STATE OF MINNESOTA

SEVENTY-FOURTH SESSION - 1986

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# EIGHTY-FOURTH DAY

SAINT PAUL, MINNESOTA, WEDNESDAY, MARCH 12, 1986

The House of Representatives convened at 12:00 noon and was called to order by David M. Jennings, Speaker of the House.

Prayer was offered by Reverend Floyd Dahl, Zion Christian Church, Big Lake, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Brinkman and Kostohryz were excused.

Ellingson was excused until 1:15 p.m.

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

pensed 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. 2079, 2487, 1144, 2093, 2126, 2489, 2508, 1947, 1068, 1958, 2123, 2130, 1015, 1863, 1894, 2080, 2195, 2248, 2405, 1990, 1765, 1875 and 1919 and S. F. Nos. 1939, 1801, 2086, 2159, 2090, 2160, 1909, 2204, 2016, 2094, 2161, 1580, 1789, 1808, 2082, 1730, 1942, 1962, 2111, 1774, 1839, 2069, 1897, 1980, 2087, 1701, 1707, 1196, 1852, 1698, 2079, 2233, 1619, 1704, 1963, 1940, 1884 and 1975 have been placed in the members' files.

S. F. No. 1698 and H. F. No. 2101, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Thiede moved that S. F. No. 1698 be substituted for H. F. No. 2101 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1774 and H. F. No. 2311, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Greenfield moved that S. F. No. 1774 be substituted for H. F. No. 2311 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1801 and H. F. No. 1865, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Greenfield moved that S. F. No. 1801 be substituted for H. F. No. 1865 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1808 and H. F. No. 2005, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Boo moved that S. F. No. 1808 be substituted for H. F. No. 2005 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1839 and H. F. No. 2075, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Shaver moved that S. F. No. 1839 be substituted for H. F. No. 2075 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1852 and H. F. No. 1914, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Clark moved that S. F. No. 1852 be substituted for H. F. No. 1914 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1962 and H. F. No. 2033, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Voss moved that S. F. No. 1962 be substituted for H. F. No. 2033 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2161 and H. F. No. 2338, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Sviggum moved that S. F. No. 2161 be substituted for H. F. No. 2338 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2233 and H. F. No. 2106, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Hartle moved that S. F. No. 2233 be substituted for H. F. No. 2106 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2016 and H. F. No. 2275, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

McKasy moved that S. F. No. 2016 be substituted for H. F. No. 2275 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2111 and H. F. No. 2183, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Heap moved that S. F. No. 2111 be substituted for H. F. No. 2183 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2087 and H. F. No. 2239, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Dempsey moved that S. F. No. 2087 be substituted for H. F. No. 2239 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2094 and H. F. No. 2388, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

McKasy moved that S. F. No. 2094 be substituted for H. F. No. 2388 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1939 and H. F. No. 2079, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Backlund moved that S. F. No. 1939 be substituted for H. F. No. 2079 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1810 and H. F. No. 2489, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Stanius moved that S. F. No. 1810 be substituted for H. F. No. 2489 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1884 and H. F. No. 2000, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Vellenga moved that the rules be so far suspended that S. F. No. 1884 be substituted for H. F. No. 2000 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2082 and H. F. No. 2182, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Gruenes moved that the rules be so far suspended that S. F. No. 2082 be substituted for H. F. No. 2182 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1980 and H. F. No. 2490, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Stanius moved that the rules be so far suspended that S. F. No. 1980 be substituted for H. F. No. 2490 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1909 and H. F. No. 2193, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Gruenes moved that the rules be so far suspended that S. F. No. 1909 be substituted for H. F. No. 2193 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1940 and H. F. No. 2071, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Solberg moved that the rules be so far suspended that S. F. No. 1940 be substituted for H. F. No. 2071 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2079 and H. F. No. 2134, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Boo moved that the rules be so far suspended that S. F. No. 2079 be substituted for H. F. No. 2134 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2069 and H. F. No. 2064, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Ozment moved that the rules be so far suspended that S. F. No. 2069 be substituted for H. F. No. 2064 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1704 and H. F. No. 1896, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Nelson, K., moved that the rules be so far suspended that S. F. No. 1704 be substituted for H. F. No. 1896 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1789 and H. F. No. 1944, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Clark moved that the rules be so far suspended that S. F. No. 1789 be substituted for H. F. No. 1944 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1897 and H. F. No. 1949, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Gruenes moved that the rules be so far suspended that S. F. No. 1897 be substituted for H. F. No. 1949 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1730 and H. F. No. 2050, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Bennett moved that the rules be so far suspended that S. F. No. 1730 be substituted for H. F. No. 2050 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2090 and H. F. No. 2292, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Jennings, L., moved that the rules be so far suspended that S. F. No. 2090 be substituted for H. F. No. 2292 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 2160 and H. F. No. 2406, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Zaffke moved that the rules be so far suspended that S. F. No. 2160 be substituted for H. F. No. 2406 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1707 and H. F. No. 1908, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Riveness moved that the rules be so far suspended that S. F. No. 1707 be substituted for H. F. No. 1908 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1701 and H. F. No. 1801, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Ozment moved that the rules be so far suspended that S. F. No. 1701 be substituted for H. F. No. 1801 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1580 and H. F. No. 1774, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Zaffke moved that the rules be so far suspended that S. F. No. 1580 be substituted for H. F. No. 1774 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1963 and H. F. No. 2015, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Backlund moved that the rules be so far suspended that S. F. No. 1963 be substituted for H. F. No. 2015 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1619 and H. F. No. 1851, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

McKasy moved that the rules be so far suspended that S. F. No. 1619 be substituted for H. F. No. 1851 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1196 and H. F. No. 1068, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

SUSPENSION OF RULES

Clark moved that the rules be so far suspended that S. F. No. 1196 be substituted for H. F. No. 1068 and that the House File be indefinitely postponed. The motion prevailed.

## REPORTS OF STANDING COMMITTEES

Schreiber from the Committee on Taxes 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 to finance the acquisition and betterment of a convention center and related facilities.

Reported the same back with the following amendments:

Page 3, line 27, delete the second comma

Page 3, line 32, delete "*at public or private sale*"

Page 3, line 33, delete everything before the period

Page 3, line 33, after the period insert "*Bonds that are limited obligations may be sold at public or private sale and at the price or prices the city may determine. Bonds which are general obligations of the city shall be sold in the manner provided by Minnesota Statutes, section 475.60.*"

Page 5, line 6, after the period insert "*The tax may not be imposed on gross receipts from sales of intoxicating liquor that are exempt from taxation under sections 297A.25 to 297A.257 or other provision of chapter 297A exempting sales of intoxicating liquor and use from taxation, including amendments adopted after enactment of this act.*

*For purposes of this subdivision, sales that occur within the city shall not include (a) the sale of tangible personal property*

*(i) which, without intermediate use, is shipped or transported outside Minneapolis by the purchaser and thereafter used in a trade or business or is stored, processed, fabricated or manufactured into, attached to or incorporated into other tangible personal property transported or shipped outside Minneapolis and thereafter used in a trade or business outside Minneapolis, and which is not thereafter returned to a point within Minneapolis, except in the course of interstate or intrastate commerce (storage shall not constitute intermediate use); or (ii) which the seller delivers to a common carrier for delivery outside Minneapolis, places in the United States mail or parcel post directed to the purchaser outside Minneapolis, or delivers to the purchaser outside Minneapolis by means of the seller's own delivery vehicles, and which is not thereafter returned to a point within Minneapolis, except in the course of interstate or intrastate commerce; or (b) sales which would be described in clause (e) or (u) of Minnesota Statutes, section 297A.25, subdivision 1 if the word "Minneapolis" were substituted for the words "Minnesota" or "state of Minnesota" in such clauses."*

Page 5, line 34, before the period insert "*and further provided that, in the estimation of the city council, the aggregate annual collections following such extension will not exceed the aggregate annual collections which would have been generated if chapter 297A, as in effect on the effective date of this act, were then in effect*"

Page 6, after line 1, insert:

"*Money for replacement housing shall be made available by the city only for new construction, conversion of nonresidential buildings, and for rehabilitation of vacant residential structures, only if all of the units in the newly constructed building, converted nonresidential building, or rehabilitated residential structure are to be used for replacement housing.*"

Page 6, line 8, after "*area*" insert ", *provided that this tax may not be imposed if sales of intoxicating liquor and fermented malt beverages are exempt from taxation under chapter 297A*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 1852, A bill for an act relating to commerce; regulating those who package soft drinks and other nonalcoholic beverages; increasing certain vending machine inspection fees; clarifying authority to inspect vending machines; clarifying rulemaking authority of commissioner of agriculture; amending Min-

nesota Statutes 1984, sections 28A.05; 28A.09, subdivision 1; 34.03; and 34.09; repealing Minnesota Statutes 1984, section 34.05.

Reported the same back with the following amendments:

Page 3, line 25, delete "*and other nonalcoholic beverages*"

Page 3, line 29, after "*involving*" delete "*beverage*" and insert "*soft drink*" and after "*plants,*" delete "*beverage*" and insert "*soft drink*"

Page 3, line 31, delete "*beverages*" and insert "*soft drinks*"

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. 2046, A bill for an act relating to probate; providing for an increased sum payable to a surviving spouse by affidavit; increasing the value of a probate estate allowed for purposes of collection by affidavit; amending Minnesota Statutes 1984, sections 181.58; and 524.3-1201.

Reported the same back with the following amendments:

Page 2, after line 8, insert:

"Sec. 2. Minnesota Statutes 1984, section 524.3-805, is amended to read:

524.3-805 [CLASSIFICATION OF CLAIMS.]

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

(1) costs and expenses of administration;

(2) reasonable funeral expenses;

(3) debts and taxes with preference under federal law;

(4) reasonable and necessary medical and hospital expenses of the last illness of the decedent, including compensation of persons attending him and including a claim filed pursuant to section 256B.15, *and any outstanding nursing home costs*;

(5) debts with preference under other laws of this state, and state taxes;

(6) all other claims.

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

Page 2, after line 34, insert:

"Sec. 4. Minnesota Statutes 1984, section 508.44, subdivision 2, is amended to read:

Subd. 2. In lieu of the court directive to the registrar to issue a new duplicate certificate under subdivision 1, the registrar of titles shall issue such a duplicate certificate when directed to do so by the examiner of titles. The directive of the examiner shall be in writing after posting a notice addressed "TO WHOM IT MAY CONCERN" fixing a time when he shall direct the issuance of a new duplicate certificate of title unless valid objections thereto are delivered to his office prior to the specified time. The notice shall be posted on a bulletin board provided for the posting of legal notices at the courthouse at least seven days prior to the date fixed for the issuance of the directive. No such directive shall be issued by the examiner unless all persons in interest have signed and verified a statement setting forth the facts relating to the reasons why the duplicate certificate cannot be produced, the statement is memorialized upon the certificate of title and there is satisfactory evidence as to the identity of the signers and the facts relating to the loss or destruction of the duplicate certificate of title. Persons in interest in the case of an owner's duplicate certificate are the registered owners or their probate representatives, *or a deceased owner's heirs and devisees to the land described in the certificate of title as determined by the order or decree of a probate court in Minnesota, or the owner awarded the fee title in a proceeding for the dissolution of marriage,* and in the case of the mortgagee's or lessee's duplicate certificate the persons in interest are the registered owners of the mortgage or lease, as the case may be, or their probate representative, *or a deceased mortgagee's or lessee's heirs and devisees to the mortgage or lease as determined by the probate court or the owner awarded the interest in a proceeding for the dissolution of marriage.*

Sec. 5. Minnesota Statutes 1985 Supplement, section 508.47, subdivision 4, is amended to read:

Subd. 4. [SURVEY; REQUISITES; FILING; COPIES.] The registered land survey shall correctly show the legal description of the parcel of unplatted land represented by said registered land survey and the outside measurements of the parcel of unplatted land and of all tracts delineated therein, the direction of all lines of said tracts to be shown by angles or bearings or other relationship to the outside lines of said registered land survey, and the surveyor shall place monuments in the ground at appropriate corners, and all tracts shall be lettered consecutively beginning with the letter "A." A registered land survey which delineates multilevel tracts shall include a map showing the elevation view of the tracts with their upper and lower boundaries defined by elevations referenced to National Geodetic Vertical Datum, 1929 adjustment. None of said tracts or parts thereof may be dedicated to the public by said registered land survey. Except in counties having microfilming capabilities, a reproduction copy of the registered land survey shall be delivered to the county auditor. The registered land survey shall be on paper, mounted on cloth, shall be a black on white drawing, the scale to be not smaller than one inch equals 200 feet, and shall be certified to be a correct representation of said parcel of unplatted land by a registered surveyor. The mounted drawing shall be exactly (17) *20* inches by (14) *30* inches and not less than 2-1/2 inches of the (14) *30* inches shall be blank for binding purposes, and such survey shall be filed in triplicate with the registrar of titles. Before filing, however, any such survey shall be approved in the manner required for the approval of subdivision plats, which approval shall be endorsed thereon or attached thereto.

At the time of filing, a certificate from the treasurer that current taxes have been paid must be presented before the survey is accepted by the registrar for filing.

In counties having microfilming capabilities, the survey may be prepared on sheets of suitable mylar or on linen tracing cloth by photographic process or on material of equal quality. Notwithstanding any provisions of subdivision 5 to the contrary, no other copies of the survey need be filed.

The registrar shall furnish to any person a copy of said registered land survey, duly certified by him, which shall be admissible in evidence.

Sec. 6. [EFFECTIVE DATE.]

*Section 2 is effective the day following final enactment for claims filed on or after the effective date of section 2."*

Renumber the sections in order

Amend the title as follows:

Page 1, line 3, after the semicolon insert "giving nursing home claims the same priority as expenses of the last illness;"

Page 1, line 6, after the semicolon insert "508.44, subdivision 2; 524.3-805;"

Page 1, line 6, before the period insert "; and Minnesota Statutes 1985 Supplement, section 508.47, 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. 2078, A bill for an act relating to real estate; providing for cancellation of real estate contract depending upon when contract was executed; providing for determination of purchase price; amending Minnesota Statutes 1984, section 559.21, by adding subdivisions; and Minnesota Statutes 1985 Supplement, section 559.21, subdivisions 2a, 3, and 4.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 559.21, is amended by adding a subdivision to read:

*Subd. 1b.* [TERMINATION NOTICE FOR CONTRACT EXECUTED BEFORE AUGUST 2, 1976.] *If a default occurs in the conditions of a contract for the conveyance of real estate or an interest in real estate executed on or prior to August 1, 1976, that gives the seller a right to terminate it, the seller may terminate the contract by serving upon the purchaser or the purchaser's personal representatives or assigns, within or outside the state, a notice specifying the conditions in which default has been made. The notice must state that the contract will terminate 30 days after the service of the notice, unless prior to the termination date the purchaser:*

*(1) complies with the conditions in default;*

*(2) pays the costs of service of the notice, including the reasonable costs of service by sheriff, public officer, or private process server; except payment of costs of service is not required unless the seller notifies the purchaser of the actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination; and*

*(3) pays an amount to apply on attorneys' fees actually expended or incurred, of $50 if the amount in default is less than $500, and of $100 if the amount in default is $500 or more; except no amount is required to be paid for attorneys' fees unless some part of the conditions of default has existed for at least 45 days prior to the date of service of the notice.*

Sec. 2. Minnesota Statutes 1984, section 559.21, is amended by adding a subdivision to read:

*Subd. 1c.* [TERMINATION NOTICE FOR CONTRACT EXECUTED BEFORE MAY 1, 1980.] *If a default occurs in the conditions of a contract for the conveyance of real estate or an interest in real estate executed after August 1, 1976, and prior to May 1, 1980, that gives the seller a right to terminate it, the seller may terminate the contract by serving upon the purchaser or the purchaser's personal representatives or assigns, within or outside the state, a notice specifying the conditions in which default has been made. The notice must state that the contract will terminate 30 days after the service of the notice if the purchaser has paid less than 30 percent of the purchase price, 45 days after service of the notice if the purchaser has paid 30 percent or more of the purchase price but less than 50 percent, or 60 days after service of the notice if the purchaser has paid 50 percent or more of the purchase price; unless prior to the termination date the purchaser:*

*(1) complies with the conditions in default;*

*(2) pays the costs of service of the notice, including the reasonable costs of service by sheriff, public officer, or private process server; except payment of costs of service is not required unless the seller notifies the purchaser of the actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination; and*

*(3) pays an amount to apply on attorneys' fees actually expended or incurred, of not more than $75 if the amount in default is less than $750, and of not more than $200 if the amount in default is $750 or more; except no amount is required to be paid for attorneys' fees unless some part of the conditions of default has existed for at least 45 days prior to the date of service of the notice.*

Sec. 3. Minnesota Statutes 1984, section 559.21, is amended by adding a subdivision to read:

*Subd. 1d.* [TERMINATION NOTICE FOR CONTRACT EXECUTED BEFORE AUGUST 1, 1985.] *If a default occurs in the conditions of a contract for the conveyance of real estate or an interest in real estate executed on or after May 1, 1980, and prior to August 1, 1985, that gives the seller a right to terminate it, the seller may terminate the contract by serving*

*upon the purchaser or the purchaser's personal representatives or assigns, within or outside the state, a notice specifying the conditions in which default has been made. The notice must state that the contract will terminate 30 days after the service of the notice if the purchaser has paid less than ten percent of the purchase price, 60 days after service of the notice if the purchaser has paid 10 percent or more of the purchase price but less than 25 percent, or 90 days after service of the notice if the purchaser has paid 25 percent or more of the purchase price; unless prior to the termination date the purchaser:*

*(1) complies with the conditions in default;*

*(2) makes all payments due and owing to the seller under the contract through the date that payment is made;*

*(3) pays the costs of service of the notice, including the reasonable costs of service by sheriff, public officer, or private process server; except payment of costs of service is not required unless the seller notifies the purchaser of the actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination; and*

*(4) pays an amount to apply on attorneys' fees actually expended or incurred, of not more than $125 if the amount in default is less than $750, and of not more than $250 if the amount in default is $750 or more; except no amount is required to be paid for attorneys' fees unless some part of the conditions of default has existed for at least 45 days prior to the date of service of the notice.*

Sec. 4. Minnesota Statutes 1984, section 559.21, is amended by adding a subdivision to read:

*Subd. 1e.* [DETERMINATION OF PURCHASE PRICE.] *For purposes of determining the purchase price and the amount of the purchase price paid on contracts executed prior to August 1, 1985:*

*(a) The purchase price is the sale price under the contract alleged to be in default, including the initial down payment. Mortgages, prior contracts for deed, special assessments, delinquent real estate taxes, or other obligations or encumbrances assumed by the purchaser are excluded in determining the purchase price.*

*(b) The amount paid by the purchaser is the total of payments of principal made under the contract alleged to be in default, including the initial down payment. Interest payments and payments made under mortgages, prior contracts for deed, special assessments, delinquent real estate taxes, or other obligations or encumbrances assumed by the purchaser are excluded in determining the amount paid by the purchaser.*

Sec. 5. Minnesota Statutes 1985 Supplement, section 559.21, subdivision 2a, is amended to read:

Subd. 2a. [TERMINATION NOTICE *FOR CONTRACT EXECUTED AFTER JULY 31, 1985.*] ((A)) If a default occurs in the conditions of a contract for the conveyance of real estate or an interest in (THE) real estate *executed on or after August 1, 1985,* that gives the seller a right to terminate it, the seller may terminate the contract by serving upon the purchaser or the purchaser's personal representatives or assigns, within or outside of the state, a notice specifying the conditions in which default has been made. The notice must state that the contract will terminate 60 days, or a shorter period allowed in subdivision 4, after the service of the notice, unless prior to the termination date the purchaser:

(1) complies with the conditions in default;

(2) makes all payments due and owing to the seller under the contract through the date that payment is made;

(3) pays the costs of service of the notice, (WHICH INCLUDE) *including* the reasonable costs of service by sheriff, public officer, or private process server (,)*;* except (AS PROVIDED IN PARAGRAPH (C)) *payment of costs of service is not required unless the seller notifies the purchaser of the actual costs of service by certified mail to the purchaser's last known address at least ten days prior to the date of termination*;

(4) pays two percent of any amount in default at the time of service, not including the final balloon payment, any taxes, assessments, mortgages, or prior contracts that are assumed by the purchaser; and

(5) pays an amount to apply on attorneys' fees actually expended or incurred, of *not more than* $125 if the amount in default is less than $750, and of *not more than* $250 if the amount in default is $750 or more (,)*;* except (AS PROVIDED IN PARAGRAPH (B).)

((B) AN) *no* amount for attorneys' fees is (NOT) required to be paid (UNDER THIS SECTION,) unless some part of the conditions of default has existed *for* at least 30 days prior to the date of service of the notice.

((C) PAYMENT OF COSTS OF SERVICE IS NOT REQUIRED UNLESS THE SELLER NOTIFIES THE PURCHASER OF ACTUAL COSTS OF SERVICE BY CERTIFIED MAIL TO THE PURCHASER'S LAST KNOWN ADDRESS AT LEAST TEN DAYS PRIOR TO THE DATE OF TERMINATION.)

Sec. 6. Minnesota Statutes 1985 Supplement, section 559.21, subdivision 3, is amended to read:

Subd. 3. For purposes of this section, the term "notice" means a writing stating the information required in this section, stating the name, address and telephone number of the seller or of an attorney authorized by the seller to accept payments pursuant to the notice and the fact that the person named is authorized to receive the payments, and including the following information in 12 point or larger (BOLD) *underlined uppercase* type, *or 8-point type if published,* or in large legible handwritten letters:

THIS NOTICE IS TO INFORM YOU THAT BY THIS NOTICE THE SELLER HAS BEGUN PROCEEDINGS UNDER MINNESOTA STATUTES, SECTION 559.21, TO TERMINATE YOUR CONTRACT FOR THE PURCHASE OF YOUR PROPERTY FOR THE REASONS SPECIFIED IN THIS NOTICE. THE CONTRACT WILL TERMINATE .... DAYS AFTER (SERVICE OF THIS NOTICE UPON YOU) (THE FIRST DATE OF PUBLICATION OF THIS NOTICE) UNLESS BEFORE THEN:

*(a)* THE PERSON AUTHORIZED IN THIS NOTICE TO RECEIVE PAYMENTS RECEIVES FROM YOU*:*

*(1)* THE AMOUNT THIS NOTICE SAYS YOU OWE*;* PLUS

*(2) THE COSTS OF SERVICE (TO BE SENT TO YOU); PLUS*

*(3) $..... TO APPLY TO ATTORNEYS' FEES ACTUALLY EXPENDED OR INCURRED; PLUS*

*(4) FOR CONTRACTS EXECUTED ON OR AFTER MAY 1, 1980,* ANY ADDITIONAL PAYMENTS *BECOMING* DUE UNDER THE CONTRACT TO THE SELLER (SINCE THE) *AFTER THIS* NOTICE WAS SERVED *ON YOU;* PLUS (THE COSTS OF SERVICE (TO BE SENT TO YOU) TOGETHER WITH)

*(5) FOR CONTRACTS EXECUTED ON OR AFTER AUGUST 1, 1985,* $..... (WHICH IS TWO PERCENT OF THE AMOUNT IN DEFAULT AT THE TIME OF SERVICE OTHER THAN THE FINAL BALLOON PAYMENT, ANY TAXES, ASSESSMENTS, MORTGAGES, OR PRIOR CONTRACTS THAT ARE ASSUMED BY YOU) (AND $..... TO APPLY TO ATTORNEYS' FEES ACTUALLY EXPENDED OR INCURRED); OR (UNLESS BEFORE THEN)

*(b)* YOU SECURE FROM A COUNTY OR DISTRICT COURT AN ORDER THAT THE TERMINATION OF THE CONTRACT BE SUSPENDED UNTIL YOUR CLAIMS OR DEFENSES ARE FINALLY DISPOSED OF BY TRIAL, HEARING OR SETTLEMENT. YOUR ACTION MUST SPE-

CIFICALLY STATE THOSE FACTS AND GROUNDS THAT DEMONSTRATE YOUR CLAIMS OR DEFENSES.

IF YOU DO NOT DO ONE OR THE OTHER OF THE ABOVE THINGS WITHIN THE TIME PERIOD SPECIFIED IN THIS NOTICE, YOUR CONTRACT WILL TERMINATE AT THE END OF THE PERIOD AND YOU WILL LOSE ALL THE MONEY YOU HAVE PAID ON THE CONTRACT; YOU WILL LOSE YOUR RIGHT TO POSSESSION OF THE PROPERTY; YOU MAY LOSE YOUR RIGHT TO ASSERT ANY CLAIMS OR DEFENSES THAT YOU MIGHT HAVE; AND YOU WILL BE EVICTED. IF YOU HAVE ANY QUESTIONS ABOUT THIS NOTICE, CONTACT AN ATTORNEY IMMEDIATELY.

Sec. 7. Minnesota Statutes 1985 Supplement, section 559.21, subdivision 4, is amended to read:

Subd. 4. [CONTRARY CONTRACTUAL NOTICE; SERVICE; REINSTATEMENT; TERMINATION.] (a) The notice required by this section must be given notwithstanding any provisions in the contract to the contrary, except that earnest money contracts, purchase agreements, and exercised options that are subject to this section may, *unless* by their terms (,) *they* provide for a (SHORTER) *longer* termination period, (NOT LESS THAN) *be terminated on* 30 days *notice.* The notice must be served within the state in the same manner as a summons in the district court, and outside of the state, in the same manner, and without securing any sheriff's return of not found, making any preliminary affidavit, mailing a copy of the notice or doing any other preliminary act or thing whatsoever. Service of the notice outside of the state may be proved by the affidavit of the person making the same, made before an authorized officer having a seal, and within the state by such an affidavit or by the return of the sheriff of any county therein.

(b) Three weeks published notice, and if the (PREMISES) *real estate* described in the contract (ARE) *is* actually occupied, then in addition thereto, the personal service of a copy of the notice within ten days after the first date of publication of the notice, and in like manner as the service of a summons in a civil action in the district court, upon the person in possession of the (PREMISES) *real estate,* has the same effect as the personal service of the notice upon the purchaser, (HIS) *or the purchaser's* personal representatives or assigns, either within or outside of the state as (HEREIN) provided for *in this section.* In case of service by publication, (AS HEREIN PROVIDED,) the *published* notice shall (SPECIFY THE CONDITIONS IN WHICH DEFAULT HAS BEEN MADE,) *comply with subdivision 3 and* state that the purchaser, (HIS) *or the purchaser's* personal (REPRESENTATIVE,) *representatives* or assigns (ARE), *is* allowed 90 days from and after the first date of publication of the notice to comply with the conditions of the contract, and state

that the contract will terminate 90 days after the first date of publication of the notice, unless prior (THERETO) *to the termination date* the purchaser (:)

((1)) complies with the (CONDITIONS;)

((2) MAKES ALL PAYMENTS DUE AND OWING TO THE SELLER UNDER THE CONTRACT THROUGH THE DATE THAT PAYMENT IS MADE;)

((3) PAYS THE COSTS OF SERVICE, AS PROVIDED IN SUBDIVISION 2A;)

((4) PAYS TWO PERCENT OF THE AMOUNT IN DEFAULT AT THE TIME OF SERVICE, NOT INCLUDING THE FINAL BALLOON PAYMENT, ANY TAXES, ASSESSMENTS, MORTGAGES, OR PRIOR CONTRACTS THAT ARE ASSUMED BY THE PURCHASER; AND)

((5) PAYS ATTORNEYS' FEES AS PROVIDED IN SUBDIVISION 2A) *notice.*

(c) The contract is reinstated if, within the time mentioned, the person served:

(1) complies with the conditions *in default*;

(2) *if section 3 or 5 applies,* makes all payments due and owing to the seller under the contract through the date that payment is made;

(3) pays the costs of service as provided in (SUBDIVISION 2A) *section 1, 2, 3, or 5*;

(4) *if section 5 applies,* pays two percent of the amount in default, not including the final balloon payment, any taxes, assessments, mortgages, or prior contracts that are assumed by the purchaser; and

(5) pays attorneys' fees as provided in (SUBDIVISION 2A) *section 1, 2, 3, or 5.*

(d) The contract is terminated if the provisions of paragraph (c) are not met.

(e) In the event that the notice was not signed by an attorney for the seller and the seller is not present in the state, or cannot be found (THEREIN) *in the state,* then compliance with the conditions specified in the notice may be made by paying to the clerk of the district court in the county wherein the real estate or any part thereof is situated any money due and filing proof of

compliance with other defaults specified, and the clerk of the district court shall be deemed the agent of the seller for such purposes. A copy of the notice with proof of service thereof, and the affidavit of the seller, (HIS) *the seller's* agent or attorney, showing that the purchaser has not complied with the terms of the notice, may be recorded with the county recorder, and is prima facie evidence of the facts (THEREIN) stated *in it*; but this section in no case applies to contracts for the sale or conveyance of lands situated in another state or in a foreign country.

Sec. 8. Minnesota Statutes 1985 Supplement, section 559.21, subdivision 6, is amended to read:

Subd. 6. [TEMPORARY (ADDITIONAL) *MINIMUM* NOTICE.] (a) Notwithstanding the provisions of any other law to the contrary, *this subdivision applies to* a notice to terminate a contract for conveyance of homestead property to which the provisions of chapter 583 apply, served after May 24, 1983, and prior to May 1, 1985, or after June 8, 1985, and prior to May 1, 1987 (,) . *The notice must provide that the contract will terminate 60 days after service of notice, or 90 days after service of notice if the contract was entered into after May 1, 1980, and the purchaser has paid 25 percent or more of the purchase price. The notice must specify this 60- or 90-day period. The notice* must include a statement that the purchaser may be eligible for an extension of the time prior to termination under sections 583.01 to 583.12.

(b) The statement must be in bold type, capitalized letters, or other form sufficient for the reader to quickly and easily distinguish the statement from the rest of the notice. The requirements of this paragraph must be followed on notices served under this subdivision on or after August 1, 1985. A violation of this paragraph is a petty misdemeanor.

(c) This subdivision does not apply to earnest money contracts, purchase agreements or exercised options.

Sec. 9. [FORMER TERMINATION NOTICE LAW VALID.]

*The legislature hereby reaffirms the validity of Laws 1985, First Special Session chapter 18, sections 6 to 11, with respect to all termination notices served after July 31, 1985, and before August 1, 1986. Nothing contained in sections 1 to 7 shall be construed to invalidate any contract termination made in accordance with Laws 1985, First Special Session chapter 18, sections 6 to 11, when the termination notice was first served on any party or first published before August 1, 1986.*

Sec. 10. [APPLICABILITY.]

