youth, four homes for elderly or mentally disturbed adults, 43 dining sites for seniors, 40 treatment foster homes, a pre-release and work-release correctional program serving men, a women's jail, workhouse, and work-release correctional facility, four long-term care facilities, and four housing complexes for low-income families and the elderly; and

Whereas, in Minnesota, Volunteers of America had a staff of nearly 300 and more than 1,800 volunteers providing their time and talents to enrich the lives of others; and

Whereas, it is appropriate for the House of Representatives to recognize the work and achievements of Volunteers of America;

Now, Therefore, Be It Resolved by the House of Representatives of the State of Minnesota that it designates the week of March 2 to 9, 1986, as Volunteers of America Week in Minnesota. It calls upon all Minnesotans to recognize the work and achievements of Volunteers of America.

Be It Further Resolved that the Chief Clerk of the House of Representatives is directed to prepare an enrolled copy of this resolution, to be authenticated by his signature and that of the Speaker, and present it to the Minnesota District Director of the Volunteers of America.

Long moved that House Resolution No. 43 be now adopted. The motion prevailed and House Resolution No. 43 was adopted.

Carlson, D., moved that H. F. No. 1746, now on General Orders, be re-referred to the Committee on Appropriations. The motion prevailed.

DenOuden moved that H. F. No. 2484 be recalled from the Committee on General Legislation and Veterans Affairs and be re-referred to the Committee on Governmental Operations. The motion prevailed.

Rose moved that H. F. No. 2130, now on Technical General Orders, be re-referred to the Committee on Environment and Natural Resources.

A roll call was requested and properly seconded.

The question was taken on the Rose motion and the roll was called. There were 39 yeas and 77 nays as follows:

Those who voted in the affirmative were:

Anderson, R.	Greenfield	Knuth	Otis	Simoneau
Bishop	Gruenes	Kostohryz	Piepho	Skoglund
Boo	Halberg	Long	Piper	Thiede
Brandl	Heap	McLaughlin	Rest	Tomlinson
Burger	Himle	McPherson	Riveness	Vanasek
Cohen	Jaros	Munger	Rodosovich	Vellenga
Ellingson	Kahn	Nelson, K.	Rose	Wynia
Forseythe	Kelly	Osthoff	Scheid	

Those who voted in the negative were:

Anderson, G.	Dyke	Lieder	Peterson	Sviggunn
Backlund	Elioff	Marsh	Price	Thorson
Battaglia	Erickson	McDonald	Quinn	Tjornhom
Beard	Fjoslien	McEachern	Quist	Tompkins
Becklin	Frederick	Metzen	Redalen	Tunheim
Begich	Frederickson	Miller	Rees	Uphus
Bennett	Frerichs	Minne	Richter	Valan
Blatz	Gutknecht	Murphy	Sarna	Valento
Boerboom	Hartle	Norton	Schafer	Voss
Brown	Haukoos	O'Connor	Schoenfeld	Waltman
Carlson, D.	Jennings, L.	Olsen, S.	Schreiber	Welle
Carlson, J.	Johnson	Olson, E.	Seaberg	Wenzel
Carlson, L.	Kalis	Omann	Sherman	Spk. Jennings, D.
Clausnitzer	Kiffmeyer	Onnen	Solberg	
DenOuden	Krueger	Ozment	Sparby	
Dimler	Kvam	Pauly	Stanius	

The motion did not prevail.

ADJOURNMENT

Halberg moved that when the House adjourns today it adjourn until 2:00 p.m., Wednesday, March 5, 1986. The motion prevailed.

Halberg moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 2:00 p.m., Wednesday, March 5, 1986.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