*Sections 1 to 8 apply to termination notices first served on any party or first published on or after August 1, 1986.*"

Amend the title as follows:

Page 1, line 8, delete "and" and after "4" insert ", and 6"

With the recommendation that when so amended the bill pass.

The report was adopted.

Forsythe from the Committee on Appropriations 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 148.06, 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:

Page 14, line 19, delete "*in the general fund*"

With the recommendation that when so amended the bill pass.

The report was adopted.

Forsythe from the Committee on Appropriations to which was referred:

S. F. No. 51, A bill for an act relating to health; requiring licensure of home care agencies; providing a home care bill of rights; providing a complaint procedure for home care clients; appropriating money; amending Minnesota Statutes 1984, sections 144.335, subdivision 1; 144.699, subdivision 2; 144A.51, subdivision 6, and by adding a subdivision; 144A.52, subdivision 3; 144A.53, subdivisions 1, 2, 3, and 4; 144A.54, subdivision 1; 256B.04, by adding a subdivision; and 364.09; Minnesota Statutes 1985 Supplement, section 626.557, subdivision 2; proposing coding for new law in Minnesota Statutes, chapter 144A.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [143.01] [CITATION.]

*It is the intent of the legislature to promote the interests and protect the rights of individuals who receive home care services.*

*The purpose of sections 1 to 7 is to promote the quality of care of services delivered in the home without unduly increasing costs, to promote access to economical home care services, and to prevent fraud and abuse. Sections 1 to 7 may be cited as the "home care services act."*

Sec. 2. [143.02] [DEFINITIONS.]

*Subdivision 1.* [APPLICABILITY.] *The definitions in this section apply to sections 1 to 7.*

*Subd. 2.* [COMMISSIONER.] *"Commissioner" means the commissioner of health.*

*Subd. 3.* [HOME CARE SERVICES.] *"Home care services" means services delivered in the home to benefit individuals or their families who require assistance in meeting physical or mental health-related needs.*

*Subd. 4.* [HOME HEALTH AGENCY.] *"Home health agency" means a public agency or private organization, or a subdivision of such an agency or organization, which is primarily engaged in providing skilled nursing services, and other therapeutic services and items on a visiting basis in a place of residence used as an individual's home. Such services and items may include:*

*(1) part-time or intermittent nursing care provided by or under the supervision of a registered professional nurse;*

*(2) physical, occupational, or speech therapy;*

*(3) medical social services under the direction of a physician;*

*(4) part-time or intermittent services of a home health aide; and*

*(5) medical supplies, other than drugs and biologicals, and the use of medical appliances.*

*The definition of services does not include any recognized church or religious denomination for those who depend upon spiritual means, through prayer alone, for healing.*

*Subd. 5.* [PERSONAL CARE ATTENDANT.] *"Personal care attendant" means a person authorized by the commissioner of human services to provide services under the medical assistance program under section 256B.02, subdivision 8, clause (17).*

Sec. 3. [143.03] [HOME CARE BILL OF RIGHTS.]

*Subdivision 1.* [STATEMENT OF RIGHTS.] *A person who receives home care services has these rights:*

*(1) the right to receive written information about rights, including what to do if rights are violated;*

*(2) the right to receive care and services according to a suitable and up-to-date plan, and subject to accepted medical or nursing standards, to take an active part in creating and changing the plan and evaluating care and services;*

*(3) the right to be told about agency services that are being provided or suggested, about other choices that are available, and about the consequences of these choices including the consequences of refusing these services;*

*(4) the right to refuse services or treatment;*

*(5) the right to know, in advance, any limits to the services available from an agency, whether the services are covered by health insurance, medical assistance, or other health programs, and the agency's grounds for a termination of services;*

*(6) the right to know what the charges are for services, no matter who will be paying the bill;*

*(7) the right to know that there may be other services available in the community, including other home care services, agencies, and case management services, and to know where to go for information, including price information, about these services;*

*(8) the right to choose freely among available agencies and to change agencies after services have begun, within the limits of health insurance, medical assistance, or other health programs;*

*(9) the right to have personal, financial, and medical information kept private;*

*(10) the right to be served by people who are properly trained and competent to perform their duties;*

*(11) the right to be treated with courtesy and respect;*

*(12) the right to be free from physical and verbal abuse;*

*(13) the right to reasonable notice of changes in services or charges;*

*(14) the right to a coordinated transfer when there will be a change in the provider of services;*

*(15) the right to know how to contact the director of an agency who is responsible for handling problems and where to go for help outside the agency; and*

*(16) the right to assert these rights without retaliation.*

*Subd. 2.* [ENFORCEMENT OF RIGHTS.] *These rights are established for the benefit of persons who receive home care services. "Home care services" means home care services as defined in section 2, subdivision 3. A person who provides home care services may not require a person to surrender these rights as a condition of receiving services. A guardian or conservator or, when there is no guardian or conservator, a designated person, may seek to enforce these rights. This statement of rights does not replace or diminish other rights and liberties that may exist relative to persons receiving home care services, persons providing home care services, or agencies registered under this act.*

*Subd. 3.* [DISTRIBUTION.] *The commissioner shall provide counties and other interested organizations with sufficient copies for an adequate distribution of the home care bill of rights to the public. All persons who provide home care services shall provide a copy of this bill of rights to their clients prior to providing any services.*

Sec. 4. [143.04] [INFORMATION AND REFERRAL SERVICES.]

*Subdivision 1.* [COUNTY RESPONSIBILITY.] *Information and referral relating to home care services are the responsibility of counties. County agencies must document to their county boards that consumers are free to choose among available qualified providers, both public and private, and that reasonable efforts are made to inform potential providers of anticipated needs for services. The county board shall make available the following information:*

*(1) a summary of the range of prices for home care services in the county, and in contiguous counties if this is appropriate, and specific price information only as described in this section;*

*(2) availability of services, and eligibility for third-party payments applicable to individual providers. Home health agencies or personal care attendants who are not registered with the commissioner under section 7 shall not be included in the referral service;*

*(3) complaint information on home care services that has been verified under section 5; and*

*(4) other information the county board determines to be appropriate.*

*When a complaint investigation is in process, referral to the provider under investigation may be withheld if necessary to protect the health and safety of consumers.*

*Subd. 2.* [DISTRIBUTION OF PRICE INFORMATION.] *The commissioner of health shall establish standards for the collection and distribution of uniform price information which will allow consumers to make useful comparisons between home care services providers. Specific price information shall be distributed only with an accompanying caution to the consumers that details about services may vary among providers and prices should be compared carefully. Home health agencies must provide information requested for the purposes of this section, including price information, as a condition of registration.*

Sec. 5. [143.05] [COMPLAINTS.]

*Subdivision 1.* [DESIGNATION OF A COMPLAINT PROCESS.] *The county board of each county shall designate the process for receiving, investigating, and providing follow-up on complaints related to home care services and persons providing home care services according to the standards developed by the commissioner. The county board shall make this process known to the general public. The county board shall supervise implementation of the complaint process. Complaints against county personnel shall be reported to the county board.*

*Subd. 2.* [REQUIREMENTS OF A COMPLAINT PROCESS.] *The complaint process designated by the county board must include the following:*

*(1) identification of a person or place to receive complaints which is separate from the publicly administered or contracted home health agency, if any;*

*(2) protocols for recordkeeping that include preparation of reports to the commissioner of all complaints received by the county and the resolution of each;*

*(3) a list of potential referral sources that includes the appropriate county agencies, the local police departments, the county sheriff's office, the county attorney's office, and appropriate state regulating agencies;*

*(4) coordination with existing requirements of the reporting of maltreatment of vulnerable adults under section 626.557 and the office of health facility complaints;*

*(5) review of all complaints by the county social worker and public health nurse;*

*(6) coordination with alternative care grants case management services;*

*(7) guidelines to enable county personnel to identify persons receiving home care services who are particularly vulnerable due to the lack of a familial or community monitoring network and who are in need of monitoring by the county to assure personal safety, quality care, and financial management services; and*

*(8) guidelines for resolution of complaints to protect the consumer, including time requirements and implementation of existing mechanisms established under section 626.557.*

*Subd. 3.* [RESOLUTION OF COMPLAINTS.] *(a) The commissioner of health and the county boards' designees may inspect the records of a provider of home care services against which a complaint has been filed. With the consent of the consumer, the commissioner and the county boards' designees may visit the home where home care services are being provided.*

*(b) The commissioner shall adopt rules to govern the issuance of correction orders and assessment of civil penalties.*

*(c) The commissioner of health shall adopt rules to establish appeals mechanisms for both providers and consumers related to complaints filed against providers of home care services.*

*Subd. 4.* [REPORTING OF COMPLAINTS.] *The commissioner shall adopt rules for the uniform and timely reporting of complaints from counties related to home care services. The rules must describe performance-based standards for complaint investigation and reporting, including due process and equal treatment of providers. The commissioner shall assist county personnel to improve resolution of complaints. The rules shall also include requirements for timely response and reports to the counties from the commissioner.*

Sec. 6. [143.06] [POLICY FOR HOME CARE SERVICES REGULATION.]

*Subdivision 1.* [CRITERIA FOR REGULATION.] *It is the intent of the legislature that no regulation of home care services be imposed unless required for the safety, well-being, and quality of care of the citizens of the state. The commissioner of health shall be advised by a task force with representation from various kinds of providers of home care services, county government, and consumers in the development of standards for the provision of home care services. The task force and the commissioner shall evaluate whether a service should be regulated using the following criteria:*

*(a) whether the unregulated service may harm or endanger the health, safety, and quality of care for citizens of the state and whether the potential for harm is recognizable and not remote;*

*(b) whether the service requires specialized skill or training and whether the public needs will benefit by assurances of initial and continuing provider ability;*

*(c) whether the citizens of this state are or may be effectively protected by other means; and*

*(d) whether the overall cost effectiveness and economic impact would be positive for citizens of the state.*

*Subd. 2.* [REGULATION MODES.] *If the commissioner and the task force find after evaluation of the criteria listed in subdivision 1 that it is necessary to regulate the provision of a service, then regulation shall be recommended to the legislature in modes in the following order:*

*(1) creation or extension of common law or statutory causes of civil action, and the creation or extension of criminal prohibitions;*

*(2) imposition of inspection requirements and the ability to enforce violations by injunctive relief in the courts;*

*(3) implementation of a system of registration whereby providers who will be the only persons permitted to use a designated title are listed on an official roster after having met predetermined qualifications; or*

*(4) implementation of a system of licensing whereby a provider must receive recognition by the state that he has met predetermined qualifications, and providers not so licensed are prohibited from providing services.*

*Two or more of these modes may be recommended to the legislature if necessary and appropriate.*

*Subd. 3.* [ANNUAL REPORT.] *The commissioner shall report to the legislature on or before October 1 of each year, regarding activities of the task force, problems identified, recommendations on services to be regulated, the mode of regulation that is appropriate, and a cost-benefit analysis for each service recommended. The report shall include proposed rules that address the following:*

*(1) standards to assure the health, safety, well-being, quality of care, and appropriate treatment of persons who receive home care services;*

*(2) description of information necessary to implement a regulatory mode;*

*(3) standards of training of home care services personnel, which may vary according to the nature of the services provided or the health status of the consumer provided that the commissioner shall not impose additional training or education requirements upon members of a licensed or registered occupation or profession, except as necessary to address or prevent problems that are unique to the delivery of services in the home or to enforce and protect the rights of consumers listed in section 3;*

*(4) standards of supervision of personnel providing home care services, which may vary according to the nature of the services provided or the health status of the consumer;*

*(5) standards for the involvement of a consumer's physician, the documentation of physicians' orders and the consumer's treatment plan, and the maintenance of accurate, current clinical records; and*

*(6) standards for different modes of regulation for different types of providers of home care services, including but not limited to hospice care, respite care, and nutrition services.*

*The annual report shall include data on the numbers, types, and resolution of complaints. The commissioner with the task force shall review existing mechanisms for complaint resolution. The commissioner, with the advice of the task force, shall make recommendations to the legislature to improve existing complaint mechanisms.*

Sec. 7. [143.07] [REGISTRATION.]

*Subdivision 1.* [REQUIRED INFORMATION.] *All home health agencies as defined in section 2, subdivision 4, and all personal care attendants as defined in section 2, subdivision 5, shall register with the commissioner of health, in writing, the agency's name; the name of its parent corporation or sponsoring organization, if any; the street address and telephone number of its principal place of business; the street address and telephone number of its principal place of business in Minnesota; the counties in Minnesota in which it may render services; the street address and telephone number of all other offices in Minnesota; and the name, educational background, and ten-year employment history of the person responsible for the management of the agency.*

*Subd. 2.* [REGISTRATION FEE.] *The registration information must be on a form supplied by the commissioner and accompanied by a registration fee. Notwithstanding the provisions of section 16A.128, the fees for registration under this section shall be as follows: $5 for a personal care attendant and a fee not to exceed $500 for a home health agency. This fee shall be*

*set in rule and shall be based upon the following factors: the number of clients, the number of employees, and the annual revenues.*

*Subd. 3.* [LIMITATION ON REIMBURSEMENT.] *Only a home health agency or personal care attendant who is registered with the commissioner under this section may receive reimbursement from the medical assistance program or the alternative care grant program under chapter 256B.*

*Subd. 4.* [PROPOSED RULES.] *Before October 1, 1986, the commissioner shall develop proposed rules to register home health agencies and personal care attendants. The proposed rule provisions may include, but not be limited to, the following:*

*(1) standards to assure the health, safety, well-being, quality of care, and appropriate treatment of persons who receive home health services;*

*(2) requirements that home health agencies and personal care attendants furnish the commissioner additional specified information necessary to implement this section;*

*(3) standards of supervision and training of personnel providing home health services, which may vary according to the nature of the services provided or the health status of the consumer;*

*(4) standards for the involvement of a consumer's physician, the documentation of physicians' orders and the consumer's treatment plan, and the maintenance of accurate, current clinical records; and*

*(5) operating procedures required to implement the home care bill of rights.*

*For home health agencies certified under the medicare program, the state standards must not be inconsistent with the medicare standards for medicare services.*

*Subd. 5.* [ENFORCEMENT.] *The commissioner may refuse to grant or renew a registration, or may suspend or revoke a registration, for violation of statutes or rules relating to home health agencies and personal care attendants or for conduct detrimental to the welfare of the consumer. In addition to any other remedy provided by law, the commissioner may, without a prior contested case hearing, temporarily suspend a registration or prohibit delivery of services by an agency or attendant for not more than 60 days if the commissioner determines that the health or safety of a consumer is in imminent danger, provided (1) advance notice is given to the agency; (2) after notice, the agency or attendant fails to correct the problem; (3) the com-*

*missioner has reason to believe that other administrative remedies are not likely to be effective; and (4) there is a subsequent opportunity for a contested case hearing. The process of suspending or revoking a registration must include a plan for transferring affected clients to other agencies. At the request of a registrant who has been issued a correction order, the commissioner shall order a review of the appropriateness of the correction order by a person designated by the commissioner other than the person who issued the correction order. The review process must allow an opportunity for the registrant to submit a brief explanation of the objections to the correction order. If, after receiving the report and recommendation of the reviewer, the commissioner determines that the correction order was issued inappropriately, the commissioner shall retract the correction order and remove from the registrant's record all references to the order.*

Sec. 8. Minnesota Statutes 1984, section 144.699, subdivision 2, is amended to read:

Subd. 2. [FOSTERING PRICE COMPETITION.] The commissioner of health shall:

(a) Encourage hospitals, outpatient surgical centers, *providers of home care services,* and professionals regulated by the health related licensing boards as defined in section 214.01, subdivision 2, and by the commissioner of health under section 214.13, to publish prices for procedures and services that are representative of the diagnoses and conditions for which citizens of this state seek treatment.

(b) Analyze and disseminate available price information and analyses so as to foster the development of price competition among hospitals, outpatient surgical centers, *providers of home care services,* and health professionals.

Sec. 9. Minnesota Statutes 1984, section 144A.51, subdivision 6, is amended to read:

Subd. 6. "Resident" means any resident or patient of a health facility *or a consumer of services provided by a home health agency, or personal care attendant,* or the guardian or conservator of (A) *the* resident (OR), patient (OF A HEALTH FACILITY), *or consumer,* if one has been appointed.

Sec. 10. Minnesota Statutes 1984, section 144A.51, is amended by adding subdivisions to read:

*Subd. 7. "Home health agency" means a provider defined in section 2.*

Sec. 11. Minnesota Statutes 1984, section 144A.51, is amended to read by adding a subdivision to read:

*Subd. 8. "Personal care attendant" means a provider defined in section 2.*

Sec. 12. Minnesota Statutes 1984, section 144A.52, subdivision 3, is amended to read:

Subd. 3. The director may delegate to members of his staff any of his authority or duties except the duty of formally making recommendations to the legislature, administrative agencies, health facilities, health care providers, *home health agencies, personal care attendants,* and the state commissioner of health.

Sec. 13. Minnesota Statutes 1984, section 144A.53, subdivision 1, is amended to read:

Subdivision 1. [POWERS.] The director may:

(a) Promulgate by rule, pursuant to chapter 14, and within the limits set forth in subdivision 2, the methods by which complaints against health facilities, health care providers, *home health agencies, personal care attendants,* or administrative agencies are to be made, reviewed, investigated, and acted upon; provided, however, that he may not charge a fee for filing a complaint;

(b) Recommend legislation and changes in rules to the state commissioner of health, legislature, governor, administrative agencies or the federal government;

(c) Investigate, upon a complaint or upon his own initiative, any action or failure to act by a health care provider, *home health agency, personal care attendant,* or a health facility;

(d) Request and receive access to relevant information, records, or documents in the possession of an administrative agency, a health care provider, *a home health agency, personal care attendant,* or a health facility which he deems necessary for the discharge of his responsibilities;

(e) Enter and inspect, at any time, a health facility; provided that the director shall not unduly interfere with or disturb the activities of a resident unless the resident consents;

(f) Issue a correction order pursuant to section 144.653 or any other law which provides for the issuance of correction orders to health care facilities *or home health agencies*;

(g) Recommend the certification or decertification of health facilities pursuant to Title XVIII or Title XIX of the United States Social Security Act;

(h) Assist residents of health facilities in the enforcement of their rights under Minnesota law; and

(i) Work with administrative agencies, health facilities, *home health agencies, and* health care providers and organizations representing consumers on programs designed to provide information about health facilities to the public and to health facility residents.

Sec. 14. Minnesota Statutes 1984, section 144A.53, subdivision 2, is amended to read:

Subd. 2. [COMPLAINTS.] The director may receive a complaint from any source concerning an action of an administrative agency, a health care provider, *a home health agency, personal care attendant,* or a health facility. He may require a complainant to pursue other remedies or channels of complaint open to the complainant before accepting or investigating the complaint.

The director shall keep written records of all complaints and his action upon them. After completing his investigation of a complaint, he shall inform the complainant, *the appropriate county board designee,* the administrative agency having jurisdiction over the subject matter, the health care provider, *the home health agency, the personal care attendant,* and the health facility of the action taken.

Sec. 15. Minnesota Statutes 1984, section 144A.53, subdivision 3, is amended to read:

Subd. 3. [RECOMMENDATIONS.] If, after duly considering a complaint and whatever material he deems pertinent, the director determines that the complaint is valid, he may recommend that an administrative agency, a health care provider, *a home health agency, personal care attendant,* or a health facility should:

(a) Modify or cancel the actions which gave rise to the complaint;

(b) Alter the practice, rule or decision which gave rise to the complaint;

(c) Provide more information about the action under investigation; or

(d) Take any other step which the director considers appropriate.

If the director requests, the administrative agency, a health care provider, *a home health agency, personal care attendant,* or health facility shall, within the time specified, inform the director about the action taken on his recommendation.

Sec. 16. Minnesota Statutes 1984, section 144A.53, subdivision 4, is amended to read:

Subd. 4. [REFERRAL OF COMPLAINTS.] If a complaint received by the director relates to a matter more properly within the jurisdiction of an occupational licensing board or other governmental agency, the director shall forward the complaint to that agency and shall inform the complaining party of the forwarding. The agency shall promptly act in respect to the complaint, and shall inform the complaining party and the director of its disposition. If a governmental agency receives a complaint which is more properly within the jurisdiction of the director, it shall promptly forward the complaint to the director, and shall inform the complaining party of the forwarding. If the director has reason to believe that an official or employee of an administrative agency, *a home health agency, personal care attendant,* or health facility has acted in a manner warranting criminal or disciplinary proceedings, he shall refer the matter to the state commissioner of health, the commissioner of human services, an appropriate prosecuting authority, or other appropriate agency.

Sec. 17. Minnesota Statutes 1984, section 144A.54, subdivision 1, is amended to read:

Subdivision 1. Except as otherwise provided by this section, the director may determine the form, frequency, and distribution of his conclusions and recommendations. The director shall transmit his conclusions and recommendations to the state commissioner of health and the legislature. Before announcing a conclusion or recommendation that expressly or by implication criticizes an administrative agency, a health care provider, *a home health agency, personal care attendant,* or a health facility, the director shall consult with that agency, health care provider, *home health agency, personal care attendant,* or facility. When publishing an opinion adverse to an administrative agency, a health care provider, *a home health agency, personal care attendant,* or a health facility, he shall include in the publication any statement of reasonable length made to him by that agency, health care provider, *home health agency, personal care attendant,* or health facility in defense or explanation of the action.

Sec. 18. Minnesota Statutes 1985 Supplement, section 626.557, subdivision 2, is amended to read:

Subd. 2. [DEFINITIONS.] As used in this section, the following terms have the meanings given them unless the specific context indicates otherwise.

(a) "Facility" means a hospital or other entity required to be licensed pursuant to sections 144.50 to 144.58; a nursing home required to be licensed to serve adults pursuant to section

144A.02; an agency, day care facility, or residential facility required to be licensed to serve adults pursuant to sections 245.781 to 245.812; or a home health agency (CERTIFIED FOR PARTICIPATION IN TITLES XVIII OR XIX OF THE SOCIAL SECURITY ACT, UNITED STATES CODE, TITLE 42, SECTIONS 1395 ET SEQ) *defined under section 2.*

(b) "Vulnerable adult" means any person 18 years of age or older:

(1) who is a resident or inpatient of a facility;

(2) who receives services at or from a facility required to be licensed to serve adults pursuant to sections 245.781 to 245.812, except a person receiving outpatient services for treatment of chemical dependency or mental illness;

(3) who receives services from a home health agency (CERTIFIED FOR PARTICIPATION UNDER TITLES XVIII OR XIX OF THE SOCIAL SECURITY ACT, UNITED STATES CODE, TITLE 42, SECTIONS 1395 ET SEQ AND 1396 ET SEQ) *defined under section 2*; or

(4) who, regardless of residence or type of service received, is unable or unlikely to report abuse or neglect without assistance because of impairment of mental or physical function or emotional status.

(c) "Caretaker" means an individual or facility who has responsibility for the care of a vulnerable adult as a result of a family relationship, or who has assumed responsibility for all or a portion of the care of a vulnerable adult voluntarily, by contract, or by agreement.

(d) "Abuse" means:

(1) any act which constitutes a violation under sections 609.221 to 609.223, 609.23 to 609.235, 609.322, 609.342, 609.343, 609.344, or 609.345;

(2) nontherapeutic conduct which produces or could reasonably be expected to produce pain or injury and is not accidental, or any repeated conduct which produces or could reasonably be expected to produce mental or emotional distress;

(3) any sexual contact between a facility staff person and a resident or client of that facility; or

(4) the illegal use of a vulnerable adult's person or property for another person's profit or advantage, or the breach of a fiduciary relationship through the use of a person or a person's property for any purpose not in the proper and lawful

execution of a trust, including but not limited to situations where a person obtains money, property, or services from a vulnerable adult through the use of undue influence, harassment, duress, deception, or fraud.

(e) "Neglect" means:

(1) failure by a caretaker to supply a vulnerable adult with necessary food, clothing, shelter, health care or supervision;

(2) the absence or likelihood of absence of necessary food, clothing, shelter, health care, or supervision for a vulnerable adult; or

(3) the absence or likelihood of absence of necessary financial management to protect a vulnerable adult against abuse as defined in paragraph (d), clause (4). Nothing in this section shall be construed to require a health care facility to provide financial management or supervise financial management for a vulnerable adult except as otherwise required by law.

(f) "Report" means any report received by a local welfare agency, police department, county sheriff, or licensing agency pursuant to this section.

(g) "Licensing agency" means:

(1) the commissioner of health, for facilities as defined in clause (a) which are required to be licensed or certified by the department of health;

(2) the commissioner of human services, for facilities required by sections 245.781 to 245.813 to be licensed;

(3) any licensing board which regulates persons pursuant to section 214.01, subdivision 2; and

(4) any agency responsible for credentialing human services occupations.

Sec. 19. Minnesota Statutes 1985 Supplement, section 626.557, subdivision 5, is amended to read:

Subd. 5. [IMMUNITY FROM LIABILITY.] (a) A person making a voluntary or mandated report under subdivision 3 or participating in an investigation under this section is immune from any civil or criminal liability that otherwise might result from the person's actions, if the person is acting in good faith.

(b) A person employed by a local welfare agency, *public health agency, the governing body of those agencies,* or a state

licensing agency who is conducting or supervising an investigation or enforcing the law in compliance with subdivision 10, 11, or 12 or any related rule or provision of law is immune from any civil or criminal liability that might otherwise result from the person's actions, if the person is acting in good faith and exercising due care.

Sec. 20. Minnesota Statutes 1985 Supplement, section 626.557, subdivision 10, is amended to read:

Subd. 10. [DUTIES OF LOCAL WELFARE AGENCY UPON A RECEIPT OF A REPORT.] (a) The local welfare agency shall immediately investigate and offer emergency and continuing protective social services for purposes of preventing further abuse or neglect and for safeguarding and enhancing the welfare of the abused or neglected vulnerable adult. (LOCAL WELFARE AGENCIES) *The county board's designee* may enter facilities and inspect and copy records as part of investigations. In cases of suspected sexual abuse, the local welfare agency shall immediately arrange for and make available to the victim appropriate medical examination and treatment. The investigation shall not be limited to the written records of the facility, but shall include every other available source of information. When necessary in order to protect the vulnerable adult from further harm, the local welfare agency shall seek authority to remove the vulnerable adult from the situation in which the neglect or abuse occurred. The local welfare agency shall also investigate to determine whether the conditions which resulted in the reported abuse or neglect place other vulnerable adults in jeopardy of being abused or neglected and offer protective social services that are called for by its determination. In performing any of these duties, the local welfare agency shall maintain appropriate records.

(b) If the report indicates, or if the local welfare agency finds that the suspected abuse or neglect occurred at a facility, or while the vulnerable adult was or should have been under the care of or receiving services from a facility, or that the suspected abuse or neglect involved a person licensed by a licensing agency to provide care or services, the local welfare agency shall immediately notify each appropriate licensing agency, and provide each licensing agency with a copy of the report and of its investigative findings.

(c) When necessary in order to protect a vulnerable adult from serious harm, the local agency shall immediately intervene on behalf of that adult to help the family, victim, or other interested person by seeking any of the following:

(1) a restraining order or a court order for removal of the perpetrator from the residence of the vulnerable adult pursuant to section 518B.01;

(2) the appointment of a guardian or conservator pursuant to sections 525.539 to 525.6198, or guardianship or conservatorship pursuant to chapter 252A;

(3) replacement of an abusive or neglectful guardian or conservator and appointment of a suitable person as guardian or conservator, pursuant to sections 525.539 to 525.6198; or

(4) a referral to the prosecuting attorney for possible criminal prosecution of the perpetrator under chapter 609.

The expenses of legal intervention must be paid by the county in the case of indigent persons, under section 525.703 and chapter 563.

In proceedings under sections 525.539 to 525.6198, if a suitable relative or other person is not available to petition for guardianship or conservatorship, a county employee shall present the petition with representation by the county attorney. The county shall contract with or arrange for a suitable person or nonprofit organization to provide ongoing guardianship services. If the county presents evidence to the probate court that it has made a diligent effort and no other suitable person can be found, a county employee may serve as guardian or conservator. The county shall not retaliate against the employee for any action taken on behalf of the ward or conservatee even if the action is adverse to the county's interest. Any person retaliated against in violation of this subdivision shall have a cause of action against the county and shall be entitled to reasonable attorney fees and costs of the action if the action is upheld by the court.

Sec. 21. [REPORT TO THE LEGISLATURE.]

*The commissioner shall prepare and deliver a report to the legislature on January 2, 1987, with information on the implementation of registration activities for home health agencies and personal care attendants and complaints received by the counties and by the commissioner concerning the provision of home care services.*

Sec. 22. [EFFECTIVE DATE.]

*Sections 1 to 21 are effective the day following final enactment.*"

Delete the title and insert:

"A bill for an act relating to health; providing for the regulation of home care services; providing for a home care bill of rights; making information and referral services the responsibility of counties; requiring county boards to designate a complaint process; establishing a task force; authorizing proposed rules

for home health agencies and personal care attendants; amending Minnesota Statutes 1984, sections 144.699, subdivision 2; 144A.-51, subdivision 6; 144A.52, subdivision 3; 144A.53, subdivisions 1 to 4; and 144A.54, subdivision 1; Minnesota Statutes 1985 Supplement, section 626.557, subdivisions 2, 5, and 10; proposing coding for new law as Minnesota Statutes, chapter 143."

With the recommendation that when so amended the bill pass.

The report was adopted.

Forsythe from the Committee on Appropriations to which was referred:

S. F. No. 1641, A bill for an act relating to motor vehicles; establishing a system of registration of fleet vehicles; amending Minnesota Statutes 1984, section 168.011, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 168.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1984, section 168.011, is amended by adding a subdivision to read:

*Subd. 30.* [FLEET.] *"Fleet" means a combination of 1,000 or more vehicles and trailers owned by a person solely for the use of that person or employees of the person and registered in this state under section 2. It does not include vehicles licensed under section 168.187.*

Sec. 2. [168.127] [FLEET VEHICLES; REGISTRATION, FEES.]

*Subdivision 1.* [REGISTRATION CATEGORY.] *A unique registration category is established for vehicles and trailers of a fleet. Vehicles registered in the fleet must be issued a distinctive license plate. The design and size of the fleet license plate must be determined by the commissioner.*

*Subd. 2.* [ANNUAL REGISTRATION PERIOD.] *Instead of the registration period assigned for vehicles registered under sections 168.014, 168.017, and 168.12, subdivisions 1 and 2a, a person may register a fleet on an annual basis. The annual registration period for vehicles in the fleet will be determined by the commissioner. By January 1, the applicant must provide all information necessary to qualify as a fleet registrant including a list of all vehicles in the fleet. On initial registration, all taxes*

*and fees for vehicles in the fleet must be reassessed based on the expiration date. Gross weights for fleet vehicles may not be changed during the registration period.*

*Subd. 3.* [REGISTRATION CARDS ISSUED.] *On approval of the application for fleet registration the commissioner must issue a registration card for each qualified vehicle in the fleet. The registration card must be carried in the vehicle at all times and be made available to a peace officer on demand. Validation stickers must be issued to vehicles registered by gross weight.*

*Subd. 4.* [FILING REGISTRATION APPLICATIONS.] *Initial fleet applications for registration and renewals must be filed with the registrar or authorized representative at the main headquarters offices of the department of public safety in St. Paul.*

*Subd. 5.* [RENEWAL OF FLEET REGISTRATION.] *On the renewal of a fleet registration the registrant shall pay full licensing fees for every vehicle registered in the preceding year unless the vehicle has been properly deleted from the fleet. In order to delete a vehicle from a fleet, the fleet registrant must surrender to the commissioner the registration card, validation stickers, and license plates. If the card, stickers, or license plates are lost or stolen, the fleet registrant shall submit a sworn statement stating the circumstances for the inability to surrender the card, stickers, and license plates. The commissioner shall assess a penalty of 20 percent of the total tax due on the fleet against the fleet registrant who fails to renew the licenses issued under this section or fails to report the removal of vehicles from the fleet within 30 days. The penalty must be paid within 30 days after it is assessed.*

*Subd. 6.* [FEES.] *Instead of the $3.25 filing fee for each vehicle, the applicant shall pay a $3.25 administrative fee for each vehicle in the fleet. The administrative fee must be deposited in the state treasury and credited to the highway user tax distribution fund. A filing fee of $3.25 must be collected by the processing office for an application regardless of the number of vehicles listed.*

Sec. 3. [APPROPRIATION.]

*$10,350 is appropriated from the highway user tax distribution fund to the commissioner of public safety to operate a system for fleet registration of vehicles."*

Delete the title and insert:

"A bill for an act relating to motor vehicles; establishing a system of registration of fleet vehicles; appropriating money;

amending Minnesota Statutes 1984, section 168.011, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 168."

With the recommendation that when so amended the bill pass.

The report was adopted.

Forsythe from the Committee on Appropriations to which was referred:

S. F. No. 1850, A bill for an act relating to state government; regulating fees for state agency services; amending Minnesota Statutes 1985 Supplement, sections 16A.128 and 16A.1281.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 3.981, subdivision 2, is amended to read:

Subd. 2. [COSTS MANDATED BY THE STATE.] "Costs mandated by the state" means increased costs that a local agency or a school district is required to incur as a result of:

(a) a law enacted after June 30, 1985, which mandates a new program or an increased level of service of an existing program;

(b) an executive order issued after June 30, 1985, which mandates a new program;

(c) an executive order issued after June 30, 1985, which implements or interprets a state statute and, by this implementation or interpretation, increases program levels above the levels required before July 1, 1985;

(d) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which implements or interprets a federal statute or regulation and, by this implementation or interpretation, increases program or service levels above the levels required by this federal statute or regulation;

(e) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which implements or interprets a statute or amendment adopted or enacted pursuant to the approval of a statewide ballot measure by the voters and, by this implementation or interpretation, increases program or service levels above the levels required by the ballot measure;

(f) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which removes an option previously

available to local agencies and thus increases program or service levels or prohibits a specific activity and so forces local agencies to use a more costly alternative to provide a mandated program or service;

(g) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which requires that an existing program or service be provided in a shorter time period and thus increases the cost of the program or service;

(h) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which adds new requirements to an existing optional program or service and thus increases the cost of the program or service as the local agencies have no reasonable alternatives other than to continue the optional program;

(i) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which creates new revenue losses stemming from new property or sales and use tax exemptions; (OR)

(j) a statute enacted after June 30, 1985, or executive order issued after June 30, 1985, which requires costs previously incurred at local option that have subsequently been mandated by the state; *or*

*(k) a statute enacted or an executive order issued after the effective date of this section which requires payment of a new fee or increases the amount of an existing fee.*

Sec. 2. Minnesota Statutes 1985 Supplement, section 16A.128, is amended to read:

16A.128 [FEE SETTING.]

Subdivision 1. [POLICY.] *Agency fees and fee adjustments shall not exceed amounts established by statute. Where amounts are not established by statute, fees shall be established or adjusted as provided in this section.*

*The legislature, in setting or adjusting fees, or taking actions affecting the setting or adjusting of fees, should attempt to ensure that (1) agency fees and fee adjustments include only those service-related costs that provide a primary benefit to the individual fee payer and (2) service-related costs that benefit the general community are borne by the agency.*

*Subd. 1a.* [APPROVAL.] Fees for accounts for which appropriations are made may not be established or adjusted without the approval of the commissioner. If the fee or fee adjustment is required by law to be fixed by rule, the commissioner's approval must be in the statement of need and reasonableness.

These fees must be reviewed each fiscal year. Unless the commissioner determines that the fee must be lower, fees must be set or fee adjustments must be made so the total fees nearly equal the sum of the appropriation for the accounts plus the agency's general support costs, statewide indirect costs, and attorney general costs attributable to the fee function.

Subd. 2. [NO RULEMAKING.] The kinds of fees that need not be fixed by rule unless specifically required by law are:

(1) fees based on actual direct costs of a service;

(2) one-time fees;

(3) fees that produce insignificant revenues;

(4) fees billed within or between state agencies;

(5) fees exempt from commissioner approval; or

(6) fees for admissions to or use of facilities operated by the iron range resources and rehabilitation board, if the fees are set according to prevailing market conditions to recover operating costs.

Subd. 2a. [PROCEDURE.] Other fees not fixed by law must be fixed by rule (. THE PROCEDURE FOR NONCONTROVERSIAL RULES IN SECTIONS 14.21 TO 14.28 MAY BE USED EXCEPT THAT NO PUBLIC HEARING NEED BE HELD UNLESS 20 PERCENT OF THE PERSONS WHO WILL BE REQUIRED TO PAY THE FEE SUBMIT TO THE AGENCY DURING THE 30 DAY PERIOD ALLOWED FOR COMMENT A WRITTEN REQUEST FOR A PUBLIC HEARING ON THE PROPOSED RULE. THE NOTICE OF INTENTION TO ADOPT THE RULES MUST STATE WHETHER A HEARING WILL BE HELD IF NOT REQUIRED. THIS PROCEDURE MAY BE USED ONLY WHEN THE TOTAL FEES ESTIMATED FOR THE BIENNIUM DO NOT EXCEED THE SUM OF DIRECT APPROPRIATIONS, INDIRECT COSTS, TRANSFERS IN, AND SALARY SUPPLEMENTS FOR THAT PURPOSE. A PUBLIC HEARING IS REQUIRED TO FIX FEES SPENT UNDER OPEN APPROPRIATIONS OF DEDICATED RECEIPTS) *according to chapter 14. Before an agency submits notice to the state register of intent to adopt rules that establish or adjust fees, the agency must send a copy of the notice and the proposed rules to the chairs of the house appropriations committee and senate finance committee.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 16A.1281, is amended to read:

16A.1281 [REPORT ON LOW OR HIGH FEES.]

Each biennium the commissioner shall review fees collected by agencies. The commissioner shall report on the fees to the *commissioner of revenue and to the* appropriation and finance committees not later than the date the governor submits the biennial budget to the legislature. The report must analyze the fees that the commissioner believes will be too low or too high in the next biennium for the service provided. The analysis must take into account the cost of collecting the fee *and state the revenue generated by the fees of each agency.*

Sec. 4. Minnesota Statutes 1984, section 105.482, subdivision 8, is amended to read:

Subd. 8. [HYDROPOWER GENERATION POLICY; LEASING OF DAMS AND DAM SITES.] Consistent with laws relating to dam construction, reconstruction, repair, and maintenance, the legislature finds that the public health, safety, and welfare of the state is also promoted by the use of state waters to produce hydroelectric or hydromechanical power. Further, the legislature finds that the leasing of existing dams and potential dam sites primarily for such power generation is a valid public purpose. A local governmental unit, or the commissioner of natural resources with the approval of the state executive council, may provide pursuant to a lease or development agreement for the development and operation of dams, dam sites, and hydroelectric or hydromechanical power generation plants owned by the respective government by an individual, a corporation, an organization, or other legal entity upon (SUCH) terms and conditions (AS THE LOCAL GOVERNMENTAL UNIT OR THE COMMISSIONER MAY NEGOTIATE FOR A PERIOD NOT TO EXCEED 99 YEARS) *as contained in subdivision 9.* For installations of 15,000 kilowatts or less at a dam site and reservoir that is not being used on January 1, 1984 in connection with the production of hydroelectric or hydromechanical power, the lease or development agreement negotiated by the local governmental unit and the developer shall constitute full payment by the lessee and may be in lieu of all real or personal property taxes that might otherwise be due to a local governmental unit. If the dam, dam site, or power generation plant is located in or contiguous to a city or town, other than the lessor governmental unit, the lease or agreement shall not be effective unless it is approved by the governing body of the city or town. For purposes of this subdivision, city means a statutory or home rule charter city.

Sec. 5. Minnesota Statutes 1984, section 105.482, subdivision 9, is amended to read:

Subd. 9. [CONTENTS OF DEVELOPMENT AGREEMENT.] An agreement for the development or redevelopment of a hydropower site may contain, but need not be limited to, the following provisions:

(a) Length of the development agreement, subject to negotiations between the parties but not more than 99 years, and conditions for extension, modification, or termination;

(b) Provisions for a performance bond on the developer, or, certification that the equipment and its installation have a design life at least as long as the lease;

(c) Provisions to assure adequate maintenance and safety in the impoundment structures, if any, and to assure access to recreational sites, if any;

*An agreement shall contain provisions to assure the maximum financial return to the local governmental unit or the commissioner of natural resources.*

Sec. 6. [EFFECTIVE DATE.]

*Section 1 is effective the day following final enactment and applies to all fees established or adjusted after that date. Section 2, subdivision 1, and section 3 are effective the day following final enactment. Section 2, subdivisions 1a, 2, and 2a are effective July 1, 1987, and apply to all fees established or adjusted after that date."*

Delete the title and insert:

"A bill for an act relating to state government; expanding when fiscal notes must be prepared; regulating fees for state agency services; providing conditions for certain hydropower developments; amending Minnesota Statutes 1984, section 105.482, subdivisions 8 and 9; and Minnesota Statutes 1985 Supplement, sections 3.981, subdivision 2; 16A.128; and 16A.1281."

With the recommendation that when so amended the bill pass.

The report was adopted.

Levi from the Committee on Rules and Legislative Administration to which was referred:

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

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

Levi from the Committee on Rules and Legislative Administration to which was referred:

House Resolution No. 44, A house resolution to recognize and celebrate the 25th anniversary of the Richard J. Dorer Memorial Hardwood Forest.

Reported the same back with the recommendation that the resolution be adopted.

The report was adopted.

## SECOND READING OF HOUSE BILLS

H. F. Nos. 1755, 1852, 2046, 2078 and 2358 were read for the second time.

## SECOND READING OF SENATE BILLS

S. F. Nos. 1698, 1774, 1801, 1808, 1839, 1852, 1962, 2161, 2233, 2016, 2111, 2087, 2094, 1939, 1810, 1884, 2082, 1980, 1909, 1940, 2079, 2069, 1704, 1789, 1897, 1730, 2090, 2160, 1707, 1701, 1580, 1963, 1619, 1196, 51, 1641 and 1850 were read for the second time.

## INTRODUCTION AND FIRST READING OF HOUSE BILLS

The following House File was introduced:

O'Connor, Ogren, Sarna, Osthoff and Kostohryz introduced:

H. F. No. 2549, A bill for an act relating to taxation; property; providing for delayed assessment of valuation increases due to the rehabilitation of buildings; proposing coding for new law in Minnesota Statutes, chapter 273.

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

## MESSAGES FROM THE SENATE

The following messages were received from the Senate:

Mr. Speaker:

I hereby announce the passage by the Senate of the following House File, herewith returned, as amended by the Senate, in

which amendment the concurrence of the House is respectfully requested:

H. F. No. 1950, A bill for an act relating to civil liability; limiting the liability of practitioners for the violent acts of patients; providing immunity to municipalities for certain claims that occur as a result of the use of parks and recreation areas; providing for the manner of claiming punitive damages in civil actions; amending Minnesota Statutes 1984, sections 466.03, by adding a subdivision; 549.20, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 148.

PATRICK E. FLAHAVEN, Secretary of the Senate

Halberg moved that the House refuse to concur in the Senate amendments to H. F. No. 1950, that the Speaker appoint a Conference Committee of 5 members of the House, and that the House requests that a like committee be appointed by the Senate to confer on the disagreeing votes of the two houses. The motion prevailed.

Mr. Speaker:

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

S. F. No. 1721.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. No. 1879.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. No. 2186.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. No. 1735.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. No. 2057.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. Nos. 871 and 1581.

PATRICK E. FLAHAVEN, Secretary of the Senate

## FIRST READING OF SENATE BILLS

S. F. No. 1721, A bill for an act relating to human services; providing for health and dental coverage as child support; regulating withholding for purposes of child support; amending Minnesota Statutes 1984, sections 518.64, by adding a subdivision; 518C.02, subdivision 3; Minnesota Statutes 1985 Supplement, section 518.611, subdivisions 4 and 6; proposing coding for new law in Minnesota Statutes, chapter 518; repealing Minnesota Statutes 1984, section 518.551, subdivision 8.

The bill was read for the first time.

Clausnitzer moved that S. F. No. 1721 and H. F. No. 2391, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1879, A bill for an act relating to alcoholic beverages; permitting certain transactions by brewers and wholesalers; authorizing cities to issue temporary off-sale licenses for the sale of vintage wine at auctions; amending Minnesota Statutes 1985

Supplement, sections 340A.308; and 340A.405, by adding a subdivision.

The bill was read for the first time.

Frederick moved that S. F. No. 1879 and H. F. No. 2397, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2186, A bill for an act relating to the environment; amending Minnesota Statutes 1985 Supplement, section 116.48, subdivision 4.

The bill was read for the first time.

Rose moved that S. F. No. 2186 and H. F. No. 2337, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1735, A bill for an act relating to probate; providing for an increased sum payable to a surviving spouse by affidavit; allowing nursing home care costs to be a claim of the same class as medical and hospital expenses; increasing the value of a probate estate allowed for purposes of collection by affidavit; amending Minnesota Statutes 1984, sections 181.58; 524.3-805; and 524.3-1201.

The bill was read for the first time.

Bishop moved that S. F. No. 1735 and H. F. No. 2046, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2057, A bill for an act relating to public indebtedness; providing for the power of municipalities to enter into repurchase and reverse repurchase agreements with qualified dealers; providing for the safekeeping of investments by qualified dealers; amending Minnesota Statutes 1984, section 475.66, subdivision 2; and Minnesota Statutes 1985 Supplement, sections 475.66, subdivision 1; and 475.76, subdivision 1.

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

S. F. No. 871, A bill for an act relating to health; authorizing the commissioner of health to inspect certain business premises; providing for disclosure of hazardous substances information in

certain cases; proposing coding for new law in Minnesota Statutes, chapter 145.

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

S. F. No. 1581, A bill for an act relating to human services; exempting rural providers from licensure; establishing requirements for the regulation of child day care; prohibiting local governments from establishing special fire code requirements for small family day care homes; limiting the liability of municipalities for licensing activities; providing for indemnification of municipalities by the state; establishing a task force; requiring reports; amending Minnesota Statutes 1984, sections 245.802, subdivision 1; 299F.011, subdivision 4a; and 466.03, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 245 and 466.

The bill was read for the first time.

Ozment moved that S. F. No. 1581 and H. F. No. 1765, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

## CONSENT CALENDAR

S. F. No. 2035 was reported to the House.

Norton and Forsythe moved to amend S. F. No. 2035, as follows:

Page 1, after line 10, insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 168.012, subdivision 1, is amended to read:

Subdivision 1. Vehicles owned and used solely in the transaction of official business by representatives of foreign powers, by the federal government, the state, or any political subdivision thereof, or vehicles owned and used exclusively by educational institutions and used solely in the transportation of pupils to and from such institutions, *or vehicles owned and used by honorary consul or consul general of foreign governments* shall be exempt from the provision of this chapter requiring payment of tax or registration fees, except as provided in subdivision 1c.

Vehicles owned by the federal government, municipal fire apparatus, police patrols and ambulances, the general appearance of which is unmistakable, shall not be required to register or display number plates.

Unmarked vehicles used in general police work, arson investigations, and passenger vehicles, station wagons, and buses owned or operated by the department of corrections shall be registered and shall display passenger vehicle classification license number plates which shall be furnished by the registrar at cost. Original and renewal applications for these passenger vehicle license plates authorized for use in general police work and for use by the department of corrections must be accompanied by a certification signed by the appropriate chief of police if issued to a police vehicle, the appropriate sheriff if issued to a sheriff's vehicle, the commissioner of corrections if issued to a department of corrections vehicle, or the appropriate officer in charge if issued to a vehicle of any other law enforcement agency. The certification must be on a form prescribed by the commissioner and state that the vehicle will be used exclusively for a purpose authorized by this section.

All other motor vehicles shall be registered and display tax exempt number plates which shall be furnished by the registrar at cost, except as provided in subdivision 1c.

All vehicles required to display tax exempt number plates shall have the name of the state department or public subdivision on the vehicle plainly printed on both sides thereof in letters not less than 2-1/2 inches high, one inch wide and of a three-eighths inch stroke; except that each state hospital and institution for the mentally ill and mentally retarded may have one vehicle without the required printing on the sides of the vehicle. Such printing shall be in a color giving a marked contrast with that of the part of the vehicle on which it is placed and shall be done with a good quality of paint that will endure throughout the term of the registration. The printing must be on a part of the vehicle itself and not on a removable plate or placard of any kind and shall be kept clean and visible at all times; except that a removable plate or placard may be utilized on vehicles leased or loaned to a political subdivision."

Renumber the remaining sections in sequence

Amend the title as follows:

Page 1, line 7, after "sections" insert "168.012, subdivision 1;"

The motion prevailed and the amendment was adopted.

S. F. No. 2035, A bill for an act relating to motor vehicles; designating category of collector military vehicle for registration purposes; exempting certain collector military vehicles and trailers from requirement to display license plates under certain conditions; amending Minnesota Statutes 1984, sections 168.10, subdivisions 1, 1e, 1f, and by adding a subdivision; and 169.73, 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 114 yeas and 2 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

DenOuden Skoglund

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

## SPECIAL ORDERS

S. F. No. 1886, A bill for an act relating to the city of Moorhead; authorizing the establishment of a detached banking facility in the city of Moorhead by a state bank located within 30 miles of the city of Moorhead.

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 126 yeas and 0 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Becklin | Blatz | Brown | Carlson, L. |
| Backlund | Begich | Boerboom | Burger | Clark |
| Battaglia | Bennett | Boo | Carlson, D. | Clausnitzer |
| Beard | Bishop | Brandl | Carlson, J. | Cohen |

| | | | | |
|---|---|---|---|---|
| Dempsey | Kahn | Nelson, K. | Rest | Thiede |
| DenOuden | Kalis | Neuenschwander | Rice | Thorson |
| Dimler | Kelly | Norton | Richter | Tjornhom |
| Dyke | Kiffmeyer | O'Connor | Riveness | Tomlinson |
| Elioff | Knickerbocker | Ogren | Rodosovich | Tompkins |
| Erickson | Knuth | Olsen, S. | Rose | Tunheim |
| Fjoslien | Krueger | Olson, E. | Sarna | Uphus |
| Forsythe | Kvam | Omann | Schafer | Valan |
| Frederick | Levi | Onnen | Scheid | Valento |
| Frerichs | Lieder | Osthoff | Schoenfeld | Vanasek |
| Greenfield | Long | Otis | Schreiber | Vellenga |
| Gutknecht | Marsh | Ozment | Seaberg | Voss |
| Halberg | McEachern | Pappas | Segal | Waltman |
| Hartinger | McKasy | Pauly | Shaver | Welle |
| Hartle | McLaughlin | Peterson | Sherman | Wenzel |
| Haukoos | McPherson | Piepho | Simoneau | Wynia |
| Heap | Metzen | Piper | Skoglund | Zaffke |
| Himle | Miller | Poppenhagen | Solberg | Spk. Jennings, D. |
| Jacobs | Minne | Price | Sparby | |
| Jaros | Munger | Quinn | Stanius | |
| Jennings, L. | Murphy | Redalen | Staten | |
| Johnson | Nelson, D. | Rees | Sviggum | |

The bill was passed and its title agreed to.

Carlson, D.; Carlson, J.; DenOuden and Olsen, S., were excused while in conference.

The Speaker called Halberg to the Chair.

H. F. No. 1803, A bill for an act relating to traffic regulations; authorizing municipalities to permit handicapped persons to operate four-wheel all-terrain vehicles on city streets and roads under certain conditions; amending Minnesota Statutes 1984, section 169.045.

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 115 yeas and 0 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Clausnitzer | Halberg | Lieder | Norton |
| Backlund | Cohen | Hartinger | Long | O'Connor |
| Battaglia | Dempsey | Hartle | Marsh | Ogren |
| Beard | DenOuden | Heap | McEachern | Olsen, S. |
| Becklin | Dimler | Jacobs | McKasy | Olson, E. |
| Begich | Dyke | Jaros | McLaughlin | Omann |
| Bishop | Elioff | Jennings, L. | McPherson | Onnen |
| Blatz | Erickson | Johnson | Metzen | Osthoff |
| Boo | Fjoslien | Kahn | Miller | Otis |
| Brandl | Forsythe | Kalis | Minne | Ozment |
| Brown | Frederick | Kelly | Munger | Pappas |
| Burger | Frerichs | Kiffmeyer | Murphy | Pauly |
| Carlson, D. | Greenfield | Knuth | Nelson, D. | Peterson |
| Carlson, L. | Gruenes | Krueger | Nelson, K. | Piper |
| Clark | Gutknecht | Levi | Neuenschwander | Poppenhagen |

| | | | | |
|---|---|---|---|---|
| Price | Rodosovich | Segal | Thiede | Vanasek |
| Quinn | Rose | Shaver | Thorson | Vellenga |
| Quist | Sarna | Skoglund | Tjornhom | Voss |
| Redalen | Schafer | Solberg | Tomlinson | Waltman |
| Rest | Scheid | Sparby | Tompkins | Wenzel |
| Rice | Schoenfeld | Stanius | Tunheim | Wynia |
| Richter | Schreiber | Staten | Uphus | Zaffke |
| Riveness | Seaberg | Sviggum | Valento | Spk. Jennings, D. |

The bill was passed and its title agreed to.

S. F. No. 1950 was reported to the House.

Bishop moved to amend S. F. No. 1950, as follows:

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."

The motion prevailed and the amendment was adopted.

Bishop moved to amend S. F. No. 1950, as amended, as follows:

Page 1, line 25, after *"(d)"* insert *"in the case of real estate devoted to golf, be"*

Page 2, line 8, after *"weekday"* insert *"golf"*

The motion prevailed and the amendment was adopted.

Blatz moved to amend S. F. No. 1950, as amended, as follows:

Page 2, line 30, delete *"otherwise"* and insert *"other written verification"*

Page 2, line 34, delete *"otherwise"* and insert *"other written verification"*

Page 3, line 22, delete *"otherwise"* and insert *"other written verification"*

Page 3, line 22, delete *"September 1"* and insert *"October 1"*

Page 3, line 24, after *"club"* insert *"will"*

Page 3, line 24, before the period insert *"by December 31, 1986"*

The motion prevailed and the amendment was adopted.

McKasy moved to amend S. F. No. 1950, as amended, as follows:

Page 2, after line 9, insert:

*"(e) For purposes of this section, discrimination means a pattern or course of conduct and not linked to an isolated incident."*

The motion prevailed and the amendment was adopted.

Vanasek offered an amendment to S. F. No. 1950, as amended.

POINT OF ORDER

Quist raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker pro tempore Halberg ruled the point of order well taken and the amendment out of order.

Vanasek appealed the decision of the Chair.

A roll call was requested and properly seconded.

CALL OF THE HOUSE

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

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

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

The vote was taken on the question "Shall the decision of Speaker pro tempore Halberg stand as the judgment of the House?" and the roll was called.

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

There were 63 yeas and 59 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

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

So it was the judgment of the House that the decision of Speaker pro tempore Halberg should stand.

## CALL OF THE HOUSE LIFTED

Levi moved that the call of the House be dispensed with. The motion prevailed and it was so ordered.

S. F. No. 1950, 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.

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 108 yeas and 3 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Fjoslien | Lieder | Pappas | Sherman |
| Backlund | Frederick | Long | Pauly | Simoneau |
| Battaglia | Frerichs | Marsh | Peterson | Skoglund |
| Beard | Greenfield | McEachern | Piepho | Solberg |
| Becklin | Gruenes | McKasy | Piper | Sparby |
| Begich | Gutknecht | McLaughlin | Poppenhagen | Sviggum |
| Bennett | Hartinger | McPherson | Price | Thorson |
| Bishop | Hartle | Metzen | Quinn | Tomlinson |
| Blatz | Haukoos | Miller | Quist | Tunheim |
| Boo | Heap | Minne | Redalen | Uphus |
| Brandl | Jacobs | Munger | Rees | Valan |
| Brown | Jaros | Murphy | Rest | Valento |
| Burger | Jennings, L. | Nelson, D. | Rice | Vanasek |
| Carlson, L. | Johnson | Norton | Rodosovich | Vellenga |
| Clark | Kahn | O'Connor | Sarna | Voss |
| Clausnitzer | Kalis | Ogren | Schafer | Waltman |
| Cohen | Kelly | Olson, E. | Scheid | Welle |
| Dempsey | Kiffmeyer | Omann | Schoenfeld | Wenzel |
| Dimler | Knuth | Onnen | Schreiber | Wynia |
| Dyke | Krueger | Osthoff | Seaberg | Zaffke |
| Elioff | Kvam | Otis | Segal | |
| Erickson | Levi | Ozment | Shaver | |

Those who voted in the negative were:

| | | |
|---|---|---|
| Forsythe | Himle | Knickerbocker |

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

H. F. No. 2010 was reported to the House.

McKasy, Gruenes, Valento, Cohen, Bishop, Kostohryz, Dempsey, Sherman and Norton moved to amend H. F. No. 2010, the first engrossment, as follows:

Page 2, line 3, strike "may" and insert "*shall*"

Page 2, lines 3 and 4, strike "or guidelines" and insert "*based on due process of law*"

Page 2, line 5, after "alteration" insert "*or disbandment*"

Page 2, line 6, after the period, insert "*A high school must not be expelled from an athletic or extracurricular conference without its consent, except on the affirmative vote of three-fourths of all the other members of the athletic or extracurricular conference.*"

Amend the title as follows:

Page 1, line 2, after the semi-colon, insert "providing the manner of expelling a school from a conference;"

A roll call was requested and properly seconded.

POINT OF ORDER

Osthoff raised a point of order pursuant to rule 3.9 that the amendment was not in order. The Speaker pro tempore Halberg ruled the point of order not well taken and the amendment in order.

Wynia moved to amend the McKasy et al., amendment to H. F. No. 2010, the first engrossment, as follows:

In the McKasy et al., amendment line 10, delete *"three-fourths"* and insert *"a majority"*

A roll call was requested and properly seconded.

The question was taken on the amendment to the amendment and the roll was called. There were 48 yeas and 69 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Greenfield | Minne | Pauly | Solberg |
| Battaglia | Jacobs | Munger | Peterson | Sparby |
| Begich | Jennings, L. | Murphy | Rest | Tomlinson |
| Brandl | Kahn | Nelson, D. | Rice | Vanasek |
| Brown | Kelly | Nelson, K. | Rodosovich | Vellenga |
| Carlson, L. | Knuth | O'Connor | Rose | Voss |
| Clark | Krueger | Ogren | Scheid | Wenzel |
| Cohen | Lieder | Osthoff | Schoenfeld | Wynia |
| Elioff | Long | Otis | Simoneau | |
| Ellingson | McLaughlin | Pappas | Skoglund | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Anderson, R. | Fjoslien | Kiffmeyer | Piepho | Staten |
| Backlund | Frederick | Knickerbocker | Poppenhagen | Sviggum |
| Beard | Frerichs | Levi | Price | Thiede |
| Becklin | Gruenes | Marsh | Quist | Thorson |
| Bennett | Gutknecht | McEachern | Redalen | Tjornhom |
| Bishop | Halberg | McKasy | Rees | Tompkins |
| Blatz | Hartinger | McPherson | Richter | Tunheim |
| Boo | Hartle | Metzen | Riveness | Uphus |
| Burger | Haukoos | Miller | Sarna | Valan |
| Clausnitzer | Heap | Neuenschwander | Schafer | Valento |
| Dempsey | Himle | Norton | Seaberg | Waltman |
| Dimler | Jaros | Olsen, S. | Segal | Welle |
| Dyke | Johnson | Omann | Shaver | Zaffke |
| Erickson | Kalis | Onnen | Stanius | |

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

The question recurred on the McKasy et al., amendment and the roll was called. There were 45 yeas and 64 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, R. | Dyke | Johnson | Norton | Schafer |
| Bennett | Frederick | Kiffmeyer | Omann | Seaberg |
| Bishop | Frerichs | Marsh | Onnen | Sherman |
| Blatz | Gruenes | McEachern | Piepho | Thiede |
| Boo | Gutknecht | McKasy | Poppenhagen | Thorson |
| Burger | Halberg | McPherson | Quist | Tompkins |
| Clausnitzer | Hartinger | Metzen | Redalen | Valento |
| Cohen | Haukoos | Miller | Richter | Welle |
| Dempsey | Heap | Neuenschwander | Sarna | Zaffke |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Greenfield | McLaughlin | Price | Stanius |
| Backlund | Hartle | Minne | Rest | Staten |
| Battaglia | Jacobs | Munger | Rice | Sviggum |
| Beard | Jaros | Murphy | Riveness | Tjornhom |
| Begich | Jennings, L. | Nelson, D. | Rodosovich | Tunheim |
| Brandl | Kahn | Nelson, K. | Rose | Uphus |
| Brown | Kalis | O'Connor | Scheid | Vanasek |
| Carlson, L. | Knickerbocker | Ogren | Schoenfeld | Vellenga |
| Clark | Knuth | Olson, E. | Segal | Voss |
| Dimler | Krueger | Osthoff | Shaver | Waltman |
| Elioff | Levi | Otis | Simoneau | Wenzel |
| Ellingson | Lieder | Pauly | Skoglund | Wynia |
| Fjoslien | Long | Peterson | Sparby | |

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

The Speaker resumed the Chair.

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 1984, section 129.121, subdivision 1, and by adding subdivisions.

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 85 yeas and 30 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Burger | Fjoslien | Heap | Knickerbocker |
| Backlund | Carlson, L. | Forsythe | Himle | Knuth |
| Beard | Clark | Frerichs | Jacobs | Levi |
| Begich | Clausnitzer | Gruenes | Jaros | Long |
| Bennett | Cohen | Gutknecht | Jennings, L. | Marsh |
| Bishop | Dimler | Hartinger | Johnson | McKasy |
| Blatz | Ellingson | Hartle | Kelly | McLaughlin |
| Brandl | Erickson | Haukoos | Kiffmeyer | Metzen |

| | | | | |
|---|---|---|---|---|
| Miller | Onnen | Quinn | Scheid | Tomlinson |
| Minne | Osthoff | Quist | Seaberg | Tompkins |
| Murphy | Otis | Redalen | Segal | Tunheim |
| Nelson, K. | Ozment | Rees | Shaver | Uphus |
| Neuenschwander | Pappas | Rest | Sherman | Valento |
| Norton | Pauly | Rice | Simoneau | Vellenga |
| O'Connor | Piepho | Riveness | Skoglund | Voss |
| Ogren | Poppenhagen | Rose | Staten | Wynia |
| Omann | Price | Sarna | Tjornhom | Spk. Jennings, D. |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Anderson, R. | Haiberg | Nelson, D. | Solberg | Valan |
| Battaglia | Kalis | Olson, E. | Sparby | Vanasek |
| Becklin | Krueger | Peterson | Stanius | Waltman |
| Brown | Lieder | Rodosovich | Sviggum | Welle |
| Dyke | McEachern | Schafer | Thiede | Wenzel |
| Elioff | McPherson | Schoenfeld | Thorson | Zaffke |

The bill was passed and its title agreed to.

S. F. No. 1680 was reported to the House.

Backlund moved to amend S. F. No. 1680, as follows:

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

The motion prevailed and the amendment was adopted.

Simoneau moved to amend S. F. No. 1680, as amended, as follows:

Page 1, after line 14, insert:

"Sec. 3. [MISSISSIPPI REGIONAL PARK APPROPRIATION.]

*The county of Anoka is designated as an "operating agency," in addition to the Hennepin county park reserve district and the Minneapolis park and recreation board, in the administration and expenditure of funds appropriated for the Mississippi Regional Park by Laws 1985, First Special Session chapter 15, section 5, subdivision 2(b).*"

Page 1, line 15, delete "LOCAL APPROVAL" and insert "EFFECTIVE DATE"

Page 1, line 16, delete "*This act*" and insert "*Section 1*"

Page 1, line 18, after the period insert "*Section 2 is effective the day following final enactment.*"

Amend the title as follows:

Page 1, line 3, before the period insert "; designating Anoka county as an operating agency in the administration and expenditure of an appropriation for the Mississippi Regional Park"

The motion prevailed and the amendment was adopted.

S. F. No. 1680, A bill for an act relating to Anoka county; providing that Anoka county park ordinances supersede local ordinances.

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 117 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

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

S. F. No. 1319 was reported to the House.

There being no objection S. F. No. 1319 was temporarily laid over on Special Orders.

H. F. No. 2331 was reported to the House.

There being no objection H. F. No. 2331 was temporarily laid over on Special Orders.

H. F. No. 1007 was reported to the House.

Knickerbocker moved that H. F. No. 1007 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 1793, A bill for an act relating to game and fish; authorizing stocking of fish in certain streams where public access is granted; amending Minnesota Statutes 1984, section 97.485.

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 117 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

S. F. No. 363 was reported to the House.

Dyke moved to amend S. F. No. 363, the unofficial engrossment, as follows:

Page 5, after line 18, insert:

"Sec. 9. [APPROPRIATION.]

*$12,000 is appropriated from the general fund to the secretary of state for purposes of placing the proposed question on the ballot at the 1986 general election.*"

Renumber subsequent section

Amend the title as follows:

Page 1, line 7, after the semicolon insert "appropriating money;"

The motion prevailed and the amendment was adopted.

S. F. No. 363, A bill for an act relating to state government; proposing an amendment to the Minnesota Constitution, article IV, section 23; article V, sections 1, 3, and 4; article VII, section 8; article VIII, section 2; article XI, sections 6, 7, 8, and 10; and article XIII, section 11; combining the offices of state treasurer, state auditor, and secretary of state into the office of state comptroller; providing that the first comptroller would be elected in 1990; transferring the powers, responsibilities, and duties of the state auditor, the secretary of state, and the state treasurer to the state comptroller.

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 100 yeas and 6 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Elioff | Krueger | Peterson | Simoneau |
| Backlund | Ellingson | Levi | Piepho | Skoglund |
| Battaglia | Erickson | Lieder | Poppenhagen | Solberg |
| Beard | Frederick | Long | Quinn | Stanius |
| Becklin | Frerichs | Marsh | Quist | Sviggum |
| Begich | Greenfield | McEachern | Redalen | Thiede |
| Bennett | Gruenes | McKasy | Rees | Thorson |
| Bishop | Gutknecht | McLaughlin | Rest | Tjornhom |
| Blatz | Hartinger | McPherson | Rice | Tomlinson |
| Boo | Hartle | Metzen | Richter | Tompkins |
| Brandl | Haukoos | Miller | Riveness | Uphus |
| Brown | Heap | Munger | Rodosovich | Valento |
| Burger | Jacobs | Nelson, D. | Rose | Vanasek |
| Carlson, D. | Jaros | Nelson, K. | Sarna | Vellenga |
| Carlson, L. | Johnson | Olson, E. | Schafer | Waltman |
| Clark | Kalis | Omann | Schoenfeld | Welle |
| Clausnitzer | Kelly | Onnen | Scaberg | Wenzel |
| Cohen | Kiffmeyer | Otis | Segal | Wynia |
| Dimler | Knickerbocker | Ozment | Shaver | Zaffke |
| Dyke | Knuth | Pauly | Sherman | Spk. Jennings, D. |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Fjoslien | Ogren | Price | Staten | Voss |
| Murphy | | | | |

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

H. F. No. 2331 which was temporarily laid over earlier today was again reported to the House.

Kiffmeyer moved to amend H. F. No. 2331, the first engrossment, as follows:

Page 2, after line 22, insert:

"Sec. 4. Minnesota Statutes 1985 Supplement, section 340A.410, subdivision 5, is amended to read:

Subd. 5. [GAMBLING PROHIBITED.] (a) No retail establishment licensed to sell alcoholic beverages may keep, possess, or operate, or permit the keeping, possession, or operation on the licensed premises of dice or any gambling device as defined in section 349.30, or permit gambling therein except as provided in this subdivision.

(b) Gambling equipment may be kept or operated and raffles conducted on licensed premises and adjoining rooms when the (USE OF THE) *licensee is a club and* gambling (EQUIPMENT IS) *activities are* authorized under chapter 349.

*(c) Gambling may be conducted in a licensed on-sale establishment if authorized under chapter 349 when conducted in connection with a banquet or comparable event held in the establishment.*"

Renumber the sections in order

Amend the title as follows:

Page 1, line 20, delete "Section" and insert "sections 340A.410, subdivision 5; and"

A roll call was requested and properly seconded.

The question was taken on the Kiffmeyer amendment and the roll was called. There were 38 yeas and 65 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Becklin | Frederick | Marsh | Redalen | Tjornhom |
| Brandl | Frerichs | McKasy | Rees | Tomlinson |
| Burger | Gruenes | Miller | Rice | Vellenga |
| Clark | Gutknecht | Onnen | Richter | Wynia |
| Dimler | Hartinger | Osthoff | Schafer | Zaffke |
| Dyke | Heap | Otis | Scheid | Spk. Jennings, D. |
| Erickson | Kelly | Price | Seaberg | |
| Fjoslien | Kiffmeyer | Quist | Skoglund | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Beard | Bishop | Brown | Clausnitzer |
| Anderson, R. | Begich | Blatz | Carlson, D. | Cohen |
| Battaglia | Bennett | Boo | Carlson, L. | Elioff |

| | | | | |
|---|---|---|---|---|
| Ellingson | Krueger | Nelson, K. | Rodosovich | Thorson |
| Hartle | Lieder | O'Connor | Rose | Tompkins |
| Himle | Long | Ogren | Sarna | Tunheim |
| Jacobs | McEachern | Olson, E. | Schoenfeld | Uphus |
| Jaros | McLaughlin | Omann | Shaver | Valento |
| Jennings, L. | McPherson | Pappas | Sherman | Vanasek |
| Johnson | Metzen | Pauly | Solberg | Voss |
| Kalis | Minne | Peterson | Sparby | Waltman |
| Knickerbocker | Munger | Piper | Stanius | Welle |
| Knuth | Murphy | Quinn | Sviggum | Wenzel |

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

Fjoslien moved to amend H. F. No. 2331, the first engrossment, as follows:

Page 9, line 13, delete "*Four*" and insert "*Five*"

The motion prevailed and the amendment was adopted.

Fjoslien, Sparby, Wenzel and Omann moved to amend H. F. No. 2331, the first engrossment, as amended, as follows:

Page 2, after line 22, insert:

"Sec. 4. Minnesota Statutes 1984, section 349.12, subdivision 12, is amended to read:

Subd. 12. "Organization" means any fraternal, religious, veterans, or other nonprofit organization *that collects more than $10,000 in gross receipts from lawful gambling or awards more than $50,000 in prizes for lawful gambling in a calendar year.*"

Page 3, after line 20, insert:

"Sec. 9. [349.171] [POSTED INFORMATION.]

*The board shall require by rule that each organization retaining a share of the proceeds post signs, posters, or other devices announcing that (1) a specified share of the proceeds are to be retained and used by the organization and (2) that the remainder, or net proceeds, are to be used for other specified lawful purposes. The rule must require such other information in each such device which the board determines is necessary adequately to inform the public that only the net proceeds from lawful gambling after permitted deductions are devoted to lawful purposes.*"

Page 3, delete section 8

Page 9, delete lines 15 and 16

Renumber the clauses

Renumber the sections in sequence

Amend the title accordingly

A roll call was requested and properly seconded.

The question was taken on the Fjoslien et al., amendment and the roll was called. There were 51 yeas and 54 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Erickson | McEachern | Redalen | Tjornhom |
| Anderson, R. | Fjoslien | McKasy | Rees | Tompkins |
| Backlund | Frederick | McPherson | Richter | Vanasek |
| Becklin | Gruenes | Miller | Rodosovich | Waltman |
| Bishop | Gutknecht | Neuenschwander | Sarna | Welle |
| Blatz | Hartle | O'Connor | Schafer | Wenzel |
| Brown | Heap | Omann | Seaberg | Zaffke |
| Burger | Jennings, L. | Ozment | Sparby | |
| Carlson, D. | Johnson | Poppenhagen | Sviggum | |
| Clausnitzer | Kalis | Quinn | Thiede | |
| Ellingson | Marsh | Quist | Thorson | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Battaglia | Haukoos | Minne | Piepho | Skoglund |
| Beard | Jaros | Munger | Piper | Solberg |
| Begich | Kahn | Murphy | Price | Stanius |
| Bennett | Kelly | Nelson, K. | Rest | Staten |
| Boo | Knickerbocker | Norton | Rice | Tomlinson |
| Brandl | Krueger | Olson, E. | Riveness | Tunheim |
| Carlson, L. | Levi | Osthoff | Scheid | Valento |
| Cohen | Lieder | Otis | Segal | Vellenga |
| Dempsey | Long | Pappas | Shaver | Voss |
| Dyke | McLaughlin | Pauly | Sherman | Spk. Jennings, D. |
| Elioff | Metzen | Peterson | Simoneau | |

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

Ogren moved to amend H. F. No. 2331, the first engrossment, as amended, as follows:

Pages 8 and 9, after line 30, delete Section 14

Renumber the sections in order

Amend the title as follows:

Page 1, lines 17 and 18, delete ", and by adding a subdivision"

The motion prevailed and the amendment was adopted.

Fjoslien moved to amend H. F. No. 2331, the first engrossment, as amended, as follows:

Page 3, after line 20, insert:

"Sec. 8. [349.171] [POSTED INFORMATION.]

*The board shall require by rule that each organization retaining a share of the proceeds post signs, posters, or other devices announcing that (1) a specified share of the proceeds are to be retained and used by the organization and (2) that the remainder, or net proceeds, are to be used for other specified lawful purposes. The rule must require such other information in each such device which the board determines is necessary adequately to inform the public that only the net proceeds from lawful gambling after permitted deductions are devoted to lawful purposes."*

The motion prevailed and the amendment was adopted.

H. F. No. 2331, A bill for an act relating to taxation; providing for the taxation of lawful gambling; providing for identification cards for employees of distributors of gambling equipment; providing for the registration of manufacturers of gambling equipment; providing for maximum prizes for pull-tabs; allowing local investigation fees; making unlicensed wholesaling of gambling equipment a felony; regulating off-track betting; exempting certain lawful gambling from licensing and taxation; providing for notification to town boards of license applications; providing a penalty; amending Minnesota Statutes 1984, sections 240.25, subdivision 2; 240.26, subdivisions 1 and 2; 349.12, by adding a subdivision; 349.161, by adding subdivisions; 349.19, subdivision 5; 349.211, by adding a subdivision; 349.212, by adding a subdivision; 349.213, subdivision 2; 349.214, subdivision 2, and by adding a subdivision; 349.22; 349.31, subdivision 1; and 609.761; Minnesota Statutes 1985 Supplement, section 349.212, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 349.

The bill was read for the 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 104 yeas and 7 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Carlson, L. | Heap | Marsh | Ogren |
| Anderson, R. | Clausnitzer | Jennings, L. | McEachern | Olsen, S. |
| Battaglia | Cohen | Johnson | McKasy | Olson, E. |
| Beard | Dempsey | Kahn | McLaughlin | Omann |
| Becklin | Dyke | Kalis | McPherson | Onnen |
| Begich | Elioff | Kelly | Metzen | Otis |
| Bennett | Fjoslien | Kiffmeyer | Miller | Ozment |
| Bishop | Frederick | Knickerbocker | Minne | Pappas |
| Blatz | Frerichs | Knuth | Murphy | Pauly |
| Boo | Gutknecht | Krueger | Nelson, D. | Peterson |
| Brandl | Hartinger | Levi | Neuenschwander | Piepho |
| Brown | Hartle | Lieder | Norton | Piper |
| Burger | Haukoos | Long | O'Connor | Poppenhagen |

| | | | | |
|---|---|---|---|---|
| Price | Rodosovich | Sherman | Thorson | Vellenga |
| Quinn | Rose | Simoneau | Tjornhom | Waltman |
| Quist | Sarna | Skoglund | Tomlinson | Welle |
| Redalen | Schafer | Solberg | Tompkins | Wenzel |
| Rest | Schoenfeld | Sparby | Tunheim | Wynia |
| Rice | Seaberg | Stanius | Uphus | Zaffke |
| Richter | Segal | Staten | Valento | Spk. Jennings, D. |
| Riveness | Shaver | Sviggum | Vanasek | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Gruenes | Jaros | Osthoff | Scheid | Voss |
| Jacobs | Munger | | | |

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

S. F. No. 1319 which was temporarily laid over earlier today was again reported to the House.

S. F. No. 1319, A bill for an act relating to motor vehicles; removing liability of motor vehicle lessors for unpaid citations for traffic violations committed by operators of leased or rented motor vehicles; proposing coding for new law in Minnesota Statutes, chapter 168.

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 115 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 2210 was reported to the House.

There being no objection H. F. No. 2210 was temporarily laid over on Special Orders.

H. F. No. 1953 was reported to the House.

Gruenes moved that H. F. No. 1953 be continued on Special Orders for one day. The motion prevailed.

S. F. No. 31 was reported to the House.

Ogren moved to amend S. F. No. 31, the unofficial engrossment, as follows:

Page 3, line 16, delete the colon and insert a comma

Page 3, line 17, delete *"(1)"*

Page 3, line 18, delete *"0.05 or"* and after *"less"* insert *"than 0.10"*

Page 3, delete lines 20 to 23

A roll call was requested and properly seconded.

CALL OF THE HOUSE

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

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

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

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

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

There were 57 yeas and 68 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Frederickson | O'Connor | Redalen | Sviggum |
| Anderson, R. | Gruenes | Ogren | Rice | Tjornhom |
| Battaglia | Jacobs | Olson, E. | Riveness | Tompkins |
| Beard | Jennings, L. | Omann | Rose | Uphus |
| Begich | Johnson | Osthoff | Sarna | Valan |
| Boo | Krueger | Otis | Schafer | Vanasek |
| Carlson, D. | Long | Ozment | Seaberg | Waltman |
| Carlson, J. | McEachern | Pauly | Sherman | Welle |
| Clausnitzer | McPherson | Peterson | Simoneau | Wenzel |
| Dempsey | Miller | Piepho | Solberg | |
| Elioff | Minne | Price | Sparby | |
| Fjoslien | Neuenschwander | Quinn | Stanius | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Becklin | Erickson | Kelly | Norton | Skoglund |
| Bennett | Forsythe | Kiffmeyer | Onnen | Staten |
| Bishop | Frederick | Knuth | Pappas | Thiede |
| Blatz | Frerichs | Kvam | Piper | Thorson |
| Boerboom | Greenfield | Levi | Poppenhagen | Tomlinson |
| Brandl | Gutknecht | Lieder | Quist | Tunheim |
| Brown | Halberg | Marsh | Rees | Valento |
| Burger | Hartinger | McDonald | Rest | Vellenga |
| Carlson, L. | Hartle | McKasy | Richter | Voss |
| Cohen | Haukoos | McLaughlin | Rodosovich | Wynia |
| DenOuden | Himle | Munger | Scheid | Zaffke |
| Dimler | Jaros | Murphy | Schreiber | Spk. Jennings, D. |
| Dyke | Kahn | Nelson, D. | Segal | |
| Ellingson | Kalis | Nelson, K. | Shaver | |

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

O'Connor and McEachern moved to amend S. F. No. 31, the unofficial engrossment, as follows:

Page 1, line 24, delete "*this state*" and insert "*Lake Minnetonka*"

Page 2, line 10, delete "*this state*" and insert "*Lake Minnetonka*"

Page 2, lines 15 and 16, delete "*this state*" and insert "*Lake Minnetonka*"

Page 4, line 17, delete "*this state*" and insert "*Lake Minnetonka*"

Page 5, line 12, delete "*this state*" and insert "*Lake Minnetonka*"

Page 5, line 34, delete "*this state*" and insert "*Lake Minnetonka*"

Page 6, line 1, delete "*this state*" and insert "*Lake Minnetonka*"

Amend the title as follows:

Page 1, line 4, after "watercraft" insert "on Lake Minnetonka"

A roll call was requested and properly seconded.

Neuenschwander moved that S. F. No. 31, the unofficial engrossment, be re-referred to the Committee on Commerce and Economic Development.

A roll call was requested and properly seconded.

The question was taken on the Neuenschwander motion and the roll was called.

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

There were 31 yeas and 80 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, R. | Fjoslien | Neuenschwander | Quinn | Seaberg |
| Battaglia | Jennings, L. | O'Connor | Redalen | Sherman |
| Beard | Johnson | Ogren | Rose | Solberg |
| Becklin | McEachern | Osthoff | Sarna | Sparby |
| Begich | Miller | Pauly | Scheid | Thiede |
| Bishop | Minne | Piepho | Schoenfeld | Wenzel |
| Carlson, D. | | | | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Bennett | Clark | Elioff | Halberg | Kahn |
| Blatz | Clausnitzer | Forsythe | Hartinger | Kalis |
| Boo | Cohen | Frederick | Hartle | Kelly |
| Brandl | Dempsey | Frerichs | Heap | Kiffmeyer |
| Brown | DenOuden | Greenfield | Himle | Knickerbocker |
| Burger | Dimler | Gruenes | Jacobs | Knuth |
| Carlson, L. | Dyke | Gutknecht | Jaros | Krueger |

| | | | | |
|---|---|---|---|---|
| Levi | Nelson, D. | Quist | Simoneau | Tunheim |
| Lieder | Nelson, K. | Rees | Skoglund | Uphus |
| Long | Norton | Rest | Stanius | Valento |
| Marsh | Omann | Rice | Staten | Vellenga |
| McLaughlin | Onnen | Richter | Sviggum | Voss |
| McPherson | Pappas | Riveness | Thorson | Waltman |
| Metzen | Peterson | Rodosovich | Tjornhom | Welle |
| Munger | Poppenhagen | Schafer | Tomlinson | Wynia |
| Murphy | Price | Segal | Tompkins | Spk. Jennings, D. |

The motion did not prevail.

The question recurred on the O'Connor and McEachern amendment and the roll was called.

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

There were 30 yeas and 82 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, R. | Carlson, D. | Miller | Rice | Seaberg |
| Battaglia | Carlson, J. | Minne | Riveness | Sherman |
| Beard | Fjoslien | Neuenschwander | Rose | Solberg |
| Becklin | Jennings, L. | O'Connor | Sarna | Sparby |
| Begich | Johnson | Ogren | Schafer | Uphus |
| Bishop | McEachern | Redalen | Schoenfeld | Wenzel |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Frerichs | Krueger | Pappas | Thiede |
| Bennett | Greenfield | Levi | Pauly | Thorson |
| Blatz | Gruenes | Lieder | Poppenhagen | Tjornhom |
| Boo | Gutknecht | Long | Price | Tomlinson |
| Brandl | Halberg | Marsh | Quist | Tompkins |
| Brown | Hartle | McLaughlin | Rees | Tunheim |
| Burger | Haukoos | McPherson | Rest | Valento |
| Carlson, L. | Heap | Metzen | Richter | Vanasek |
| Clark | Himle | Munger | Rodosovich | Vellenga |
| Cohen | Jacobs | Murphy | Scheid | Voss |
| Dempsey | Jaros | Nelson, D. | Schreiber | Waltman |
| DenOuden | Kahn | Nelson, K. | Segal | Welle |
| Dimler | Kalis | Norton | Simoneau | Wynia |
| Dyke | Kelly | Omann | Skoglund | Spk. Jennings, D. |
| Elioff | Kiffmeyer | Onnen | Stanius | |
| Forsythe | Knickerbocker | Osthoff | Staten | |
| Frederick | Knuth | Ozment | Sviggum | |

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

Neuenschwander moved to amend S. F. No. 31, the unofficial engrossment, as follows:

Page 8, after line 4, insert:

"Sec. 4. [361.122] [APPLICABILITY OF PROHIBITIONS.]

*Sections 2 and 3 apply only to operation or physical control of a watercraft powered by a motor with 41 or more horsepower."*

Page 8, line 6, delete "*3*" and insert "*4*"

Renumber the remaining section

Amend the title as follows:

Page 4, line 4, after "watercraft" insert "powered by motors with 41 or more horsepower"

Knuth moved to lay the Neuenschwander amendment to S. F. No. 31, the unofficial engrossment, on the table.

A roll call was requested and properly seconded.

The question was taken on the Knuth motion and the roll was called.

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

There were 60 yeas and 67 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Bennett | Forsythe | Kalis | Olsen, S. | Shaver |
| Blatz | Frederick | Kiffmeyer | Ozment | Staten |
| Boerboom | Frederickson | Knickerbocker | Pauly | Thorson |
| Brown | Frerichs | Knuth | Peterson | Tjornhom |
| Burger | Gruenes | Levi | Poppenhagen | Tunheim |
| Carlson, J. | Gutknecht | Lieder | Price | Uphus |
| Carlson, L. | Hartinger | Long | Quist | Valento |
| Clark | Hartle | Marsh | Rees | Vellenga |
| Cohen | Heap | McDonald | Rest | Voss |
| Dimler | Himle | Munger | Richter | Waltman |
| Dyke | Jacobs | Murphy | Schafer | Zaffke |
| Erickson | Kahn | Nelson, K. | Segal | Spk. Jennings, D. |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Ellingson | Miller | Quinn | Sparby |
| Anderson, R. | Fjoslien | Minne | Redalen | Stanius |
| Backlund | Greenfield | Nelson, D. | Rice | Sviggum |
| Battaglia | Halberg | Neuenschwander | Riveness | Thiede |
| Beard | Haukoos | Norton | Rodosovich | Tomlinson |
| Becklin | Jennings, L. | O'Connor | Rose | Tompkins |
| Begich | Johnson | Ogren | Sarna | Valan |
| Bishop | Kelly | Olson, E. | Scheid | Vanasek |
| Boo | Krueger | Omann | Schoenfeld | Welle |
| Brandl | McEachern | Onnen | Seaberg | Wenzel |
| Carlson, D. | McKasy | Osthoff | Sherman | Wynia |
| Clausnitzer | McLaughlin | Otis | Simoneau | |
| DenOuden | McPherson | Pappas | Skoglund | |
| Elioff | Metzen | Piepho | Solberg | |

The motion did not prevail.

The question recurred on the Neuenschwander amendment to S. F. No. 31, the unofficial engrossment. The motion did not prevail and the amendment was not adopted.

S. F. No. 31, A bill for an act relating to watercraft safety; strengthening prohibitions and penalties regarding operation of watercraft while under the influence of alcohol or a controlled substance; providing a penalty; amending Minnesota Statutes 1984, sections 361.02, subdivision 9; and 361.12; proposing coding for new law in Minnesota Statutes, chapter 361.

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 83 yeas and 43 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Bennett | Frederick | Knuth | Ozment | Sviggum |
| Blatz | Frederickson | Krueger | Pappas | Thorson |
| Boo | Frerichs | Levi | Pauly | Tjornhom |
| Brandl | Greenfield | Lieder | Poppenhagen | Tomlinson |
| Brown | Gruenes | Long | Price | Tompkins |
| Burger | Gutknecht | Marsh | Quist | Tunheim |
| Carlson, J. | Hartinger | McDonald | Rees | Valan |
| Carlson, L. | Hartle | McLaughlin | Rest | Valento |
| Clark | Haukoos | Metzen | Rice | Vellenga |
| Clausnitzer | Heap | Munger | Richter | Voss |
| Cohen | Himle | Murphy | Rose | Waltman |
| DenOuden | Jaros | Nelson, D. | Schafer | Welle |
| Dimler | Kahn | Nelson, K. | Segal | Wynia |
| Dyke | Kalis | Norton | Simoneau | Zaffke |
| Ellingson | Kelly | Olsen, S. | Skoglund | Spk. Jennings, D. |
| Erickson | Kiffmeyer | Onnen | Stanius | |
| Forsythe | Knickerbocker | Otis | Staten | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Carlson, D. | Miller | Piepho | Sherman |
| Anderson, R. | Elioff | Minne | Quinn | Solberg |
| Backlund | Fjoslien | Neuenschwander | Redalen | Sparby |
| Battaglia | Halberg | O'Connor | Riveness | Thiede |
| Beard | Jacobs | Ogren | Rodosovich | Uphus |
| Becklin | Jennings, L. | Olson, E. | Sarna | Vanasek |
| Begich | Johnson | Omann | Scheid | Wenzel |
| Bishop | McEachern | Osthoff | Schoenfeld | |
| Boerboom | McPherson | Peterson | Seaberg | |

The bill was passed and its title agreed to.

## ANNOUNCEMENTS BY THE SPEAKER

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 418:

Dempsey, Ozment and Jennings, L.

The Speaker announced the appointment of the following members of the House to a Conference Committee on H. F. No. 1950:

Halberg; Blatz; Poppenhagen; Olsen, S., and Kalis.

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

Levi moved that the House recess subject to the call of the Chair. The motion prevailed.

RECESS

RECONVENED

The House reconvened and was called to order by the Speaker.

There being no objection the order of business reverted to Reports of Standing Committees.

## REPORTS OF STANDING COMMITTEES

Forsythe from the Committee on Appropriations to which was referred:

H. F. No. 1946, A bill for an act relating to veterans affairs; providing for use of departmental resources by certain organizations; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 196.

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

The report was adopted.

Halberg from the Committee on Judiciary to which was referred:

H. F. No. 1996, A bill for an act relating to the collection and dissemination of data; classifying data; proposing classifications of data as private, nonpublic, and protected nonpublic; clarifying issues relating to the administration of data; amending Minnesota Statutes 1984, sections 13.38, by adding a subdivision; 13.46, by adding a subdivision; 13.84, by adding subdivisions; and 13.85, by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 13.03, subdivision 3; 13.04, subdivision 2; 13.39, subdivision 3; 13.46, subdivisions 1, 2, and 7; 13.76; and 13.82, subdivision 5; repealing Minnesota Statutes 1985 Supplement, section 13.89.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 13.03, subdivision 3, is amended to read:

Subd. 3. [REQUEST FOR ACCESS TO DATA.] Upon request to a responsible authority or designee, a person shall be permitted to inspect and copy public government data at reasonable times and places, and, upon request, shall be informed of the data's meaning. *If a person requests access for the purpose of inspection,* the responsible authority may not *assess a charge or* require the requesting person to pay a fee to inspect data. The responsible authority or designee shall provide copies of public government data upon request. *If a person requests copies,* the responsible authority may require the requesting person to pay the actual costs of searching for and retrieving government data and for making, certifying and compiling the copies of the data but may not charge for separating public from not public data. If the responsible authority or designee is not able to provide copies at the time a request is made, copies shall be supplied as soon as reasonably possible.

When a request under this subdivision involves any person's receipt of copies of public government data that has commercial value and is an entire formula, pattern, compilation, program, device, method, technique, process, data base, or system developed with a significant expenditure of public funds by the agency, the responsible authority may charge a reasonable fee for the information in addition to the costs of making, certifying, and compiling the copies. Any fee charged must be clearly demonstrated by the agency to relate to the actual development costs of the information. The responsible authority, upon the request of any person, shall provide sufficient documentation to explain and justify the fee being charged.

If the responsible authority or designee determines that the requested data is classified so as to deny the requesting person access, the responsible authority or designee shall inform the requesting person of the determination either orally at the time of the request, or in writing as soon after that time as possible, and shall cite the specific statutory section, temporary classification, or specific provision of federal law on which the determination is based. Upon the request of any person denied access to data, the responsible authority or designee shall certify in writing that the request has been denied and cite the specific statutory section, temporary classification, or specific provision of federal law upon which the denial was based.

Sec. 2. Minnesota Statutes 1985 Supplement, section 13.04, subdivision 2, is amended to read:

Subd. 2. [INFORMATION REQUIRED TO BE GIVEN INDIVIDUAL.] An individual asked to supply private or confi-

dential data concerning himself shall be informed of: (a) the purpose and intended use of the requested data within the collecting state agency, political subdivision, or statewide system; (b) whether he may refuse or is legally required to supply the requested data; (c) any known consequence arising from his supplying or refusing to supply private or confidential data; and (d) the identity of other persons or entities authorized by state or federal law to receive the data. This requirement shall not apply when an individual is asked to supply investigative data, pursuant to section 13.82, subdivision 5, to a law enforcement officer.

(THE COMMISSIONER OF REVENUE MAY PLACE THE NOTICE REQUIRED UNDER THIS SUBDIVISION IN THE INDIVIDUAL INCOME TAX OR PROPERTY TAX REFUND INSTRUCTIONS INSTEAD OF ON THOSE FORMS.)

Sec. 3. Minnesota Statutes 1984, section 13.38, is amended by adding a subdivision to read:

*Subd. 3.* [HEALTH SUMMARY DATA.] *Data collected on individuals pursuant to section 145.413 are confidential data on individuals, except that summary data may be provided pursuant to section 13.05, subdivision 7.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 13.39, subdivision 3, is amended to read:

Subd. 3. [INACTIVE INVESTIGATIVE DATA.] Inactive civil investigative data are public, unless the release of the data would jeopardize another pending civil legal action, and except for those portions of a civil investigative file that are classified as not public data by (OTHER) law. Any civil investigative data presented as evidence in court or made part of a court record shall be public. Civil investigative data become inactive upon the occurrence of any of the following events:

(1) a decision by the state agency, political subdivision, or statewide system or by the chief attorney acting for the state agency, political subdivision, or statewide system not to pursue the civil action;

(2) expiration of the time to file a complaint under the statute of limitations or agreement applicable to the civil action; or

(3) exhaustion of or expiration of rights of appeal by either party to the civil action.

Data determined to be inactive under clause (1) may become active if the state agency, political subdivision, statewide system, or its attorney decides to renew the civil action.

Sec. 5. Minnesota Statutes 1984, section 13.41, subdivision 4, is amended to read:

Subd. 4. [PUBLIC DATA.] Licensing agency minutes, application data on licensees, orders for hearing, findings of fact, conclusions of law and specification of the final disciplinary action contained in the record of the disciplinary action are classified as public, pursuant to section 13.02, subdivision 15. The entire record concerning the disciplinary proceeding is public data pursuant to section 13.02, subdivision 15, in those instances where there is a public hearing concerning the disciplinary action. *The license numbers, the license status, and continuing education records issued or maintained by the board of peace officer standards and training are classified as public data, pursuant to section 13.02, subdivision 15.*

Sec. 6. Minnesota Statutes 1985 Supplement, section 13.46, subdivision 2, is amended to read:

Subd. 2. [GENERAL.] (a) Unless the data is summary data or a statute specifically provides a different classification, data on individuals collected, maintained, used, or disseminated by the welfare system is private data on individuals, and shall not be disclosed except:

(1) pursuant to section 13.05;

(2) pursuant to court order;

(3) pursuant to a statute specifically authorizing access to the private data;

(4) to an agent of the welfare system, including a law enforcement person, attorney, or investigator acting for it in the investigation, prosecution, criminal or civil proceeding relating to the administration of a program;

(5) to personnel of the welfare system who require the data to determine eligibility, amount of assistance, and the need to provide services of additional programs to the individual;

(6) to administer federal funds or programs;

(7) between personnel of the welfare system working in the same program;

(8) the amounts of cash public assistance and relief paid to welfare recipients in this state, including their names and social security numbers, (UPON REQUEST BY) *may be released to* the department of revenue to administer the property tax refund law, supplemental housing allowance, and the income tax *unless federal law prohibits the release*;

(9) to the Minnesota department of (ECONOMIC SECURITY) *jobs and training* for the purpose of monitoring the eligibility of the data subject for unemployment compensation or for any employment or training program administered by that agency, whether alone or in conjunction with the welfare system;

(10) to appropriate parties in connection with an emergency if knowledge of the information is necessary to protect the health or safety of the individual or other individuals or persons; or

(11) data maintained by residential facilities as defined in section 245.782, subdivision 6, may be disclosed to the protection and advocacy system established in this state pursuant to Part C of Public Law Number 98-527 to protect the legal and human rights of persons with mental retardation or other related conditions who live in residential facilities for these persons if the protection and advocacy system receives a complaint by or on behalf of that person and the person does not have a legal guardian or the state or a designee of the state is the legal guardian of the person.

(b) Mental health data shall be treated as provided in subdivisions 7, 8, and 9, but is not subject to the access provisions of subdivision 10, paragraph (b).

Sec. 7. Minnesota Statutes 1985 Supplement, section 13.46, subdivision 7, is amended to read:

Subd. 7. [MENTAL HEALTH CENTER DATA.] (a) Mental health data *are private data on individuals and* shall not be disclosed, except:

(1) pursuant to section 13.05, as determined by the responsible authority for the community mental health center, mental health division, or provider;

(2) pursuant to court order;

(3) pursuant to a statute specifically authorizing access to or disclosure of mental health data; or

(4) with the consent of the client or patient.

(b) An agency of the welfare system may not require an individual to consent to the release of mental health data as a condition for receiving services or for reimbursing a community mental health center, mental health division of a county, or provider under contract to deliver mental health services.

Sec. 8. Minnesota Statutes 1984, section 13.46, is amended by adding a subdivision to read:

*Subd. 11.* [NURSING HOME APPRAISALS.] *Names, addresses, and other data that could identify nursing homes selected, as part of a random sample, to be appraised by the department of human services in its rate setting process are classified as protected nonpublic data until the sample has been completed.*

Sec. 9. [13.63] [MUNICIPAL UTILITY DATA.]

*Subdivision 1.* [DEFINITION.] *As used in this section, "municipal utility" means a political subdivision of the state that provides any of the following utility services to the public: electricity, natural gas, sewer, water, or heating services.*

*Subd. 2.* [GENERALLY.] *The following data collected, created, or maintained by a municipal utility are private or nonpublic data, depending on the content of the data:*

*(1) data about the type or quantity of service or goods purchased by a customer of a municipal utility; and*

*(2) data about the financial, payment, credit, or collections history of a customer of a municipal utility or a person who makes payment for or guarantees the payments of a customer of a municipal utility.*

*Subd. 3.* [EXCEPTION.] *Notwithstanding the provisions of subdivision 2, data collected, created, or maintained by a municipal utility may be released to any law enforcement agency, including a municipal police department, a county sheriff's department, a fire department, the bureau of criminal apprehension, or the Minnesota state patrol.*

*Subd. 4.* [PUBLIC DATA.] *Data made private or nonpublic by subdivision 2 become public data upon the occurrence of any of the following:*

*(1) the municipal utility determines to terminate utility service to the customer and the data are submitted by the municipal utility for a hearing on the termination to any hearing officer, administrative law judge, or court;*

*(2) the municipal utility commences a civil legal action to collect any amount due from the customer; or*

*(3) criminal charges involving the acquisition of municipal utility service by the customer are filed.*

Sec. 10. Minnesota Statutes 1985 Supplement, section 13.82, subdivision 5, is amended to read:

Subd. 5. [DATA COLLECTION.] Except for the data defined in subdivisions 2, 3 and 4, investigative data collected or

created by a law enforcement agency in order to prepare a case against a person, whether known or unknown, for the commission of a crime or civil wrong is confidential or protected nonpublic while the investigation is active. Inactive investigative data is public unless the release of the data would jeopardize another ongoing investigation or would reveal the identity of individuals protected under subdivision 10. *For a case arising as a result of a report under section 626.556, inactive investigative data that would reveal the name of the victim or reporter must be treated in accordance with section 626.556.* Photographs which are part of inactive investigative files and which are clearly offensive to common sensibilities are classified as private or nonpublic data, provided that the existence of the photographs shall be disclosed to any person requesting access to the inactive investigative file. An investigation becomes inactive upon the occurrence of any of the following events:

(a) a decision by the agency or appropriate prosecutorial authority not to pursue the case;

(b) expiration of the time to bring a charge or file a complaint under the applicable statute of limitations, or 30 years after the commission of the offense, whichever comes earliest; or

(c) exhaustion of or expiration of all rights of appeal by a person convicted on the basis of the investigative data.

Any investigative data presented as evidence in court shall be public. Data determined to be inactive under clause (a) may become active if the agency or appropriate prosecutorial authority decides to renew the investigation.

During the time when an investigation is active, any person may bring an action in the district court located in the county where the data is being maintained to authorize disclosure of investigative data. The court may order that all or part of the data relating to a particular investigation be released to the public or to the person bringing the action. In making the determination as to whether investigative data shall be disclosed, the court shall consider whether the benefit to the person bringing the action or to the public outweighs any harm to the public, to the agency or to any person identified in the data. The data in dispute shall be examined by the court in camera.

Sec. 11. Minnesota Statutes 1984, section 169.09, subdivision 13, is amended to read:

Subd. 13. [ACCIDENT REPORTS CONFIDENTIAL.] All written reports and supplemental reports required under this section to be provided to the department of public safety shall be without prejudice to the individual so reporting and shall be

for the confidential use of the department of public safety and other appropriate state, federal, county and municipal governmental agencies for accident analysis purposes, except that the department of public safety or any law enforcement department of any municipality or county in this state shall, upon written request of any person involved in an accident or upon written request of the representative of his or her estate, surviving spouse, or one or more surviving next of kin, or a trustee appointed pursuant to section 573.02, disclose to the requester, his or her legal counsel or a representative of his or her insurer any information contained therein except the parties' version of the accident as set out in the written report filed by the parties or may disclose identity of a person involved in an accident when the identity is not otherwise known or when the person denies presence at the accident. No report shall be used as evidence in any trial, civil or criminal, arising out of an accident, except that the department of public safety shall furnish upon the demand of any person who has, or claims to have, made a report, or, upon demand of any court, a certificate showing that a specified accident report has or has not been made to the department of public safety solely to prove a compliance or a failure to comply with the requirements that the report be made to the department of public safety. Disclosing any information contained in any accident report, except as provided herein, is unlawful and a misdemeanor.

Nothing herein shall be construed to prevent any person who has made a report pursuant to this chapter from providing information to any persons involved in an accident or their representatives or from testifying in any trial, civil or criminal, arising out of an accident, as to facts within the person's knowledge. It is intended by this subdivision to render privileged the reports required but it is not intended to prohibit proof of the facts to which the reports relate. Legally qualified newspaper publications and licensed radio and television stations shall upon request to a law enforcement agency be given an oral statement covering only the time and place of the accident, the names (AND), addresses, *and dates of birth* of the parties involved, and a general statement as to how the accident happened without attempting to fix liability upon anyone, but said legally qualified newspaper publications and licensed radio and television stations shall not be given access to the hereinbefore mentioned confidential reports, nor shall any such statements or information so orally given be used as evidence in any court proceeding, but shall merely be used for the purpose of a proper publication or broadcast of the news.

When these reports are released for accident analysis purposes the identity of any involved person shall not be revealed. Data contained in these reports shall only be used for accident analysis purposes, except as otherwise provided by this subdivision. Accident reports and data contained therein which may be in the possession or control of departments or agencies other than the

department of public safety shall not be discoverable under any provision of law or rule of court.

The department may charge authorized persons a $5 fee for a copy of an accident report.

Sec. 12. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

*Subd. 5. "Confidential data on individuals" has the meaning given in section 13.02, subdivision 3.*

Sec. 13. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

*Subd. 6. "Corrections and detention data" has the meaning given in section 13.85, subdivision 1.*

Sec. 14. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

*Subd. 7. "Personnel data" has the meaning given in section 13.43, subdivision 1.*

Sec. 15. Minnesota Statutes 1984, section 241.42, is amended by adding a subdivision to read:

*Subd. 8. "Private data on individuals" has the meaning given in section 13.02, subdivision 12.*

Sec. 16. [241.441] [ACCESS BY OMBUDSMAN TO PERSONNEL AND CORRECTIONS AND DETENTION DATA.]

*Subdivision 1.* [GENERAL PROVISION.] *Notwithstanding section 13.43 or 13.85 or any other provision of chapter 13 to the contrary, the availability of personnel data and corrections and detention data to the ombudsman is governed by this section.*

*Subd. 2.* [ACCESS BY OMBUDSMAN.] *When access to personnel data or corrections and detention data is necessary for the ombudsman to discharge the ombudsman's powers under section 241.44, subdivision 1, the ombudsman has access to personnel data and corrections and detention data classified as private or confidential data on individuals. An administrative agency shall make this data available to the ombudsman.*

Sec. 17. Minnesota Statutes 1984, section 259.27, is amended by adding a subdivision to read:

*Subd. 3a.* [DATA ON PROPOSED ADOPTIVE PARENTS.] *All data held by the commissioner of human services, county welfare board, or child placing agency that relate only to the suit-*

*ability of the proposed adoptive parents, but do not relate to a child, are private data on individuals as defined in section 13.02, subdivision 12.*

Sec. 18. Minnesota Statutes 1985 Supplement, section 363.01, subdivision 35, is amended to read:

Subd. 35. [HUMAN RIGHTS INVESTIGATIVE DATA.] "Human rights investigative data" means written documents issued or gathered by the department *or a local commission* for the purpose of investigating and prosecuting alleged or suspected discrimination.

Sec. 19. Minnesota Statutes 1985 Supplement, section 363.01, subdivision 36, is amended to read:

Subd. 36. [CONFIDENTIAL, PRIVATE, AND PUBLIC DATA ON INDIVIDUALS AND PROTECTED NONPUBLIC DATA NOT ON INDIVIDUALS.] "Confidential *data on individuals*," "private *data on individuals*," "public data on individuals," "protected nonpublic data (NOT ON INDIVIDUALS)," and any other terms concerning the availability of human rights investigative *or mediation* data have the meanings given them by section 13.02 (OF THE MINNESOTA GOVERNMENT DATA PRACTICES ACT).

Sec. 20. Minnesota Statutes 1984, section 363.01, is amended by adding a subdivision to read:

*Subd. 39.* [HUMAN RIGHTS MEDIATION DATA.] *"Human rights mediation data" means data created by a local commission for the purpose of mediating alleged or suspected discrimination.*

Sec. 21. Minnesota Statutes 1984, section 363.01, is amended by adding a subdivision to read:

*Subd. 40.* [CLOSED MEDIATION FILE.] *"Closed mediation file" means a file containing human rights mediation data in which a report regarding the alleged or suspected discrimination has been made or issued by a local commission.*

Sec. 22. Minnesota Statutes 1984, section 363.01, is amended by adding a subdivision to read:

*Subd. 41.* [OPEN MEDIATION FILE.] *"Open mediation file" means a file containing human rights mediation data in which no report regarding the alleged or suspected discrimination has been made or issued by the local commission.*

Sec. 23. Minnesota Statutes 1985 Supplement, section 363.061, subdivision 2, is amended to read:

Subd. 2. [ACCESS TO OPEN FILES.] (a) Human rights investigative data on an individual, with the exception of the name and address of the charging party and respondent, factual basis of the allegations, and the statute under which the action is brought, contained in an open case file is classified as confidential. The name and address of the charging party and respondent, factual basis of the allegations, and the statute under which the action is brought are classified as public data unless the commissioner determines that release of the data would be detrimental to the investigative and enforcement process.

(b) Human rights investigative data not on an individual contained in an open case file is classified as protected nonpublic data.

(c) Notwithstanding this subdivision, the commissioner may make human rights investigative data contained in an open case file accessible to a person, government agency, or the public if access will aid the investigative and enforcement process.

*(d) Notwithstanding this subdivision, any materials and data supplied to the department by the charging party or agent or attorney of the charging party are accessible by the charging party or attorney for the charging party.*

Sec. 24. Minnesota Statutes 1985 Supplement, section 363.061, subdivision 3, is amended to read:

Subd. 3. [ACCESS TO CLOSED FILES.] (a) Human rights investigative data on an individual contained in a closed case file is classified as private, with the exception of the following documents: the name and address of the charging party and respondent, factual basis of the allegations, and the statute under which the action is brought, the part of the summary of the investigation that does not contain identifying data on an individual other than the complainant or respondent, and the commissioner's memorandum determining whether probable cause has been shown.

(b) Human rights investigative data not on an individual contained in a closed case file is classified as nonpublic.

(c) Notwithstanding this subdivision, the commissioner may make human rights investigative data contained in a closed case file inaccessible to the charging party or the respondent in order to protect medical or other security interests of the parties or third persons.

*(d) Notwithstanding this subdivision, the commissioner may make human rights investigative data contained in a closed case file accessible to a party by court order, subpoena, or written agreement of the parties.*

Sec. 25. [363.062] [ACCESS TO CASE FILES.]

*Subdivision 1.* [GENERAL PROVISIONS.] *Notwithstanding section 13.39, and except as provided in section 363.06, subdivisions 6 and 8, the availability of human rights mediation data to persons other than department employees is governed by this section.*

*Subd. 2.* [ACCESS TO OPEN MEDIATION FILES.] *(a) Human rights mediation data on an individual, contained in an open mediation file is classified as confidential, with the exception of the name and address of the charging party and respondent, the factual basis of the allegations, and the statute under which the action is brought. The name and address of the charging party and respondent, factual basis of the allegations, and the statute under which the action is brought are classified as public data unless the local commission or the commissioner determines that release of the data would be detrimental to the investigative and enforcement process.*

*(b) Human rights mediation data not on an individual contained in an open mediation file is classified as protected nonpublic data.*

*(c) Notwithstanding this subdivision, the local commission or the commissioner may make human rights mediation data contained in an open mediation file accessible to a party by court order, subpoena, or written agreement of the parties.*

*Subd. 3.* [ACCESS TO CLOSED MEDIATION FILES.] *(a) Human rights mediation data on an individual contained in a closed mediation file is classified as private, with the exception of the following documents: the name and address of the charging party and respondent, the factual basis of the allegations, the statute under which the action is brought, and the part of the report that does not contain identifying data on an individual other than the complainant or respondent.*

*(b) Human rights mediation data not on an individual contained in a closed mediation file is classified as nonpublic.*

*(c) Notwithstanding this subdivision, the local commission or the commissioner may make human rights mediation data contained in a closed mediation file inaccessible to the charging party or the respondent in order to protect medical or other security interests of the parties or third persons.*

*(d) Notwithstanding this subdivision, the local commission or the commissioner may make human rights mediation data contained in a closed mediation file accessible to a party by court order, subpoena, or written agreement of the parties.*

Sec. 26. Minnesota Statutes 1984, section 363.091, is amended to read:

363.091 [ENFORCEMENT.]

When a respondent fails or refuses to comply with a final decision of the department, the commissioner may file with the clerk of district court in the judicial district in which the hearing was held a petition requesting the court to order the respondent to comply with the order of the department. Thereupon the court shall issue an order to show cause directed to the respondent why an order directing compliance should not be issued. Notwithstanding the provisions of any law or rule of civil procedure to the contrary, the court (SHALL EXAMINE AT THE HEARING ON THE ORDER TO SHOW CAUSE ALL THE EVIDENCE IN THE RECORD AND) may amend the order of the department in any way the court deems just and equitable. If the (PANEL OR EXAMINER) *administrative law judge* has ordered an award of damages pursuant to section 363.071 and if the court (SUSTAINS OR MODIFIES THE AWARD) *deems that an order directing compliance should be issued*, it shall enter judgment on the order (OR MODIFIED ORDER) in the same manner as in the case of an order of the district court, as provided in section 546.27.

*The jurisdiction conferred upon courts in sections 14.63 to 14.69 and 363.072 to review the validity of a final decision of the department in a contested case is exclusive.*

Sec. 27. Minnesota Statutes 1984, section 363.14, subdivision 1, is amended to read:

Subdivision 1. [COURT ACTIONS, SUITS BY PRIVATE PARTIES, INTERVENTION.] A person may bring a civil action seeking redress for an unfair discriminatory practice:

(a) Directly to district court; or

(b) Notwithstanding the provisions of any law to the contrary, (1) within 45 days after the commissioner has dismissed a charge because it is frivolous or without merit, because the charging party has failed to provide required information, because the commissioner has determined that further use of department resources is not warranted, or because the commissioner has determined that there is no probable cause to credit the allegations contained in a charge filed with the commissioner; (2) within 45 days after the commissioner has reaffirmed his determination of no probable cause if the charging party requested a reconsideration of the probable cause determination; or (3) after 45 days from the filing of a charge pursuant to section 363.06, subdivision 1 if a hearing has not been held pursuant to section 363.071 or if the commissioner has not entered into a conciliation agreement

to which the charging party is a signator. The charging party shall notify the commissioner of his intention to bring a civil action, which shall be commenced within 90 days of giving the notice (;)

((C) THE COMMISSIONER MAY DISMISS, WITHOUT PREJUDICE TO THE CHARGING PARTY, ANY CASE FILED WITH THE DEPARTMENT ON OR BEFORE JUNE 30, 1978. THE COMMISSIONER SHALL NOTIFY A CHARGING PARTY BY REGULAR MAIL SENT BEFORE AUGUST 1, 1981, THAT HE HAS A RIGHT TO BRING A CIVIL ACTION PURSUANT TO THIS SECTION. UPON GIVING THIS NOTICE THE COMMISSIONER SHALL END ALL PROCEEDINGS IN THE DEPARTMENT RELATING TO THE CHARGE. NOTWITHSTANDING ANY STATUTORY PERIOD OF LIMITATION TO THE CONTRARY, AN INDIVIDUAL NOTIFIED PURSUANT TO THIS CLAUSE MAY BRING A CIVIL ACTION RELATING TO HIS CHARGE; PROVIDED THAT THE ACTION IS FILED ON OR BEFORE FEBRUARY 1, 1982).

*Any person including* a charging party bringing a civil action *pursuant to this section* shall mail by registered or certified mail a copy of the summons and complaint to the commissioner (, AND UPON THEIR RECEIPT) *immediately upon commencement of the action. In cases in which a charge has been filed,* the commissioner *upon receiving the summons and complaint* shall terminate all proceedings in the department relating to the charge. No charge shall be filed or reinstituted with the commissioner after a civil action relating to the same unfair discriminatory practice has been brought unless the civil action has been dismissed without prejudice.

Upon application by the complaining party to the district court at a special term and under circumstances the court deems just, the court may appoint an attorney for the person and may authorize the commencement of the action without payment of fees, costs, or security.

Upon timely application, the court may permit the department to intervene in a civil action brought pursuant to this section upon certification that the case is of general public importance.

Sec. 28. [363.15] [LIABILITY INSURANCE; INDEMNIFICATION.]

*The governing body of any municipality or any local commission may purchase liability insurance for or indemnify the local commission, its members, agents, and employees against tort liability to the same extent and subject to the conditions and limitations under sections 466.06 and 466.07. A municipality shall indemnify and provide defense for members, agents, and em-*

*ployees of a local commission as provided in section 466.07, subdivision 1a.*

Sec. 29. Minnesota Statutes 1985 Supplement, section 626.556, subdivision 11, is amended to read:

Subd. 11. [RECORDS.] *During the time a report is under investigation or assessment,* all records concerning individuals maintained by a local welfare agency under this section, including any written reports filed under subdivision 7, shall be (PRIVATE) *confidential* data on individuals, except insofar as copies of reports are required by subdivision 7 to be sent to the local police department or the county sheriff, and except as otherwise provided in subdivisions 10b and 10d. Report records maintained by any police department or the county sheriff shall be (PRIVATE) *confidential* data on individuals except the reports shall be made available to the investigating, petitioning, or prosecuting authority. The welfare board shall make available to the investigating, petitioning, or prosecuting authority any records which contain information relating to a specific incident of neglect or abuse which is under investigation, petition, or prosecution and information relating to any prior incidents of neglect or abuse involving any of the same persons. The records shall be collected and maintained in accordance with the provisions of chapter 13. In conducting investigations and assessments pursuant to this section, the notice required by section 13.04, subdivision 2, need not be provided to a minor under the age of ten who is the alleged victim of abuse or neglect. (AN INDIVIDUAL SUBJECT OF A RECORD SHALL HAVE ACCESS TO THE RECORD IN ACCORDANCE WITH THOSE SECTIONS, EXCEPT THAT THE NAME OF THE REPORTER SHALL BE CONFIDENTIAL WHILE THE REPORT IS UNDER ASSESSMENT OR INVESTIGATION EXCEPT AS OTHERWISE PERMITTED BY THIS SUBDIVISION.) Any person conducting an investigation or assessment under this section who intentionally discloses the identity of a reporter prior to the completion of the investigation or assessment is guilty of a misdemeanor. After *completion of* the assessment or investigation (IS COMPLETED), *whichever occurs later,* the name of the reporter shall be confidential but shall be accessible to the individual subject of the record upon court order. *The remainder of the records shall be private and accessible to the individual subject of the record in accordance with chapter 13.*

Notwithstanding sections 138.163 and 138.17, records maintained by local welfare agencies, the police department or county sheriff under this section shall be destroyed as described in clauses (a) to (d):

(a) If upon assessment or investigation a report is found to be false, notice of intent to destroy records of the report shall be mailed to the individual subject of the report. At the subject's request the records shall be maintained as private data. If no

request from the subject is received within 30 days of mailing the notice of intent to destroy, the records shall be destroyed.

(b) All records relating to reports which, upon assessment or investigation, are found to be substantiated shall be destroyed seven years after the date of the final entry in the case record.

(c) All records of reports which, upon initial assessment or investigation, cannot be substantiated or disproved to the satisfaction of the local welfare agency, local police department or county sheriff may be kept for a period of one year. If the local welfare agency, local police department or county sheriff is unable to substantiate the report within that period, each agency unable to substantiate the report shall destroy its records relating to the report in the manner provided by clause (a).

(d) Any notification of intent to interview which was received by a school under subdivision 10, paragraph (c), shall be destroyed by the school when ordered to do so by the agency conducting the assessment or investigation. The agency shall order the destruction of the notification when other records relating to the report under investigation or assessment are destroyed under this subdivision.

Sec. 30. [REPEALER.]

*Minnesota Statutes 1985 Supplement, section 13.89, is repealed.*

Sec. 31. [EFFECTIVE DATE.]

*Section 23 is effective the day following final enactment.*"

Delete the title and insert:

"A bill for an act relating to the collection and dissemination of data; classifying data; proposing classifications of data as private, nonpublic, and protected nonpublic; clarifying issues relating to the administration of data; amending Minnesota Statutes 1984, sections 13.38, by adding a subdivision; 13.41, subdivision 4; 13.46, by adding a subdivision; 169.09, subdivision 13; 241.42, by adding subdivisions; 259.27, by adding a subdivision; 363.01, by adding subdivisions; Minnesota Statutes 1985 Supplement, sections 13.03, subdivision 3; 13.04, subdivision 2; 13.39, subdivision 3; 13.46, subdivisions 2 and 7; 13.82, subdivision 5; 363.01, subdivisions 35 and 36; 363.061, subdivisions 2 and 3; 626.556, subdivision 11; proposing coding for new law in Minnesota Statutes, chapters 13; 241; and 363; repealing Minnesota Statutes 1985 Supplement, section 13.89."

With the recommendation that when so amended the bill pass.

The report was adopted.

Forsythe from the Committee on Appropriations 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 recommendation that the bill pass.

The report was adopted.

Schreiber from the Committee on Taxes to which was referred:

H. F. No. 2148, A bill for an act relating to taxation; gasoline; exempting certain alcohol mixtures; amending Minnesota Statutes 1984, section 296.03.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. [41A.09] [ETHANOL DEVELOPMENT FUND.]

*Subdivision 1.* [FUND CREATED.] *An ethanol development fund is created as a separate fund in the state treasury. The agricultural resource loan board shall administer the fund. The fund is annually appropriated to the board for the purposes of this section and all money so appropriated is available until expended.*

*Subd. 2.* [DEFINITION.] *For purposes of this section "ethanol" means agriculturally derived fermentation ethyl alcohol of a purity of at least 99 percent, determined without regard to any added denaturants, denatured in conformity with one of the approved methods set forth by the United States Department of Treasury, Bureau of Alcohol, Tobacco and Firearms, and derived from agricultural products such as cereal grains, cheese whey, sugar beets, forest products, or other renewable resources.*

*Subd. 3.* [PAYMENTS FROM FUND.] *The board shall make cash payments from the development fund to ethanol producers located in the state, for the purpose of enhancing the market for Minnesota agricultural products. The amount of the payment for each producer's annual production shall be 20 cents for each gallon of ethanol produced, and 11 cents for every*

*gallon of agricultural grade alcohol designed to be used in conjunction with diesel fuel in an engine's internal combustion process, provided that the total payments from the fund to a producer in any year may not exceed $2,000,000 and total payments to all producers in any year from the fund may not exceed $10,000,000.*

*By the last day of October, January, April, and July, each producer shall file a claim for payment for production during the preceding three calendar months. The volume of production must be verified by a certified financial audit performed by an independent certified public accountant using generally accepted accounting procedures.*

*Payments shall be made November 15, February 15, May 15, and August 15.*

*Subd. 4.* [RULEMAKING AUTHORITY.] *The board shall adopt emergency and permanent rules to implement this section.*

*Subd. 5.* [EXPIRATION.] *This section expires July 1, 1992, and all money in the fund on that date reverts to the general fund.*

Sec. 2. Minnesota Statutes 1984, section 297B.09, subdivision 1, is amended to read:

Subdivision 1. [GENERAL FUND SHARE.] Money collected and received under this chapter must be deposited in the state treasury and credited to the general fund, *except as provided in subdivision 3.* The amounts collected and received shall be credited to the highway user tax distribution fund and the transit assistance fund as provided in subdivision 2, and transferred from the general fund on July 15 and January 15 of each fiscal year. The commissioner of finance must make each transfer based upon the actual receipts of the preceding six calendar months and include the interest earned during that six-month period. The commissioner of finance may establish a quarterly or other schedule providing for more frequent payments to the transit assistance fund if he determines it is necessary or desirable to provide for the cash flow needs of the recipients of moneys from the transit fund.

Sec. 3. Minnesota Statutes 1984, section 297B.09, is amended by adding a subdivision to read:

*Subd. 3.* [ETHANOL FUND.] *Until July 1, 1992, the first $10,000,000 collected and received under this chapter in each fiscal year must be deposited in the state treasury and credited to the ethanol development fund created by section 1. The remaining money collected and received under this chapter must be credited as provided in subdivisions 1 and 2.*

Sec. 4. [EFFECTIVE DATE.]

*Sections 1 to 3 are effective July 1, 1987.*"

Delete the title and insert:

"A bill for an act relating to motor fuel; establishing an ethanol development fund; providing for payments to producers; appropriating money; amending Minnesota Statutes 1984, section 297B.09, subdivision 1, and by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapter 41A."

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. 2181, A bill for an act relating to probate; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain insurance and other items in the augmented estate; amending Minnesota Statutes 1985 Supplement, section 524.2-202.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 524.2-109, is amended to read:

524.2-109 [MEANING OF CHILD AND RELATED TERMS.]

If, for purposes of intestate succession, a relationship of parent and child must be established to determine succession by, through, or from a person:

(1) An adopted person is the child of an adopting parent and not of the natural parents except that adoption of a child by the spouse of a natural parent has no effect on the relationship between the child and that natural parent. If a parent dies and a child is subsequently adopted by a stepparent who is the spouse of a surviving parent, any rights of inheritance of the child or the child's issue from or through the deceased parent of the child which exist at the time of the death of that parent shall not be affected by the adoption.

(2) In cases not covered by clause (1), a person (BORN OUT OF WEDLOCK IS A CHILD OF THE MOTHER. THAT PERSON IS ALSO A CHILD OF THE FATHER, IF:)

((I) THE NATURAL PARENTS PARTICIPATED IN A MARRIAGE CEREMONY BEFORE OR AFTER THE BIRTH OF THE CHILD, EVEN THOUGH THE ATTEMPTED MARRIAGE IS VOID; OR)

((II) THE PATERNITY IS ESTABLISHED BY AN ADJUDICATION OR BY ACKNOWLEDGMENT, CONSENT, OR AGREEMENT PURSUANT TO SECTIONS 257.51 TO 257.74 BEFORE THE DEATH OF THE FATHER OR IS ESTABLISHED THEREAFTER BY CLEAR AND CONVINCING PROOF, EXCEPT THAT THE PATERNITY ESTABLISHED UNDER THIS CLAUSE IS INEFFECTIVE TO QUALIFY THE FATHER OR HIS KINDRED TO INHERIT FROM OR THROUGH THE CHILD UNLESS THE FATHER HAS OPENLY TREATED THE CHILD AS HIS, AND HAS NOT REFUSED TO SUPPORT THE CHILD) *is the child of the person's parents regardless of the martial status of the parents and the parent and child relationship may be established under the parentage act, sections 257.51 to 257.74.*

Sec. 2. Minnesota Statutes 1985 Supplement, section 524.2-202, is amended to read:

524.2-202 [AUGMENTED ESTATE.]

The augmented estate means the estate reduced by funeral and administration expenses, the homestead, family allowances and exemptions, liens, mortgages, and enforceable claims, to which is added the sum of the following amounts:

(1) The value of property, *other than the homestead,* transferred by the decedent at any time during the marriage, to or for the benefit of any person other than the surviving spouse, to the extent that the decedent did not receive adequate and full consideration in money or money's worth for the transfer, if the transfer is of any of the following types:

(i) any transfer under which the decedent retained at the time of death the possession or enjoyment of, or right to income from, the property;

(ii) any transfer to the extent that the decedent retained at the time of death a power, either alone or in conjunction with any other person, to revoke or to consume, invade or dispose of the principal for his or her own benefit;

(iii) any transfer whereby property is held at the time of decedent's death by decedent and another with right of survivorship;

(iv) any transfer made within one year of death of the decedent to the extent that the aggregate transfers to any one donee in the year exceeds $30,000.

Any transfer is excluded if made with the written consent or joinder of the surviving spouse. Property is valued as of the decedent's death except that property given irrevocably to a donee during lifetime of the decedent is valued as of the date the donee came into possession or enjoyment if that occurs first. (NOTHING IN THIS SECTION SHALL CAUSE ANY LIFE INSURANCE, ACCIDENT INSURANCE, JOINT ANNUITY, OR PENSION OR PROFIT SHARING PLAN PAYABLE TO A PERSON OTHER THAN THE SURVIVING SPOUSE TO BE INCLUDED IN THE AUGMENTED ESTATE.)

(2) The value of property, *other than the homestead,* owned by the surviving spouse at the decedent's death, plus the value of property transferred by the spouse at any time during marriage to any person other than the decedent which would have been includable in the spouse's augmented estate if the surviving spouse had predeceased the decedent, to the extent the owned or transferred property is derived from the decedent by any means other than testate or intestate succession or as an obligation of support without a full consideration in money or money's worth. For purposes of this clause:

(i) Property derived from the decedent includes, but is not limited to, any beneficial interest of the surviving spouse in a trust created by the decedent during the decedent's lifetime (,); any property appointed to the spouse by the decedent's exercise of a general or special power of appointment also exercisable in favor of others than the spouse (,); *any proceeds of insurance, including accidental death benefits, on the life of the decedent attributable to premiums paid by the decedent; any lump sum immediately payable and the commuted value of the proceeds of annuity contracts under which the decedent was the primary annuitant attributable to premiums paid by the decedent; the commuted value of amounts payable after the decedent's death under any public or private pension, disability compensation, benefit, or retirement plan or account, excluding the federal social security system, by reason of service performed, disabilities incurred, or deposits made by the decedent;* any property held at the time of decedent's death by decedent and the surviving spouse with right of survivorship (,); any property held by decedent and transferred by contract to the surviving spouse by reason of the decedent's death (,); and the value of the share of the surviving spouse resulting from rights in community property in this or any other state formerly owned with the decedent. (THE AUGMENTED ESTATE DOES NOT INCLUDE THE PROCEEDS OF LIFE INSURANCE PAYABLE UPON THE DEATH OF THE DECEDENT, IN LUMP SUM OR IN THE FORM OF AN ANNUITY,

ACCIDENT INSURANCE, JOINT ANNUITY OR PENSION OR PROFIT SHARING PLAN, NOR DOES IT INCLUDE PREMIUMS PAID THEREFOR BY THE DECEDENT OR ANY OTHER PERSON.)

(ii) Property owned by the spouse at the decedent's death is valued as of the date of death. Property transferred by the spouse is valued at the time the transfer became irrevocable, or at the decedent's death, whichever occurred first. Income earned by included property prior to the decedent's death is not treated as property derived from the decedent.

(iii) Property owned by the surviving spouse as of the decedent's death of the kind described in clause (2)(i) is presumed to have been derived from the decedent except to the extent that the surviving spouse establishes that it was derived from another source. All other property owned by the surviving spouse as of the decedent's death, or previously transferred by the surviving spouse, is presumed not to have been derived from the decedent except to the extent that an interested party establishes that it was derived from the decedent.

*(3) The value of property paid to, or for the benefit of, a person other than the surviving spouse as a result of the decedent's death if the property is any of the following types:*

*(i) proceeds of insurance, including accidental death benefits, but excluding insurance proceeds paid for a bona fide business purpose, on the life of the decedent attributable to premiums paid by the decedent during the marriage;*

*(ii) a lump sum immediately payable, or the commuted value of the proceeds of annuity contracts under which the decedent was the primary annuitant attributable to premiums paid by the decedent during the marriage; or*

*(iii) the commuted value of amounts payable after the decedent's death under any public or private pension, disability compensation, benefit, or retirement plan or account, excluding the federal social security system, by reason of service performed, disabilities incurred, or deposits made by the decedent, attributable to premiums or contributions paid by the decedent during the marriage.*

*For purposes of this clause, premiums paid by the decedent's employer, the decedent's partner, a partnership of which the decedent was a member, or the decedent's creditors, are deemed to have been paid by the decedent.*

*Unless the payer of the property has received written notice of intention to file a petition for the elective share, the property may be paid, upon request and satisfactory proof of the dece-*

*dent's death, to the designated beneficiary of the property. Payment made discharges the payer from all claims for the amounts paid. This does not extend to payments made after the payer has received written notice of intention to file a petition for the elective share. Unless the notice is withdrawn by the surviving spouse, the surviving spouse must concur in any demand for withdrawal.*

*For an insurer, the written notice of intention to file a petition for the elective share must be mailed to its home office by registered mail, return receipt requested, or served upon the insurer in the same manner as a summons in a civil action. Upon receipt of written notice of intention to file a petition for the elective share, an insurer may pay any amounts owed by it specified in clause (3) to the court in which the probate proceedings relating to the estate of the decedent are venued, or if no proceedings have been commenced, to the court having jurisdiction of decedents' estates located in the county of the insured's residence. The court shall hold the funds and, upon its determination under section 524.2-205, subsection (d), shall order its disbursement in accordance with the determination. If no petition is filed in the court within the specified time under section 524.2-205, subsection (a), or if filed, the demand for an elective share is withdrawn under section 524.2-205, subsection (c), the court shall order disbursement to the designated beneficiary. Payment made to the court discharges the insurer from all claims for the amounts paid.*

*Upon petition to the probate court by the designated beneficiary, the court may order that all or part of the property be paid to the designated beneficiary in an amount and subject to conditions consistent with this section.*

Sec. 3. Minnesota Statutes 1985 Supplement, section 524.2-205, is amended to read:

524.2-205 [PROCEEDING FOR ELECTIVE SHARE; TIME LIMIT.]

(a) The surviving spouse may elect to take an elective share in the augmented (NET) estate by filing in the court and mailing or delivering to the personal representative, if any, a petition for the elective share within nine months after the date of death, or within six months after the probate of the decedent's will, whichever limitation last expires. However, nonprobate transfers, described in section 524.2-202, clauses (1) and (3), shall not be included within the augmented estate for the purpose of computing the elective share, if the petition is filed later than nine months after death. The court may extend the time for election as it sees fit for cause shown by the surviving spouse before the time for election has expired.

(b) The surviving spouse shall give notice of the time and place set for hearing to persons interested in the estate and to the distributees and recipients of portions of the augmented net estate whose interests will be affected by the taking of the elective share.

(c) The surviving spouse may withdraw his demand for an elective share at any time before entry of an order by the court determining the elective share.

(d) After notice and hearing, the court shall determine the amount of the elective share and shall order its payment from the assets of the augmented net estate or by contribution as appears appropriate under section 524.2-207. If it appears that a fund or property included in the augmented net estate has not come into the possession of the personal representative, or has been distributed by the personal representative, the court nevertheless shall fix the liability of any person who has any interest in the fund or property or who has possession thereof, whether as trustee or otherwise. The proceeding may be maintained against fewer than all persons against whom relief could be sought, but no person is subject to contribution in any greater amount than he would have been if relief had been secured against all persons subject to contribution.

(e) The order or judgment of the court may be enforced as necessary in suit for contribution or payment in other courts of this state or other jurisdictions.

*(f) Whether or not an election has been made under subsection (a), the surviving spouse may elect statutory rights in the homestead by filing in the manner provided in this section a petition in which the spouse asserts the rights provided in section 525.145, provided that:*

*(1) when the homestead is subject to a testamentary disposition, the filing must be within nine months after the date of death, or within six months after the probate of the decedent's will, whichever limitation last expires; or*

*(2) where the homestead is subject to other disposition, the filing must be within nine months after the date of death.*

*The court may extend the time for election for cause shown by the surviving spouse before the time for filing has expired.*

Sec. 4. Minnesota Statutes 1985 Supplement, section 525.145, is amended to read:

525.145 [DESCENT OF HOMESTEAD.]

(1) Where there is a surviving spouse the homestead, including a manufactured home which is the family residence, shall

descend free from any testamentary or other disposition thereof to which the spouse has not consented in writing or (BY ELECTION TO TAKE UNDER THE WILL) as provided by law, as follows:

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

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

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

(3) Where the homestead passes by descent or will to the spouse or children or issue of deceased children, it shall be exempt from all debts which were not valid charges thereon at the time of decedent's death except that the homestead shall be subject to a claim filed pursuant to section 246.53 for state hospital care or 256B.15 for medical assistance benefits. If the homestead passes to a person other than a spouse or child or issue of a deceased child, it shall be subject to the payment of the items mentioned in section 524.2-101. No lien or other charge against any homestead which is so exempted shall be enforced in the probate court, but the claimant may enforce the lien or charge by an appropriate action in the district court.

*(4) For purposes of this section, except as provided in section 524.2-301, the surviving spouse is deemed to consent to any testamentary or other disposition of the homestead to which the spouse has not previously consented in writing unless the spouse files in the manner provided in section 524.2-205, subsection (f), a petition that asserts the homestead rights provided to the spouse by this section.*

Sec. 5. Minnesota Statutes 1984, section 525.539, is amended by adding a subdivision to read:

*Subd. 7.* [BEST INTERESTS OF THE WARD OR CONSERVATEE.] *"Best interests of the ward or conservatee" means all relevant factors to be considered or evaluated by the court in nominating a guardian or conservator, including but not limited to:*

*(1) the reasonable preference of the ward or conservatee, if the court determines the ward or conservatee has sufficient capacity to express a preference;*

*(2) the interaction between the proposed guardian or conservator and the ward or conservatee; and*

*(3) the interest and commitment of the proposed guardian or conservator in promoting the welfare of the ward or conservatee and the proposed guardian's or conservator's ability to maintain a current understanding of the ward's or conservatee's physical and mental status and needs. In the case of a ward or a conservatorship of the person, welfare includes:*

*(i) food, clothing, shelter, and appropriate medical care;*

*(ii) social, emotional, religious, and recreational requirements; and*

*(iii) training, education, and rehabilitation.*

***Kinship is not a conclusive factor in determining the best interests of the ward or conservatee but should be considered to the extent that it is relevant to the other factors contained in this subdivision.***

Sec. 6. Minnesota Statutes 1984, section 525.544, is amended to read:

525.544 [(PLANNING PROVISIONS) *NOMINATION OR APPOINTMENT OF GUARDIAN OR CONSERVATOR.*]

*Subdivision 1.* [BY PROPOSED WARD OR CONSERVATEE.] In the petition or in a written instrument executed before or after the petition is filed, the (PERSON) *proposed ward or conservatee* may, if (AT THE TIME OF SIGNING THE SAME, HE) *the person* has sufficient capacity to form an intelligent preference, nominate a conservator or guardian or give instructions to the conservator or guardian (OR HE MAY DO BOTH). The written instrument shall be executed and attested in the same manner as a will. The court shall appoint the person so nominated as conservator or guardian and shall charge (HIM) *the person* with the instructions, unless the court finds that the appointment of the nominee or the instructions (OR BOTH) are not in the best interests of the (PERSON TO BE PLACED UNDER CONSERVATORSHIP OR GUARDIANSHIP) *proposed ward or conservatee.*

*Subd. 2.* [OTHER CASES.] (WHEN ANY PERSON) *If the proposed ward or conservatee* lacks capacity or fails to nominate a conservator or guardian, the court may appoint (ANY) *a* qualified person *if the court finds that the person's appointment is in the best interests of the proposed ward or conservatee.* (THE COURT SHALL CONSIDER THE INTEREST OF A PROSPECTIVE GUARDIAN OR CONSERVATOR IN THE WELFARE OF THE PROPOSED WARD OR CONSERVATEE. KINSHIP, WHILE A FACTOR, SHALL NOT BE CONCLUSIVE IN MAKING THE APPOINTMENT.) If the proposed ward or conservatee lacks capacity or fails to give

instructions, the court may give (SUCH) *the guardian or conservator* powers as required in accordance with section 525.56.

Sec. 7. Minnesota Statutes 1984, section 525.551, subdivision 5, is amended to read:

Subd. 5. [FINDINGS.] In all cases the court shall (FIND THE FACTS SPECIFICALLY) *make specific written findings of fact,* state separately its conclusions of law (THEREON), and direct the entry of an appropriate judgment or order.

If upon completion of the hearing and consideration of the record the court finds: (a) that the requirements for the voluntary appointment of a conservator or guardian have been met, or (b) (1) that the proposed ward or conservatee is incapacitated as defined in section 525.54; and (2) in need of the supervision and protection of a guardian or conservator; and (3) that no appropriate alternatives to the guardianship or conservatorship exist which are less restrictive of the person's civil rights and liberties, such as those set forth in section 525.54, subdivision 7, it shall enter its order or judgment granting all of the powers set out in section 525.56, subdivision 3, in the case of a guardian of the person, and section 525.56, subdivision 4, in the case of a guardian of the estate, or specifying the powers of the conservator pursuant to section 525.56. *The court shall make a finding that appointment of the person chosen as guardian or conservator is in the best interests of the ward or conservatee.* Except as provided in section 525.544, *subdivision 1, if more than one person has petitioned the court to serve as guardian or conservator, or if the petition is contested,* the court shall make a finding that the person to be appointed as guardian or conservator is the most suitable and best qualified person among those who (HAVE INDICATED TO THE COURT THAT THEY ARE AVAILABLE AND WILLING TO DISCHARGE THE TRUST) *are available* before making the appointment. *The court's finding as to the best available guardian must specifically address the reasons for the court's determination that the appointment of that person is in the best interests of the ward or conservatee.*

The court may enumerate in its findings which legal rights the proposed ward or conservatee is incapable of exercising.

Sec. 8. Minnesota Statutes 1984, section 525.61, is amended to read:

525.61 [RESTORATION TO CAPACITY; MODIFICATION OF GUARDIANSHIP OR CONSERVATORSHIP.]

*Subdivision 1.* [GENERAL.] Any adult person who is under guardianship or conservatorship or his guardian or conservator, or any other person may petition the court in which he was so

adjudicated to be restored to capacity or to have a guardianship transferred to a conservatorship or to modify the guardianship or conservatorship. Upon the filing of the petition, the court shall fix the time and place for the hearing thereof, notice of which shall be given to the ward or conservatee, guardian or conservator, and to those other persons and in a manner provided in section 525.55.

*Subd. 2.* [RESTORATION TO CAPACITY.] To obtain an order of restoration to capacity the petitioner must prove by a preponderance of the evidence that the ward or conservatee is no longer incapacitated as defined in section 525.54, and is able to make provisions for his care or manage his property. If a ward or conservatee has the functional ability to care for himself or for his property, or to make provisions for his care or the care of his property, the fact that he may be impaired to some extent by a mental condition shall not preclude his restoration to capacity. In any proceedings for restoration, the court may appoint one person duly licensed by a health related licensing board and one accredited social worker with expertise in evaluating persons who have the disabilities similar to those found to be the reason for the ward's or conservatee's incapacity, to assist in the determination of his mental condition and functional ability to care for himself or his property. The court shall allow and order paid to each health professional and social worker a reasonable sum for his services. Upon the order, the county auditor shall issue a warrant on the county treasurer for the payment thereof.

*Subd. 3.* [APPOINTMENT OF NEW GUARDIAN OR CONSERVATOR.] *Upon a motion to remove a guardian or conservator and appoint a new guardian or conservator, the court shall consider whether the existing guardian or conservator has performed the applicable duties and whether the continued appointment of the guardian or conservator is in the best interests of the ward or conservatee. The court shall appoint a new guardian or conservator if it finds that:*

*(1) the existing guardian or conservator has failed to perform the duties associated with the guardianship or conservatorship or to provide for the best interests of the ward or conservatee; and*

*(2) the best interests of the ward or conservatee will be better served by the appointment of a new guardian or conservator.*

*The court's decision must include the specific findings required by section 525.551, subdivision 5.*

Sec. 9. [EFFECTIVE DATE.]

*This act is effective for estates of decedents dying after December 31, 1986."*

Delete the title and insert:

"A bill for an act relating to probate; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain insurance and other items in the augmented estate; establishing a standard for best interests of wards or conservatees; requiring findings regarding best interests; amending Minnesota Statutes 1984, sections 525.539, by adding a subdivision; 525.544; 525.551, subdivision 5; and 525.61; amending Minnesota Statutes 1985 Supplement, sections 524.2-109; 524.2-202; 524.2-205; and 525.145."

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. 2287, A bill for an act relating to state and local government obligations; providing for a method of determining compliance with the volume cap limitations of proposed federal tax law.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Article 1

Tax Increment Financing

Section 1. Minnesota Statutes 1984, section 124.2131, is amended by adding a subdivision to read:

*Subd. 1a.* [CAPTURED ASSESSED VALUE.] *If the assessed value that is captured in tax increment financing districts exceeds ten percent of the total assessed value of the school district or, in the case of the computation of local government aids, the city, the excess over ten percent must be equalized and added to adjusted assessed value for purposes of this section and to equalized assessed value for purposes of computing local government aids, notwithstanding the provisions of section 477A.011, subdivision 11. For purposes of this subdivision, a "tax increment financing district" includes a tax increment financing district established under section 273.71 through 273.77 or a tax increment project or district from which increment is collected under another law.*

Sec. 2. Minnesota Statutes 1984, section 124.214, is amended by adding a subdivision to read:

*Subd. 3. If a return of excess tax increment is made to a school district pursuant to section 273.75, subdivision 2 or upon decertification of a tax increment district, the school district's aid entitlements and levy limitations must be adjusted for the fiscal year in which the excess tax increment is paid under the provisions of this subdivision.*

*(a) An amount must be subtracted from the school district's aid for the current fiscal year equal to the product of:*

*(1) the amount of the payment of excess tax increment to the school district, times*

*(2) the ratio of:*

*(A) the sum of the amounts of the school district's certified levy for the fiscal year in which the excess tax increment is paid according to the following:*

*(i) sections 124A.03, subdivision 1, 124A.06, subdivision 3a, and 124A.08, subdivision 3a, if the school district is entitled to basic foundation aid according to section 124A.02;*

*(ii) section 124A.10, subdivision 3a, and section 124A.20, subdivision 2, if the school district is entitled to third-tier aid according to section 124A.10, subdivision 4;*

*(iii) sections 124A.12, subdivision 3a, and 124A.14, subdivision 5a, if the school district is eligible for fourth-tier aid according to section 124A.12, subdivision 4;*

*(iv) section 124A.03, subdivision 4, if the school district is entitled to summer school aid according to section 124.201; and*

*(v) section 275.125, subdivisions 5 and 5c, if the school district is entitled to transportation aid according to section 124.225, subdivision 8a;*

*(B) to the total amount of the school district's certified levy for the fiscal year pursuant to sections 124A.03, 124A.06, subdivision 3a, 124A.08, subdivision 3a, 124A.10, subdivision 3a, 124A.-.12, subdivision 3a, 124A.14, subdivision 5a, 124A.20, subdivision 2, and 275.125, plus or minus auditor's adjustments.*

*(b) An amount must be subtracted from the school district's levy limitation for the next levy certified equal to the difference between:*

*(1) the amount of the distribution of excess increment, and*

*(2) the amount subtracted from aid pursuant to clause (a) of this subdivision.*

*If the aid and levy reductions required by this subdivision cannot be made to the aid for the fiscal year specified or to the levy specified, the reductions must be made from aid for subsequent fiscal years, and from subsequent levies. The school district shall use the payment of excess tax increment to replace the aid and levy revenue reduced under this subdivision.*

Sec. 3. Minnesota Statutes 1984, section 273.73, subdivision 10, is amended to read:

Subd. 10. [REDEVELOPMENT DISTRICT.] (a) "Redevelopment district" means a type of tax increment financing district consisting of a project, or portions of a project, within which the authority finds by resolution that one of the following conditions (, REASONABLY DISTRIBUTED THROUGHOUT THE DISTRICT,) exists:

(1) (70 PERCENT OF) The parcels in the district *that* are occupied by buildings, streets, utilities or other improvements *comprise 70 percent or more of the total area of the district* and more than 50 percent of the buildings, not including outbuildings, are structurally substandard to a degree requiring substantial renovation or clearance; or

(2) (70 PERCENT OF) The parcels in the district *that* are occupied by buildings, streets, utilities or other improvements *comprise 70 percent or more of the total area of the district* and (20) *30* percent of the buildings are structurally substandard and an additional 30 percent of the buildings are found to require substantial renovation or clearance in order to remove such existing conditions as: inadequate street layout, incompatible uses or land use relationships, overcrowding of buildings on the land, excessive dwelling unit density, obsolete buildings not suitable for improvement or conversion, or other identified hazards to the health, safety and general well being of the community; or

(3) (LESS THAN 70 PERCENT OF) The parcels in the district *that* are occupied by buildings, streets, utilities or other improvements *comprise less than 70 percent of the total area of the district,* but due to unusual terrain or soil deficiencies requiring substantial filling, grading or other physical preparation for use at least 80 percent of the total acreage of (SUCH) *the unimproved* land has a fair market value upon inclusion in the redevelopment district which, when added to the estimated cost of preparing that land for development, excluding costs directly related to roads as defined in section 160.01 and local improvements as described in section 429.021, subdivision 1, clauses 1 to 7, 11 and 12, and section 430.01, if any, exceeds its anticipated fair market value after completion of said preparation; provided that no parcel shall be included within a redevelopment district pursuant to this paragraph (3) unless the authority has concluded an agreement or agreements for the development of at

least 50 percent of the acreage having the unusual soil or terrain deficiencies, which agreement provides recourse for the authority should the development not be completed; or

(4) The property consists of underutilized air rights existing over a public street, highway or right-of-way; or

(5) The property consists of vacant, unused, underused, inappropriately used or infrequently used railyards, rail storage facilities or excessive or vacated railroad rights-of-way.

(b) For purposes of this subdivision, "structurally substandard" shall mean containing defects in structural elements or a combination of deficiencies in essential utilities and facilities, light and ventilation, fire protection including adequate egress, layout and condition of interior partitions, or similar factors, which defects or deficiencies are of sufficient total significance to justify substantial renovation or clearance. "Parcel" shall mean a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment.

*(c) If the district consists of one or more noncontiguous geographic areas, each area must qualify as a redevelopment district under clauses (a)(1) through (a)(5) in order to be included in the district and the area of the entire district must satisfy the requirements of paragraph (a).*

*(d) A parcel is not occupied by buildings, streets, utilities or other improvements if less than two percent of the total area of the parcel is occupied by buildings, streets, utilities or other improvements.*

Sec. 4. Minnesota Statutes 1984, section 273.74, subdivision 1, is amended to read:

Subdivision 1. [TAX INCREMENT FINANCING PLAN.] A tax increment financing plan shall contain:

(a) A statement of objectives of an authority for the improvement of a project;

(b) A statement as to the development program for the project, including the property within the project, if any, which the authority intends to acquire;

(c) A list of any development activities which the plan proposes to take place within the project, for which contracts have been entered into at the time of the preparation of the plan, including the names of the parties to the contract, the activity governed by the contract, the cost stated in the contract, and the expected date of completion of that activity;

(d) Identification or description of the type of any other specific development reasonably expected to take place within the project, and the date when the development is likely to occur;

(e) Estimates of the following:

(1) Cost of the project, including administration expenses;

(2) Amount of bonded indebtedness to be incurred;

(3) Sources of revenue to finance or otherwise pay public costs;

(4) The most recent assessed value of taxable real property within the tax increment financing district;

(5) The estimated captured assessed value of the tax increment financing district at completion; and

(6) The duration of the tax increment financing district's existence; and

(f) A statement of the authority's estimate of the impact of tax increment financing on the assessed values of all taxing jurisdictions in which the tax increment financing district is located in whole or in part. *For purposes of the statement, the authority shall assume that the estimated captured assessed value would be available to the other taxing jurisdictions without creation of the district.*

Sec. 5. Minnesota Statutes 1985 Supplement, section 273.74, subdivision 2, is amended to read:

Subd. 2. [CONSULTATIONS; COMMENT AND FILING.] Before formation of a tax increment financing district, the authority shall provide an opportunity to the members of the county boards of commissioners of any county in which any portion of the proposed district is located and the members of the school board of any school district in which any portion of the proposed district is located to meet with the authority. The authority shall present to the members of the county boards of commissioners and the school boards its estimate of the fiscal and economic implications of the proposed tax increment financing district. *The information on the fiscal and economic implications of the plan must be provided to the county and school district boards at least 30 days before the public hearing required by subdivision 3. The 30 day requirement is waived if the county and school district submit written comments on the proposal and any modification of the proposal to the authority after receipt of the information.* The members of the county boards of commissioners and the school boards may present their comments at the public hearing on the tax increment financing plan required by subdivision 3.

(THE COUNTY AUDITOR SHALL NOT CERTIFY THE ORIGINAL ASSESSED VALUE OF A DISTRICT PURSUANT TO SECTION 273.76, SUBDIVISION 1, UNTIL THE COUNTY BOARD OF COMMISSIONERS HAS PRESENTED ITS WRITTEN COMMENT ON THE PROPOSAL TO THE AUTHORITY, OR 30 DAYS HAS PASSED FROM THE DATE OF THE TRANSMITTAL BY THE AUTHORITY TO THE BOARD OF THE INFORMATION REGARDING THE FISCAL AND ECONOMIC IMPLICATIONS, WHICHEVER OCCURS FIRST.) Upon adoption of the tax increment financing plan, the authority shall file a copy of the plan with the commissioner of energy and economic development. The authority must also file with the commissioner a copy of the development plan for the project area.

Sec. 6. Minnesota Statutes 1985 Supplement, section 273.74, subdivision 3, is amended to read:

Subd. 3. [MUNICIPALITY APPROVAL.] No county auditor shall certify the original assessed value of a tax increment financing district until the tax increment financing plan proposed for that district has been approved by the municipality in which the district is located. If an authority which proposes to establish a tax increment financing district and the municipality are not the same, the authority shall apply to the municipality in which the district is proposed to be located and shall obtain the approval of its tax increment financing plan by the municipality before the authority may use tax increment financing. The municipality shall approve the tax increment financing plan only after a public hearing thereon after published notice in a newspaper of general circulation in the municipality at least once not less than ten days nor more than 30 days prior to the date of the hearing. This hearing may be held before or after the approval or creation of the project or it may be held in conjunction with a hearing to approve the project. Before or at the time of approval of the tax increment financing plan, the municipality shall make the following findings, and shall set forth in writing the reasons and supporting facts for each determination:

(a) That the proposed tax increment financing district is a redevelopment district, a mined underground space development district, a housing district or an economic development district.

(b) That (THE PROPOSED) development or redevelopment (, IN THE OPINION OF THE MUNICIPALITY,) *of each parcel from which increment may be collected under the plan* would not reasonably be expected to occur (SOLELY) through private investment *and any governmental assistance, other than tax increment financing, available to the site* within the reasonably foreseeable future (AND THEREFORE THE USE OF TAX INCREMENT FINANCING IS DEEMED NECESSARY). *If development of a parcel from which increment may be collected under the plan would occur without the use of tax increment financing, then the requirements of the preceding sentence may*

*be satisfied with respect to that parcel if the municipality finds that the proposed development or redevelopment will have an assessed value at least equal to 130 percent of the greater of (1) the current assessed value of the parcel or (2) the assessed value of the development that reasonably would be expected to occur through private investment and any governmental assistance available to the site, other than tax increment financing.*

(c) That the tax increment financing plan conforms to the general plan for the development or redevelopment of the municipality as a whole.

(d) That the tax increment financing plan will afford maximum opportunity, consistent with the sound needs of the municipality as a whole, for the development or redevelopment of the project by private enterprise.

(e) That the municipality elects the method of tax increment computation set forth in section 273.76, subdivision 3, clause (b), if applicable.

When the municipality and the authority are not the same, the municipality shall approve or disapprove the tax increment financing plan within 60 days of submission by the authority, or the plan shall be deemed approved. When the municipality and the authority are not the same, the municipality may not amend or modify a tax increment financing plan except as proposed by the authority pursuant to subdivision 4. Once approved, the determination of the authority to undertake the project through the use of tax increment financing and the resolution of the governing body shall be conclusive of the findings therein and of the public need for such financing.

Sec. 7. Minnesota Statutes 1984, section 273.74, subdivision 4, is amended to read:

Subd. 4. [MODIFICATION OF PLAN.] *(a)* A tax increment financing plan may be modified by *resolution of* an authority (, PROVIDED THAT).

*(b)* Any reduction or enlargement of geographic area of the project or tax increment financing district, increase in amount of bonded indebtedness to be incurred, including a determination to capitalize interest on the debt if that determination was not a part of the original plan, or to increase or decrease the amount of interest on the debt to be capitalized, increase in the portion of the captured assessed value to be retained by the authority, increase in total estimated tax increment expenditures or designation of additional property to be acquired by the authority shall be approved upon the notice and after the discussion, public hearing and findings required for approval of the original plan; provided that if an authority changes the type of district from housing, redevelopment or economic development to another

type of district, this change shall not be considered a modification but shall require the authority to follow the procedure set forth in sections 273.71 to 273.78 for adoption of a new plan, including certification of the assessed valuation of the district by the county auditor. *The requirements of this paragraph do not apply if (1) the only modification is to eliminate parcels from the project or district and (2)(A) the current assessed value of the parcels eliminated from the district equals or exceeds the assessed value of those parcels in the district's original assessed value or (B) the authority agrees that, notwithstanding section 273.76, subdivision 1, the original assessed value will be reduced by no more than the current assessed value of the parcels eliminated from the district. The authority must notify the county auditor of any modification that reduces or enlarges the geographic area of a district or a project area from which increment is collected.*

*(c)* The geographic area of a tax increment financing district may be reduced, but shall not be enlarged after five years following the date of certification of the original assessed value by the county auditor or five years from August 1, 1979, for tax increment financing districts authorized prior to August 1, 1979, except that development districts created pursuant to chapter 472A prior to August 1, 1979 may be reduced but shall not be enlarged after five years following the date of designation of such district.

Sec. 8. Minnesota Statues 1985 Supplement, section 273.75, subdivision 1, is amended to read:

Subdivision 1. [DURATION OF TAX INCREMENT FINANCING DISTRICTS.] *(a)* Subject to the limitations contained elsewhere in this subdivision any tax increment financing district as to which bonds are outstanding, payment for which the tax increment and other revenues have been pledged, shall remain in existence at least as long as any such bonds continue to be outstanding (; PROVIDED, HOWEVER,). The tax increment pledged to the payment of bonds and interest thereon may be discharged and the tax increment financing district may be terminated if sufficient funds have been irrevocably deposited in the debt service fund or other escrow account held in trust for all outstanding bonds to provide for the payment of the bonds at maturity or date of redemption and interest thereon to such maturity or redemption date, provided that for bonds issued pursuant to section 273.77, clauses (a) and (b) the full faith and credit and any taxing powers of the municipality or authority shall continue to be pledged to the payment of the bonds until the principal of and interest on the bonds has been paid in full (; PROVIDED, FURTHER, THAT).

*(b)* No tax increment shall be paid to an authority for a tax increment financing district after three years from the date of certification of the original assessed value of the taxable real property in the district by the county auditor (OR THREE

YEARS FROM AUGUST 1, 1979, FOR TAX INCREMENT FINANCING DISTRICTS AUTHORIZED PRIOR TO AUGUST 1, 1979), unless within the three year period ((A)) *(1)* bonds have been issued pursuant to section 273.77, or in aid of a project pursuant to any other law, except revenue bonds issued pursuant to chapter 474, prior to August 1, 1979, or ((B)) *(2)* the authority has acquired property within the district (,)*;* or ((C)) *(3)* the authority has constructed or caused to be constructed public improvements within the district (; AND PROVIDED, FURTHER, THAT).

*(c)* No tax increment shall in any event be paid to the authority from a redevelopment district after (25) *20* years from date of receipt by the authority of the first tax increment, after 25 years from the date of the receipt for a housing district (, AFTER 25 YEARS FROM THE DATE OF THE RECEIPT) *or* for a mined underground space development district, and after eight years from the date of the receipt, or ten years from approval of the tax increment financing plan, whichever is less, for an economic development district. *In the case of an economic development district the authority may waive receipt of increment for the first year in which property tax is paid by captured assessed value. For purposes of determining the duration limits the waived increment does not constitute receipt of increment.* For tax increment financing districts created prior to August 1, 1979, no tax increment shall be paid to the authority after (30) *15* years from (AUGUST 1, 1979) *April 1, 1986 or the term of an outstanding bond, secured by increments from the district or project area, whichever is greater.*

*(d)* Modification of a tax increment financing plan pursuant to section 273.74, subdivision 4, shall not extend the durational limitations of this subdivision.

Sec. 9. Minnesota Statutes 1984, section 273.75, subdivision 2, is amended to read:

Subd. 2. [EXCESS TAX INCREMENTS.] In any year in which the tax increment exceeds the amount necessary to pay the costs authorized by the tax increment financing plan, including the amount necessary to cancel any tax levy as provided in section 475.61, subdivision 3, the authority shall use the excess amount to do any of the following, in the order determined by the authority: (a) prepay any outstanding bonds, (b) discharge the pledge of tax increment therefor, (c) pay into an escrow account dedicated to the payment of such bond, or (d) return the excess amount to the county auditor who shall distribute the excess amount to the municipality, county and school district in which the tax increment financing district is located in direct proportion to their respective mill rates. *The county auditor must report to the commissioner of education the amount of any excess tax increment distributed to a school district within 30 days of the distribution.*

Sec. 10. Minnesota Statutes 1985 Supplement, section 273.75, subdivision 4, is amended to read:

Subd. 4. [LIMITATION ON USE OF TAX INCREMENT.] All revenues derived from tax increment shall be used in accordance with the tax increment financing plan. The revenues shall be used solely for the following purposes: (a) to pay the principal of and interest on bonds issued to finance a project; (b) by a rural development financing authority for the purposes stated in section 362A.01, subdivision 2, by a port authority or municipality exercising the powers of a port authority to finance or otherwise pay the cost of redevelopment pursuant to chapter 458, by a housing and redevelopment authority to finance or otherwise pay public redevelopment costs pursuant to chapter 462, by a municipality to finance or otherwise pay the capital and administration costs of a development district pursuant to chapter 472A, by a municipality or redevelopment agency to finance or otherwise pay premiums for insurance or other security guaranteeing the payment when due of principal of and interest on the bonds pursuant to chapters 462C, 474, or both chapters, or to accumulate and maintain a reserve securing the payment when due of the principal of and interest on the bonds pursuant to chapters 462C, 474, or both chapters, which revenues in the reserve shall not exceed, subsequent to the fifth anniversary of the date of issue of the first bond issue secured by the reserve, an amount equal to 20 percent of the aggregate principal amount of the outstanding and nondefeased bonds secured by the reserve. *Tax increments may be used to pay for the county's administrative expenses as provided in section 14.* Revenues derived from tax increment may be used to finance the costs of an interest reduction program operated pursuant to section 462.445, subdivisions 10 to 13, or pursuant to other law granting interest reduction authority and power by reference to those subdivisions only under the following conditions: (a) tax increments may not be collected for a program for a period in excess of 12 years after the date of the first interest rate reduction payment for the program, (b) tax increments may not be used for an interest reduction program, if the proceeds of bonds issued pursuant to section 273.77 after December 31, 1985, have been or will be used to provide financial assistance to the specific project which would receive the benefit of the interest reduction program, and (c) not more than 50 percent of the estimated tax increment derived from a project may be used to finance an interest reduction program for owner-occupied single-family dwellings unless a project is located either in an area which would qualify as a redevelopment district or within a city designated as an enterprise zone pursuant to section 273.1312, subdivision 4, clause (c)(3). These revenues shall not be used to circumvent existing levy limit law. No revenues derived from tax increment shall be used for the *acquisition,* construction (OR), renovation, *operation, or maintenance* of a (MUNICIPALLY OWNED) building used (PRIMARILY AND) regularly for conducting the business of (THE) *a* municipality (;) *if the municipality would qualify*

*as a principal user of the building within the meaning of that term in section 103(b) of the Internal Revenue Code of 1954, as amended through December 31, 1985.* This provision shall not prohibit the use of revenues derived from tax increments for the construction or renovation of a parking structure, a commons area used as a public park or a facility used for social, recreational or conference purposes and not primarily for conducting the business of the municipality. *For purposes of financing public improvements in an economic development district, revenues derived from tax increment may only be expended to finance the cost of public improvements in excess of the amount that could be assessed based on benefits received under chapter 429. If after notice and public hearing the municipality makes a finding of the amount of benefits received under chapter 429, the amount of benefits received are that amount for purposes of applying the preceding sentence.*

Sec. 11. Minnesota Statutes 1984, section 273.75, subdivision 6, is amended to read:

Subd. 6. [LIMITATION ON INCREMENT.] (IF, AFTER FOUR YEARS FROM THE DATE OF CERTIFICATION OF THE ORIGINAL ASSESSED VALUE OF THE TAX INCREMENT FINANCING DISTRICT PURSUANT TO SECTION 273.76, NO DEMOLITION, REHABILITATION OR RENOVATION OF PROPERTY OR OTHER SITE PREPARATION, INCLUDING IMPROVEMENT OF A STREET ADJACENT TO A PARCEL BUT NOT INSTALLATION OF UTILITY SERVICE INCLUDING SEWER OR WATER SYSTEMS, HAS BEEN COMMENCED ON A PARCEL LOCATED WITHIN A TAX INCREMENT FINANCING DISTRICT BY THE AUTHORITY OR BY THE OWNER OF THE PARCEL IN ACCORDANCE WITH THE TAX INCREMENT FINANCING PLAN,) *(a)* No additional tax increment may be taken from (THAT) *a* parcel *in a tax increment financing district,* and the original assessed value of that parcel shall be excluded from the original assessed value of the tax increment financing district, *unless within four years after certification of the original assessed value of the district one of the following occurs:*

*(1) qualified improvements on the parcel have been undertaken by the authority;*

*(2) qualified improvements on the parcel have been undertaken by the owner of the parcel and either*

*(A) the qualified improvements were financed, in whole or major part, with tax increment revenues or the proceeds of bonds, or*

*(B) the municipality finds, at a public hearing and after 30 days notice to the school district and county, that development*

*of the parcel would not have occurred without the expenditure of increment revenues for the acquisition of property or the construction of improvements in the district.*

*(b)* If (THE AUTHORITY OR THE OWNER OF THE PARCEL SUBSEQUENTLY COMMENCES DEMOLITION, REHABILITATION OR, RENOVATION OR OTHER SITE PREPARATION ON THAT PARCEL INCLUDING IMPROVEMENT OF A STREET ADJACENT TO THAT PARCEL, IN ACCORDANCE WITH THE TAX INCREMENT FINANCING PLAN) *qualified improvements on a parcel from which increment was not permitted to be collected under paragraph (a) are undertaken by the authority or by the owner and are financed, in whole or major part, with tax increment revenues,* the authority shall certify to the county auditor that the activity has commenced, and the county auditor shall certify the assessed value thereof as most recently certified by the commissioner of revenue and add it to the original assessed value of the tax increment financing district.

*(c) The duration limits under section 273.75 for economic development districts apply to the district if both the following two conditions are satisfied:*

*(1) The district is a redevelopment district designated pursuant to section 273.73, subdivision 10, clause (a)(1), (a)(2) or (a)(3).*

*(2) If the parcels from which increment may not be collected pursuant to this subdivision were removed from the district, the district would not have satisfied the conditions for a redevelopment district under section 273.73, subdivision 10 at the time the district was created. Application of this paragraph may not result in a shorter duration limit than the term of the bonds secured by increments from the district, outstanding at the time clause (2) is satisfied.*

*If increment is permitted to be collected from a parcel pursuant to paragraph (b) and if the inclusion of the parcel in the district would cause the district to satisfy the conditions for a redevelopment district as recomputed under paragraph (c)(2), the duration limits for a redevelopment district reapply to the district.*

*(d) The provisions of this subdivision must be enforced by the county auditor. The authority must by February 1 of each year submit to the county auditor evidence that the required activity has taken place for the parcels in the district.*

*(e)* For purposes of this subdivision *the following terms have the meanings given.*

*(1)* "Parcel" means a tract or plat of land established prior to the certification of the district as a single unit for purposes of assessment.

*(2) "Qualified improvements" mean demolition, rehabilitation or renovation of property or other site preparation, including improvement of a street adjacent to a parcel. Qualified improvements do not include installation of utility service, including sewer or water systems.*

Sec. 12. Minnesota Statutes 1984, section 273.75, subdivision 7, is amended to read:

Subd. 7. [SUBSEQUENT DISTRICTS.] Except as provided in subdivision 6, for subsequent recertification of parcels eliminated from a district because of lack of development activity, no parcel that has been (SO) eliminated subsequent to two years from the date of the original certification may be included in a tax increment district if, at any time during the 20 years prior to the date when certification of the district is requested pursuant to section 273.76, subdivision 1, that parcel had been included in an economic development district.

Sec. 13. Minnesota Statutes 1984, section 273.75, is amended by adding a subdivision to read:

*Subd. 9.* [SOIL DEFICIENCIES DISTRICTS.] *Tax increment revenues derived from a redevelopment district for which the authority makes findings under section 273.73, subdivision 10, clause (a)(3), may be used only to pay for the cost of correction of or the additional costs of installing public improvements directly caused by the unusual terrain or soil deficiencies and for the administrative expenses of the authority allocable to the district.*

Sec. 14. Minnesota Statutes 1984, section 273.75, is amended by adding a subdivision to read:

*Subd. 10.* [REIMBURSEMENT FOR ADMINISTRATIVE COSTS.] *As reimbursement for the cost of administering tax increment financing, the county may require the authority to pay by November 1 of each year an amount determined pursuant to this subdivision. The amount of the reimbursement for a tax increment financing district for each year must be calculated as follows:*

*(a) Multiply the amount of the appropriation to the county auditor and treasurer that is allocable to the cost of administering the property tax system by a fraction, the numerator of which is the total tax increment payable by properties located in the county and the denominator of which is the total gross property tax payable by all properties located in the county; and*

*(b) Multiply the product calculated under clause (a) by a fraction, the numerator of which is the tax increment payable by properties located both in the tax increment district and the county and the denominator of which is the total tax increment payable by all properties located in the county.*

*For purposes of this subdivision, "amount" refers to the amount appropriated for the calendar year or the amount of property taxes payable for the calendar year for which the reimbursement is calculated.*

Sec. 15. Minnesota Statutes 1985 Supplement, section 273.76, subdivision 1, is amended to read:

Subdivision 1. [ORIGINAL ASSESSED VALUE.] *(a)* Upon or after adoption of a tax increment financing plan, the auditor of any county in which the district is situated shall, upon request of the authority, certify the original assessed value of the tax increment financing district as described in the tax increment financing plan and shall certify in each year thereafter the amount by which the original assessed value has increased or decreased as a result of a change in tax exempt status of property within the district, reduction or enlargement of the district or changes pursuant to subdivision 4. In the case of a mined underground space development district the county auditor shall certify the original assessed value as zero, plus the assessed value, if any, previously assigned to any subsurface area included in the mined underground space development district pursuant to section 272.04.

*(b)* The amount to be added to the original assessed value of the district as a result of previously tax exempt real property within the district becoming taxable shall be equal to the assessed value of the real property as most recently assessed pursuant to section 273.18 or, if that assessment was made more than one year prior to the date of title transfer rendering the property taxable, the value which shall be assessed by the assessor at the time of such transfer. The amount to be added to the original assessed value of the district as a result of enlargements thereof shall be equal to the assessed value of the added real property as most recently certified by the commissioner of revenue as of the date of modification of the tax increment financing plan pursuant to section 273.74, subdivision 4. *If the assessed value of a property increases because the property no longer qualifies under the Minnesota agricultural property tax law, section 273.111; the Minnesota open space property tax law, section 273.112; or the metropolitan agricultural preserves act, chapter 473H, the increase in assessed value must be added to the original assessed value.* Each year the auditor shall also add to the original assessed value of each economic development district an amount equal to the original assessed value for the preceding year multiplied by the average percentage increase in the assessed valuation of all property included in the economic

development district during the five years prior to certification of the district.

*(c)* The amount to be subtracted from the original assessed value of the district as a result of previously taxable real property within the district becoming tax exempt, or a reduction in the geographic area of the district, shall be the amount of original assessed value initially attributed to the property becoming tax exempt or being removed from the district. If the assessed value of property located within the tax increment financing district is reduced by reason of a court-ordered abatement, stipulation agreement, voluntary abatement made by the assessor or auditor or by order of the commissioner of revenue, the reduction shall be applied to the original assessed value of the district when the property upon which the abatement is made has not been improved since the date of certification of the district and to the captured assessed value of the district in each year thereafter when the abatement relates to improvements made after the date of certification. The county auditor shall have the power to specify reasonable form and content of the request for certification of the authority and any modification thereof pursuant to section 273.74, subdivision 4.

Sec. 16. Minnesota Statutes 1984, section 273.76, is amended by adding a subdivision to read:

*Subd. 3a.* [PAYMENT TO SCHOOL DISTRICT FOR REFERENDUM LEVY INCREASE.] *If a tax increment financing district is located in a school district in which the voters have approved new millage or an increase in millage pursuant to section 124A.03, subdivision 2, the authority must pay to the school district the amount raised by the new or increased millage. The amount to be paid to the school district must be computed as follows:*

*(1) Subtract the mill rate approved by the voters of the school district pursuant to section 124A.03, subdivision 2, as of June 30, 1986, or the date the tax increment financing district was certified, whichever is later, and still in effect on the date the levy is certified, from the mill rate approved by the voters under that section as of the date the levy is certified. If the result is less than zero, select zero.*

*(2) Multiply the result in clause (1) by the ratio of the school district's actual levy certified pursuant to section 124A.03, subdivision 2, to its permitted levy under that section.*

*(3) Multiply the result in clause (2) by the retained captured assessed value of the authority located within that school district as of January 2 of the year in which the levy is certified.*

*The county auditor must compute the payment required by this subdivision and report the amount to the authority, the school district, and the commissioner of education by March 1 of each year. The payment must be made by November 1 of the year in which the property taxes are payable.*

Sec. 17. Minnesota Statutes 1984, section 273.76, subdivision 4, is amended to read:

Subd. 4. [PRIOR PLANNED IMPROVEMENTS.] The authority shall, after due and diligent search, accompany its request for certification to the county auditor pursuant to subdivision 1, or its notice of district enlargement pursuant to section 273.74, subdivision 5, with a listing of all properties within the tax increment financing district or area of enlargement for which building permits have been issued during the 18 months immediately preceding approval of the tax increment financing plan by the municipality pursuant to section 273.74, subdivision 4. The county auditor shall increase the original assessed value of the district by the assessed valuation of (THE IMPROVEMENTS) *each improvement* for which (THE) *a* building permit was issued (, EXCLUDING THE ASSESSED VALUATION OF IMPROVEMENTS FOR WHICH A BUILDING PERMIT WAS ISSUED DURING THE THREE MONTH PERIOD IMMEDIATELY PRECEDING SAID APPROVAL OF THE TAX INCREMENT FINANCING PLAN, AS CERTIFIED BY THE ASSESSOR).

Sec. 18. Minnesota Statutes 1984, section 273.76, subdivision 7, is amended to read:

Subd. 7. [PROPERTY CLASSIFICATION CHANGES.] (IN THE EVENT THAT ANY) *If a* law governing the classification of real property (AND THEREBY DETERMINING THE PERCENTAGE OF MARKET VALUE TO BE ASSESSED FOR AD VALOREM TAXATION PURPOSES) is amended after (AUGUST 1, 1979) *certification of the district to increase or reduce a classification ratio of property contained in the district,* the increase or decrease in assessed valuation (RESULTING THEREFROM SHALL) *must* be applied proportionately to original assessed value and captured assessed value of any tax increment financing district in each year thereafter, whether created pursuant to the Minnesota Tax Increment Financing Act or any prior tax increment law.

Sec. 19. Minnesota Statutes 1984, section 273.78, is amended to read:

273.78 [EXISTING PROJECTS.]

*Subdivision 1.* [EXEMPTION; EXISTING PROJECTS.] The provisions of sections 273.71 to 273.77 shall not affect any project for which tax increment certification was requested

pursuant to law prior to August 1, 1979, or any project carried on by an authority pursuant to section 462.545, subdivision 5 with respect to which the governing body has by resolution designated properties for inclusion in the district prior to August 1, 1979, except:

(a) As otherwise expressly provided in section 273.71 to 273.77; or

(b) As an authority may elect to proceed with an existing district, under the provisions of sections 273.71 to 273.77; or

(c) (THAT ANY ENLARGEMENTS OF THE GEOGRAPHIC AREA OF AN EXISTING TAX INCREMENT FINANCING DISTRICT SUBSEQUENT TO AUGUST 1, 1979, SHALL BE ACCOMPLISHED IN ACCORDANCE WITH AND SHALL SUBJECT THE PROPERTY ADDED AS A RESULT OF THE ENLARGEMENT TO THE TERMS AND CONDITIONS OF SECTIONS 273.71 TO 273.77) *As provided in subdivision 2*; or

(d) (THAT COMMENCING WITH TAXES PAYABLE IN 1980,) Section 273.76, subdivision 3, clause (b) shall apply to all development districts created pursuant to chapter 472A, or any special law, prior to August 1, 1979.

*Subd. 2.* [APPLICATION TO EXISTING PROJECTS.] *(a) The provisions of sections 273.71 to 273.77 apply to tax increment financing projects established prior to August 1, 1979, if one of the following conditions occurs:*

*(1) an enlargement of the geographic area of the project or district area is made after April 1, 1986;*

*(2) bonds are issued by the authority in aid of the project after April 1, 1988, except that refunding bonds may be issued if the principal amount of the refunding bonds is equal to or less than the outstanding principal of the refunded bonds and the interest rate payable on the refunding bonds, taking into account any discount or premium and the cost of refunding, is lower than on the refunded bonds;*

*(3) tax increment revenues, other than the proceeds of bonds, are expended for a purpose other than*

*(A) paying outstanding bonds to which the tax increments are pledged;*

*(B) prepaying the outstanding bonds or paying into an escrow account dedicated to the payment of the outstanding bonds;*

*(C) paying amounts or the cost of undertaking activities that the authority is obligated to pay or undertake pursuant to a binding contract with a third party, executed prior to August 1, 1986;*

*(D) paying for the authority's allocated administrative costs of the project; or*

*(E) repaying public redevelopment costs incurred or paid by a housing and redevelopment authority or the municipality with moneys other than increments prior to April 1, 1986.*

*The terms of bonds, except refunding bonds, issued after April 1, 1986 may not exceed 15 years.*

*(b) If a tax increment financing project satisfies one of the conditions specified in paragraph (a), the provisions of sections 273.71 to 273.77 apply as follows. The authority must prepare a tax increment financing plan and comply with the other requirements of section 273.74 as applicable at the time the condition was satisfied under paragraph (a), except that the findings required by section 273.74, subdivision 3, clause (b) need not be made. The project must be designated as a redevelopment, housing, or economic development district and the duration limits contained in section 273.75, subdivision 1, must be calculated from the date the first increment was collected. The provisions of section 273.75, subdivision 6, apply from the original date of certification except that increments received in years prior to the year in which the condition under paragraph (a) was satisfied are not affected. The provisions of section 273.75, subdivision 1, paragraph (b); section 273.75, subdivision 5; and section 273.76, subdivisions 4 and 6, do not apply.*

Sec. 20. Minnesota Statutes 1985 Supplement, section 473F.02, subdivision 3, is amended to read:

Subd. 3. "Commercial-industrial property" means the following categories of property, as defined in section 273.13, excluding that portion of such property (1) which (MAY, BY LAW, CONSTITUTE THE TAX BASE FOR A TAX INCREMENT PLEDGED PURSUANT TO SECTION 462.585 OR 474.10, CERTIFICATION OF WHICH WAS REQUESTED PRIOR TO AUGUST 1, 1979, TO THE EXTENT AND WHILE SUCH TAX INCREMENT IS SO PLEDGED) *is the captured assessed value of a tax increment financing district or project that is exempt from section 273.76, subdivision 3, pursuant to section 273.78*; (2) which may, by law, constitute the tax base for tax revenues set aside and paid over for credit to a sinking fund pursuant to direction of the city council in accordance with Laws 1963, chapter 881, as amended, to the extent that such revenues are so treated in any year; or (3) which is exempt from taxation pursuant to section 272.02:

(a) That portion of class 3 property defined in Minnesota Statutes 1971, section 273.13, consisting of stocks of merchandise and furniture and fixtures used therewith; manufacturers' materials and manufactured articles; and tools, implements and machinery, whether fixtures or otherwise.

(b) That portion of class 4 property defined in Minnesota Statutes 1971, section 273.13, which is either used or zoned for use for any commercial or industrial purpose, except for such property which is, or, in the case of property under construction, will when completed be used exclusively for residential occupancy and the provision of services to residential occupants thereof. Property shall be considered as used exclusively for residential occupancy only if each of not less than 80 percent of its occupied residential units is, or, in the case of property under construction, will when completed be occupied under an oral or written agreement for occupancy over a continuous period of not less than 30 days.

If the classification of property prescribed by section 273.13 is modified by legislative amendment, the references in this subdivision shall be to such successor class or classes of property, or portions thereof, as embrace the kinds of property designated in this subdivision.

Sec. 21. Minnesota Statutes 1984, section 475.51, subdivision 5, is amended to read:

Subd. 5. "Assessed value" means the latest valuation for purposes of taxation, as finally equalized, of all property taxable within the municipality *but not including captured assessed value under section 273.73, subdivision 4, or any other law permitting collection of tax increments.*

Sec. 22. [EFFECTIVE DATE.]

*Section 1 is effective for property taxes payable in 1987 and for the 1987-1988 school year. Sections 2 and 9 are effective the day following final enactment. Sections 3 to 5, 8, 11, and 13 are effective for districts certified after June 30, 1986, except that the amendment to Minnesota Statutes 1984, section 273.75, subdivision 6, enacting paragraph (d) and the amendment to Minnesota Statutes, section 273.75, subdivision 1, paragraph (c), relating to districts created prior to August 1, 1979 are effective the day following final enactment. Section 10 is effective for revenues expended after June 30, 1986, except to the extent that the authority had a binding contract to expend any additional amounts. Sections 7, 15, and 18 are effective July 1, 1986. Section 14 is effective January 1, 1987. Section 16 is effective for referendum levies approved after June 30, 1986. Sections 6 and 17 are effective for districts certified after and for modifications adding parcels to a district or project area from which increment is col-*

*lected adopted after June 30, 1986. Section 19 is effective the day following final enactment. Section 21 is effective for bonds issued after December 31, 1986.*

Article 2

Nongovernmental Bond Allocation

Section 1. [474A.01] [CITATION.]

*Sections 1 to 23 may be cited as the "Minnesota bond allocation act."*

Sec. 2. [474A.02] [DEFINITIONS.]

*Subdivision 1.* [TERMS DEFINED.] *For the purposes of sections 1 to 23, the terms defined in this section have the following meanings:*

*Subd. 2.* [ANNUAL VOLUME CAP.] *"Annual volume cap" means the aggregate dollar amount of obligations bearing interest excluded from gross income for purposes of federal income taxation which, under the provisions of existing federal tax law or a federal volume limitation act, may be issued in one year by issuers.*

*Subd. 3.* [CERTIFICATE OF ALLOCATION.] *"Certificate of allocation" means a certificate provided to an issuer by the department under section 13.*

*Subd. 4.* [CITY.] *"City" means a statutory or home rule charter city.*

*Subd. 5.* [COMMERCIAL REDEVELOPMENT PROJECT.] *"Commercial redevelopment project" means a project as defined in section 474.02, if it is not a manufacturing project or pollution control project and one of the following conditions is met:*

*(a) The project site would qualify as a redevelopment district as defined in section 273.73, subdivision 10. To qualify the project need not be included in a tax increment financing district.*

*(b) At least 75 percent of the proceeds of the obligations will be used to acquire and rehabilitate or replace an existing structure which is functionally obsolete or contains structural or other defects justifying substantial renovation or clearance.*

*(c) The project will be undertaken and the obligations issued pursuant to a written program administered by the local issuer and the financing provides for a substantial commitment of local public funds.*

*(d) At least 90 percent of the proceeds of the obligations will be used to finance facilities with respect to which an urban development action grant has been made under section 119 of the federal Housing and Community Development Act of 1974.*

*Subd. 6.* [DEPARTMENT; DEPARTMENT OF ENERGY AND ECONOMIC DEVELOPMENT.] *"Department" or "department of energy and economic development" means the department of energy and economic development or its successor agency or agencies with respect to the duties that the department is to perform under sections 1 to 23.*

*Subd. 7.* [ENTITLEMENT ISSUER.] *"Entitlement issuer" means an issuer to which an allocation is made under section 4, 8, or 9.*

*Subd. 8.* [EXISTING FEDERAL TAX LAW.] *"Existing federal tax law" means those provisions of the Internal Revenue Code of 1954, as amended through December 31, 1985, that limit the aggregate amount of obligations of a specified type or types which may be issued by an issuer during a calendar year whose interest is exempt from inclusion in gross income for purposes of federal income taxation.*

*Subd. 9.* [FEDERAL VOLUME LIMITATION ACT.] *"Federal Volume Limitation Act" means Title VII of the bill that was adopted by the United States House of Representatives on December 17, 1985, as H.R. 3838, 99th Cong. 1st Sess. (1985), or any law of the United States that is effective after December 31, 1985 and that:*

*(1) imposes an annual volume cap;*

*(2) allocates the annual volume cap among various uses for which the proceeds of the obligations may be used or among various issuers of obligations or both; and*

*(3) allows the governor during a specified interim period or the state legislature by law to provide for a different allocation of the annual volume cap among uses and among issuers.*

*Subd. 10.* [GENERAL OBLIGATION.] *"General obligation" means an obligation that pledges the full faith and credit of an issuer with general taxing powers, other than a state issuer, to the payment of the obligation.*

*Subd. 11.* [GOVERNMENTAL VOLUME CAP.] *"Governmental volume cap" means the annual volume cap less the amount, if any, that a federal volume limitation act requires be set aside or reserved, without the right to override by state legislation, for qualified 501(c)(3) bonds or if a federal volume*

*limitation act does not require an amount to be set aside for qualified 501(c)(3) bonds, the amount set aside pursuant to section 12, subdivision 9.*

*Subd. 12.* [ISSUER.] *"Issuer" means any entitlement issuer or other issuer.*

*Subd. 13.* [LOCAL PUBLIC FUNDS.] *"Local public funds" means the funds of a governmental unit except the following:*

*(1) the proceeds of an obligation subject to existing federal tax law or a federal volume limitation act;*

*(2) payments or property furnished by a nonexempt person to repay or secure the loan of proceeds of an obligation subject to existing federal tax law or a federal volume limitation act or other payments made in consideration of the issuance of an obligation subject to existing federal tax law or a federal volume limitation act;*

*(3) payments furnished by a nonexempt person for its right to use in its trade or business a facility financed with the proceeds of obligations subject to existing federal tax law or a federal volume limitation act;*

*(4) tax increments, as defined in section 273.76; or*

*(5) tax reductions provided pursuant to sections 273.1312 to 273.1314.*

*Subd. 14.* [MANUFACTURING PROJECT.] *"Manufacturing project" means properties, real or personal, used in connection with a revenue producing enterprise in connection with assembling, fabricating, manufacturing, mixing, or processing any products of agriculture, forestry, mining, or manufacture. Properties used for storing, warehousing, or distributing qualify under this definition (1) if they are used as part of or in connection with an assembly, fabricating, manufacturing, mixing, or processing facility, or (2) if they are used for the storing of agricultural products and are located outside of the metropolitan area, as defined in section 473.121, subdivision 2. Manufacturing project includes properties, real or personal, used in connection with research and development activity to develop or improve products, production processes, or materials. For purposes of this subdivision, "a product of manufacture" includes information and directions which dictate the functions to be performed by data processing equipment, commonly called computer software, regardless of whether they are embodied in or recorded on tangible personal property. A project qualifies as a manufacturing project only if 75 percent of the proceeds of the proposed obligations will be used for construction, acquisition, installation, or addition of properties described in this subdivision.*

*Subd. 15.* [MORTGAGE CREDIT CERTIFICATE.] *"Mortgage credit certificate" means any certificate which satisfies the definition of such term as contained in section 25(c)(1) of the Internal Revenue Code of 1954, as amended through July 18, 1984.*

*Subd. 16.* [MULTIFAMILY HOUSING PROJECT.] *"Multifamily housing project" means a development defined in section 462C.02, subdivision 5, for which the applicable housing plan and program approval requirements of chapter 462C have been met.*

*Subd. 17.* [NONEXEMPT PERSON.] *"Nonexempt person" means a person or entity other than an exempt person as defined in section 103(b)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985.*

*Subd. 18.* [NOTICE OF ENTITLEMENT ALLOCATION.] *"Notice of entitlement allocation" means a notice provided to an entitlement issuer under section 4, subdivision 5, or under section 8, subdivision 2.*

*Subd. 19.* [OTHER ISSUER.] *"Other issuer" means any entity other than an entitlement issuer which may issue obligations subject to an annual volume cap, including but not limited to the University of Minnesota, any city, any town, any federally recognized American Indian tribe or subdivision thereof located in Minnesota, any housing and redevelopment authority referred to in chapter 462, or any body authorized to exercise the powers of a housing and redevelopment authority, any port authority referred to in chapter 458, or any body authorized to exercise the powers of a port authority, any area or municipal redevelopment agency referred to in chapter 472, any county, or any other municipal authority or agency established pursuant to special law, or any entity issuing on behalf of the foregoing.*

*Subd. 20.* [POLLUTION CONTROL PROJECT.] *"Pollution control project" means properties, real or personal, used in the abatement or control of noise, air, or water pollution, or in the disposal of solid waste, in connection with a revenue producing enterprise, engaged in or to be engaged in any business or industry. A project qualifies as a pollution control project only:*

*(1) if at least 75 percent of the proceeds of the obligations will be used for the construction, acquisition, installation, or addition of properties described in this subdivision; or*

*(2) if it is not a manufacturing project and at least 75 percent of the proceeds of the obligations will be used for the construction, acquisition, installation, or addition of properties described in this subdivision and in subdivision 14.*

*Subd. 21.* [PRELIMINARY RESOLUTION.] *"Preliminary resolution" means a resolution adopted by the governing body of the issuer or in the case of the iron range resources and rehabilitation board by the commissioner. The resolution must express a preliminary intention of the issuer to issue obligations for a specific project and must identify the proposed project and the proposed amount of the obligations to be issued.*

*Subd. 22.* [QUALIFIED 501(c)(3) BONDS.] *"Qualified 501(c)(3) bonds" mean obligations the proceeds of which are to be used by, or loaned or otherwise made available to, an organization described in section 501(c)(3) of the Internal Revenue Code of 1954, as amended through December 31, 1985, in activities directly related and essential to the conduct of the charitable activities of the organization and that are not used by a nonexempt person in its trade or business or obligations with a comparable definition in a federal volume limitation act.*

*Subd. 23.* [QUALIFIED MORTGAGE BONDS.] *"Qualified mortgage bonds" mean obligations which are qualified mortgage bonds as defined by section 103A(c) of existing federal tax law.*

*Subd. 24.* [QUALIFIED MORTGAGE CREDIT CERTIFICATE PROGRAM.] *"Qualified mortgage credit certificate program" means any program which satisfies the definition of such term as contained in section 25(c)(2) of the Internal Revenue Code of 1954, as amended through July 18, 1984.*

*Subd. 25.* [QUALIFIED MULTIFAMILY HOUSING PROJECT.] *"Qualified multifamily housing project" means a multifamily housing project in which at least 50 percent of the units will be held for occupancy by families or individuals with adjusted gross income not in excess of 80 percent of the median family income as estimated by the United States Department of Housing and Urban Development for the metropolitan statistical area.*

*Subd. 26.* [STATE ISSUER.] *"State issuer" means the state of Minnesota or an agency or instrumentality of the state, but excluding political subdivisions.*

*Subd. 27.* [SUBSTANTIAL COMMITMENT OF LOCAL PUBLIC FUNDS.] *"Substantial commitment of local public funds" means that either of the following two conditions is satisfied.*

*(a) Under the project financing the governmental unit appropriates, pledges, guarantees, or otherwise provides local public funds to pay part of the cost of financing the obligations, including bond issuance, debt service, loan origination, and carrying expenses, or of the facility financed with the proceeds of the obligations. This condition is satisfied only if at the time the obliga-*

*tions are issued, the issuer reasonably expects that the aggregate value of the local public funds will exceed the lesser of $1,000,000 or one percent of the face amount of the obligations. No provision may be made for a nonexempt person to reimburse the governmental unit for the local public funds.*

*(b) The governmental unit appropriates, pledges, guarantees, or otherwise provides a program contribution of local public funds or governmental services to the program or a facility financed with the proceeds of the obligations. This condition is satisfied only if the issuer reasonably expects at the time the obligations are issued that the aggregate value of the local public funds will exceed $5,000,000 or five percent of the aggregate face amount of the obligations. The issuer must value the services at the reasonable cost of delivering them. The program contribution must be used for one or more of the following purposes:*

*(i) reducing the cost of financing the obligations, as described in clause (a);*

*(ii) securing the payment of debt service on obligations issued pursuant to the program;*

*(iii) financing public improvements under a comprehensive redevelopment or renewal program, if the costs are reasonably allocable to a facility financed with the proceeds of the obligations and if the improvements are made no earlier than three years prior to issuance of the obligations to which the contribution applies or more than one year after issuance; or*

*(iv) other costs reasonably related to the program. If the governmental unit is reimbursed by a nonexempt person for any part of the program within five years after the contribution was made, the reimbursement must be applied for one or more of the purposes described in this paragraph.*

*For purposes of this subdivision, "governmental unit" means the issuer that issues the obligations for the project or the governmental unit that approves the obligations for purposes of section 103(k)(2) of the Internal Revenue Code of 1954, as amended through December 31, 1985, or both.*

*Subd. 28.* [WASTE MANAGEMENT PROJECT.] *"Waste management project" means a project which is authorized by chapter 115A or 400, sections 473.801 to 473.834, or by any other law or home rule charter authorizing substantially the same type of project.*

*Subd. 29.* [WRITTEN DEVELOPMENT PROGRAM.] *"Written development program" or "program" means a written economic development plan that contains at least substantially all of the following:*

*(1) a description of the area subject to the plan, which may not exceed 20 percent of the total acreage of the issuer;*

*(2) a statement of the objectives for the development of the area subject to the plan;*

*(3) a statement of the development plan for the area subject to the plan, including the property within the area, if any, which is to be acquired by a governmental unit;*

*(4) a description of the type of specific development reasonably expected to take place within the area subject to the plan; and*

*(5) a description of the kind and an estimate of the amount of public funds, including local public funds, expected to be spent in connection with the development of the area subject to the plan.*

Sec. 3. [474A.03] [DETERMINATION OF ANNUAL VOLUME CAP.]

*Subdivision 1.* [ANNUAL VOLUME CAP UNDER EXISTING FEDERAL TAX LAW.] *At the beginning of each calendar year, the department must determine the aggregate dollar amount of the annual volume cap under existing federal tax law for the calendar year, and of this amount the department must determine the following amounts:*

*(1) the amount that is allocated to entitlement issuers under section 4;*

*(2) the amount initially available for allocation through the pool under section 5, is the annual volume cap determined under this subdivision less the amount determined under clause (1); and*

*(3) the amount available for issuance of qualified mortgage bonds under section 7.*

*Subd. 2.* [ANNUAL VOLUME CAP UNDER FEDERAL VOLUME LIMITATION ACT.] *At the beginning of each calendar year, the department must determine the aggregate dollar amount of the annual volume cap under a federal volume limitation act during the calendar year, and of this amount the department must determine the following amounts:*

*(1) the amount, if any, that a federal volume limitation act requires be reserved for qualified 501(c)(3) bonds or the amount provided by section 12, subdivision 9;*

*(2) the amount of the governmental volume cap allocated to entitlement issuers under section 8, stating separately (i) the amount available for issuance of "qualified mortgage bonds" or obligations with a comparable definition in a federal volume limitation act, and (ii) the amount available for issuance of any other obligations; and*

*(3) the amount initially available for allocation through the pool under section 11, which is the amount of the governmental volume cap less the aggregate of the amounts determined in clause (2).*

*Notwithstanding the foregoing, for the period from and including January 1, 1987, to and including June 30, 1987, the following limitations apply: (i) one-half of the amount determined pursuant to clause (2)(ii) shall be allocated to entitlement issuers under section 8; (ii) the entire amount determined pursuant to clause (2)(i) shall be allocated to entitlement issuers under section 8; (iii) one-half of the amount determined pursuant to clause (3) shall be made available for allocation under section 11; and (iv) one-half of the amount, if any, determined pursuant to clause (1) shall be made available for allocation under section 12. The remaining amount of annual volume cap for calendar year 1987 not so allocated, or made available for allocation, shall remain unallocated unless otherwise provided by law.*

*Subd. 3.* [ADJUSTMENTS FOR CHANGES TO VOLUME CAP IN FEDERAL VOLUME LIMITATION ACT.] *If the annual volume cap in a federal volume limitation act that becomes law is greater than or less than the annual volume cap that existed in a federal volume limitation act in the form that existed as of January 1, 1986, the department shall adjust the calculations made under subdivisions 2 and 3.*

Sec. 4. [474A.04] [ENTITLEMENT ALLOCATIONS UNDER EXISTING FEDERAL TAX LAW.]

*Subdivision 1.* [HIGHER EDUCATION COORDINATING BOARD ALLOCATION.] *Of the aggregate annual volume cap under existing federal tax law, $25,000,000 for each calendar year is allocated to the higher education coordinating board for the issuance of obligations pursuant to chapter 136A. On September 1, any unused portion of the amount allocated to the higher education coordinating board pursuant to this subdivision cancels and the authority must be reallocated pursuant to section 5.*

*Subd. 2.* [IRON RANGE RESOURCES AND REHABILITATION ALLOCATION.] *Of the aggregate annual volume cap under existing federal tax law, $30,000,000 for each calendar year is allocated to the iron range resources and rehabilitation*

*commissioner. After September 1 of each year, the iron range resources and rehabilitation commissioner may retain any unused portion of the allocation only if the commissioner has submitted to the department on or before September 1 a preliminary resolution for a specific project and a letter which states (1) the intent to issue obligations pursuant to the allocation or a portion of it before the end of the calendar year or within the time period permitted under existing federal tax law, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of the unused allocation or the portion of it pursuant to which the commissioner intends to issue obligations. The commissioner may subsequently reallocate the retained allocation among the projects described in clause (2). On September 1, any unused portion of the amount allocated to the iron range resources and rehabilitation commissioner and not reserved by a preliminary resolution, a letter of intent, and an application deposit is canceled and must be reallocated under section 5. If the iron range resources and rehabilitation commissioner returns for reallocation all or a part of the allocation on or before October 31, that portion of the application deposit equal to one percent of the amount returned must be refunded within 30 days, except to the extent that the deposit is required to be retained pursuant to section 13.*

*Upon the request of a statutory city located in the taconite tax relief area which received an entitlement allocation under Minnesota Statutes 1984, section 474.18 of $5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations, in an amount requested by the city but not to exceed $5,000,000, on behalf of the city.*

*Subd. 3.* [ENERGY AND ECONOMIC DEVELOPMENT AUTHORITY ALLOCATION.] *Of the aggregate annual volume cap under existing federal tax law, $60,000,000 for each calendar year is allocated to the energy and economic development authority. After September 1 of each year, the energy and economic development authority or any entity which receives an allocation from the energy and economic development authority may retain any unused portion of its allocation only if it has submitted to the department, on or before September 1 a preliminary resolution for a specific project and a letter which states (1) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted under existing federal tax law, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of its unused allocation or the portion of it pursuant to which it intends to issue obligations. The energy and economic development authority may subsequently reallocate the retained allocation among the projects described in clause (2).*

*On September 1 any unused portion of the amount allocated to the energy and economic development authority and not reserved by a preliminary resolution, a letter of intent, and an application deposit is canceled and must be reallocated under section 5. If the energy an deconomic development authority or any issuer which receives an allocation from the authority returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned must be refunded within 30 days, except to the extent that the deposit is required to be retained under section 13.*

*Subd. 4.* [ENTITLEMENT CITIES.] *Of the aggregate annual volume cap under existing federal tax law, for each calendar year the amount determined pursuant to this subdivision is allocated to (1) cities of the first class, and (2) the largest Minnesota city located in a metropolitan statistical area as of January, 1984 that does not contain a city of the first class, if the city has a population of 25,000 or more. The amount allocated to a first class city is an amount equal to $200 multiplied by the city's population. The amount allocated to each city qualifying under clause (2) is $5,000,000. After September 1 of each year, an issuer receiving an allocation under this subdivision may retain an unused portion of its allocation only if it has submitted to the department by September 1 a letter stating its intent to issue obligations pursuant to its allocation before the end of the calendar year or within the time permitted under existing federal tax law and an application deposit equal to one percent of the amount of the unused allocation for which it intends to issue obligations. Any unused portion of an allocation for which an application deposit and letter of intent has not been received by the department by September 1 must be canceled and reallocated under section 5. If an issuer returns for reallocation all or part of its allocation under this subdivision by October 31, the application deposit equal to one percent of the amount returned must be refunded to the issuer, except to the extent that the deposit is required to be retained under section 13.*

*For purposes of this subdivision, "population" means the population determined under section 477A.011, subdivision 3.*

*Subd. 5.* [NOTICE OF ENTITLEMENT ALLOCATION.] *As soon as possible in each calendar year, the department shall provide to each entitlement issuer a written notice of the amount of its entitlement allocation under this section.*

*Subd. 6.* [ENTITLEMENT TRANSFERS.] *An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to issuance authority allocated to the original entitlement issuer under this section.*

Sec. 5. [474A.05] [ALLOCATION OF POOL AMOUNT UNDER EXISTING FEDERAL TAX LAW.]

*Subdivision 1.* [POOL AMOUNT.] *Of the aggregate annual volume cap under existing federal tax law, the amount determined pursuant to section 3, subdivision 1, clause (2), shall be allocated among issuers pursuant to this section for each calendar year. An entitlement issuer may apply for an allocation pursuant to this section only after August 20. An entitlement issuer may apply for an allocation before November 1 only if the entitlement issuer has adopted a final resolution authorizing the sale of obligations equal to any allocation received under section 4 or has returned all of its unused allocation for reallocation under this section.*

*Notwithstanding the preceding paragraph, the following entitlement issuers may apply for an allocation under this section:*

*(a) A city of the first class may apply for an allocation for a manufacturing project at any time.*

*(b) State issuers, other than the iron range resources and rehabilitation commissioner, may apply for and receive allocations under this section in an aggregate amount not to exceed that portion of its entitlement allocation returned for reallocation under section 4.*

*Subd. 2.* [APPLICATION.] *An issuer may apply for an allocation pursuant to this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution, and (2) an application deposit in the amount of one percent of the requested allocation. An issuer may elect not to submit an application for an allocation for a project for which the issuer previously adopted a preliminary resolution.*

*Subd. 3.* [ALLOCATION CRITERIA.] *The department shall rank each application received pursuant to this section on the basis of the number of points awarded to it, with one point being awarded for each of the following criteria satisfied:*

*(a) The current rate of unemployment for the applicant is at or above 110 percent of the statewide average unemployment rate for the most recently available reporting period, as determined by the department of economic security. The unemployment rate for the applicant is the greater of (1) the most recent estimate available for the smallest jurisdiction which wholly includes the jurisdiction of the applicant, as reported by the department of economic security, or (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.*

*(b) The number of individuals employed in the applicant's jurisdiction declined from the second calendar year before the application, to the first calendar year before the application. The estimate of the number of individuals employed for each*

*year must be based on the same source and must be (1) the most recent estimate available for the smallest jurisdiction which wholly includes the applicant, as reported by the department of economic security, or (2) another estimate supplied by the applicant with respect to its jurisdiction, which is documented by the applicant.*

*(c) The project will provide additional general tax revenue to the taxing jurisdictions in which the project is located beginning not later than three years after issuance of the obligations.*

*(d) The number of jobs to be created by the project is at least two jobs for each $100,000 of issuance authority requested for the project.*

*(e) As of the date of application the total market value of all taxable property in the applicant's jurisdiction, based on the most recent certification of assessed value to the commissioner of revenue, has either (1) declined in relation to the first calendar year before the certification, or (2) increased in relation to the first calendar year before the certification at a rate which is less than 90 percent of the rate of increase of the state average market value over the same period.*

*(f) The total capital expenditures for the project exceed by ten percent the amount of the proceeds of the obligations to be issued for the project.*

*(g) The project is wholly located in an enterprise zone designated pursuant to section 273.1312.*

*(h) The project site meets the criteria necessary to qualify as a tax increment redevelopment district as defined in section 273.73, subdivision 10. To qualify under this clause the project need not be included in a tax increment financing district.*

*(i) The project meets one of the following energy conservation criteria: (1) the project is eligible for the additional federal investment tax credits for energy property, (2) the project involves construction or expansion of a district heating system as defined in section 116J.36, or (3) the project involves construction of an energy source as described in section 116J.26, clause (a), (b), or (d) or 116M.03, subdivisions 22, 23 and 26.*

*(j) The project consists of the renovation, rehabilitation, or reconstruction of an existing building which is (1) located in a historic district designated under section 138.73, or on a site listed in the state registry of historical sites under sections 138.53 to 138.5819; or (2) designated in the National Register pursuant to United States Code, title 16, section 470a.*

*(k) Service connections to sewer and water systems are available to the project at the time the application is submitted.*

*(l) As provided by a binding agreement by the principal user or users of the project with the applicant, at least ten percent of the individuals employed by the principal user or users of the project will be minority or low income individuals.*

*(m) When the application is submitted either (1) the anticipated owner of the project, or any party of which the owner is a controlling partner or shareholder, or which is a controlling shareholder or partner of the owner, does not own or operate a substantially similar business within the state or (2) the project is an expansion of the operations of an existing business which is not likely to have the effect of transferring existing employment from one or more other municipalities within the state to the municipality in which the project is located.*

*(n) A controlling interest in the project will be owned by one or more women or minority persons.*

*(o) Seventy-five percent or more of the proceeds of the proposed issue will be used to rehabilitate an existing structure.*

*Subd. 4.* [ALLOCATION PROCEDURE.] *(a) The department shall allocate available issuance authority under this section on Monday of each week to applications received on or before Monday of the preceding week in the following order of priority and available issuance authority may not be allocated to any other project:*

*(1) applications for manufacturing projects;*

*(2) applications for pollution control projects or waste management projects; and*

*(3) applications for commercial redevelopment projects.*

*Within each category of applications available authority must be allocated on the basis of the numerical rank determined pursuant to this section. In the case of an application for issuance authority that includes more than one project to be financed by one issue of obligations, the points assigned to the application shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, the ranking of the applications must be by lot unless otherwise agreed by the respective issuers. If an application is rejected, the department must notify the applicant and return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.*

*(b)(1) From January 1 through October 31, no more than 20 percent of the total amount available for allocation during the*

*calendar year pursuant to this section may be allocated to pollution control and waste management projects.*

*(2) From January 1 through October 31, no more than 35 percent of the total amount available for allocation during the calendar year pursuant to this section may be allocated to commercial redevelopment projects. This amount is increased to 50 percent of the total available authority for the next month's allocation if the following two conditions occur: (i) on or after June 30 the total amount of issuance authority available under this section which has not been allocated or has been allocated to but was returned by an issuer exceeds 45 percent of the total amount of issuance authority available for allocation under this section for the calendar year; or (ii) the entire amount of issuance authority available under this subparagraph for commercial redevelopment projects has been allocated.*

*Subd. 5.* [LETTER OF INTENT.] *After September 1 of each year, an issuer which has received an allocation pursuant to this section prior to September 1 may retain any unused portion of the allocation only if the issuer has submitted to the department on or before September 1 a letter stating its intent to issue obligations pursuant to the allocation before the end of the calendar year or within the time period permitted by existing federal tax law. If the letter of intent is not submitted to the department of energy and economic development, the one percent application deposit must be returned to the issuer, the allocation canceled, and the issuance authority is available for reallocation pursuant to this section. If an issuer returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned must be refunded within 30 days, except to the extent that the deposit is required to be retained under section 13.*

*Subd. 6.* [FINAL ALLOCATION.] *From November 1 to December 31 of each year, the annual volume cap under existing federal tax law, which is not both previously allocated and subject to a preliminary resolution for a specific project, whether or not committed pursuant to a letter of intent, or which is not reserved for qualified mortgage bonds, is available for allocation or reallocation and shall be allocated among issuers. The iron range resources and rehabilitation commissioner, the energy and economic development authority, or an entitlement city may reallocate after August 31 its retained allocation among projects identified in preliminary resolutions filed with the department prior to November 1. An application for this allocation must include evidence of passage of a preliminary resolution and state that it is the intent of the applicant that the obligations will be issued by the end of the year or within the time period permitted by existing federal tax law, and must be accompanied by an application deposit in the amount of one percent of the requested*

*allocation. Applications must be made and allocations shall be awarded in accordance with subdivisions 3 and 4.*

*Authority may be allocated under this subdivision to any project, notwithstanding the percentage limits and other restrictions contained in subdivision 4. Applications must be ranked and authority allocated first according to the order of priority and ranking of points under subdivisions 3 and 4. The remaining authority must be allocated according to the ranking of points under subdivision 3. If two or more applications receive an equal number of points, allocations among them must be made by lot unless otherwise agreed by the respective applicants.*

*If issuance authority remains or becomes available following the last Monday on which allocations are made for any calendar year, the department must allocate the available authority to the department of finance. The department of finance shall allocate the remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts allocated to the Minnesota housing finance agency shall be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board shall be used for the issuance of obligations under chapter 136A.*

*Subd. 7.* [RETURN OF ALLOCATION.] *If on or after November 1 but prior to December 1 of any year, an issuer determines that it will not issue obligations pursuant to an allocation received by it pursuant to this section or section 4 by the end of that year or within the time period permitted by existing federal tax law, the issuer must notify the department of the amount that is available for reallocation pursuant to this subdivision. In such case, the department shall refund to the issuer within 30 days that portion of the application deposit equal to one-third of one percent of the amount returned for reallocation, except to the extent the deposit is required to be retained under section 13. The amounts available for reallocation must be allocated on or before December 31 pursuant to subdivision 6.*

Sec. 6. [474A.06] [NOTICE OF ISSUE UNDER EXISTING FEDERAL TAX LAW.]

*Issuers that issue obligations subject to existing federal tax law must file with the department within five days after the obligations are issued a written notice of issue stating the date of issuance of the obligations, the allocation under which the obligations are issued, and the principal amount of the obligations. If obligations are to be issued as a series of obligations, the notice of issue must be filed for each series of obligations that is issued. If the notice of issue is not filed within five days after the obligations are issued, the obligations shall be considered not to have received an allocation under existing federal tax law. Within 30 days after receipt of the notice, the depart-*

*ment must refund a portion of the application deposit required under section 4 or 5 equal to one percent of the principal amount of the obligations issued.*

Sec. 7. [474A.07] [QUALIFIED MORTGAGE BONDS UNDER EXISTING FEDERAL TAX LAW.]

*Subdivision 1.* [HOUSING FINANCE AGENCY ALLOCATION.] *The applicable volume limit for qualified mortgage bonds for the Minnesota housing finance agency, pursuant to existing federal tax law, for a calendar year is 100 percent of the state ceiling for qualified mortgage bonds for that year, reduced only by (1) any amounts of qualified mortgage bonds which have been or may be allocated by law to specified cities, and (2) any amounts of qualified mortgage bonds which are allocated to cities pursuant to subdivisions 2 and 3. The aggregate amount allocated to cities, under clause (1) or (2), together with the amount of qualified mortgage bonds reserved for the agency, shall not exceed the limit for the state under existing federal tax law.*

*By August 1 of each year, a city which has received by law an allocation of the state ceiling for qualified mortgage bonds shall submit its housing programs to the Minnesota housing finance agency for approval pursuant to section 462C.04, subdivision 2, in an amount of bonds equal to or less than, the city's allocation. If the amount of qualified mortgage bonds, for which program approval is granted on or before September 1 is less than the amount allocated by law to the city, the applicable limit for the agency shall be increased by the difference between the amount allocated by law to the city, and the amount for which program approval has been granted.*

*Subd. 2.* [CITY ALLOCATION.] *Unless otherwise authorized by law, a city that intends to issue during a calendar year qualified mortgage bonds that are subject to existing federal tax law, shall by January 2 of that year submit to the Minnesota housing finance agency a program that will use a portion of the state qualified mortgage bond ceiling. The total amount of qualified mortgage bonds included in all programs submitted pursuant to this subdivision by a city may not exceed $10,000,000. Each program must be accompanied by a certificate from the city that states that the qualified mortgage bond issue is feasible. By February 1, the Minnesota housing finance agency must review each program pursuant to section 462C.04, subdivision 2. The Minnesota housing finance agency shall approve all programs that the agency determines are consistent with chapter 462C, and that meet the following conditions:*

*(1) all of the loans must be reserved for a period of not less than six months for persons and families whose adjusted family income is below 80 percent of the limits on adjusted gross income provided in section 462C.03, subdivision 2; and*

*(2) loans must be made only to finance homes that are serviced by municipal water and sewer utilities; provided that if the approval of all programs would result in an allocation to cities in excess of 27-1/2 percent of the state ceiling for the calendar year 1985, reduced by the amount of qualified mortgage bonds that are allocated by law to specified cities, the Minnesota housing finance agency shall approve programs that are submitted by a city which meets any of the following three criteria: (i) a city of the first class, (ii) a city that did not receive an allocation under this subdivision or Minnesota Statutes 1984, section 462C.09, subdivision 2(a), or Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2(a), during the preceding two calendar years, or (iii) a group of cities that plan to jointly issue bonds for the program provided further that if approval of all of the programs submitted by cities that meet one or more of the criteria in (i), (ii), or (iii) would result in a total allocation to cities in excess of the portion of the state ceiling available for allocation, then from among those programs the agency shall select by lot the programs to be approved. If a portion of the state ceiling remains unallocated after the agency has approved all programs submitted by cities that meet one or more of the criteria in (i), (ii), or (iii), the Minnesota housing finance agency shall select by lot form among the remaining programs the programs to be approved. The Minnesota housing finance agency shall determine if a program meets the conditions in clauses (1) and (2) based solely upon the program with accompanying information submitted to the agency. Approval of a program shall constitute an allocation of a portion of the state ceiling for qualified mortgage bonds equal to the proposed bond issue or issues contained in the program, provided that the allocation for the last selected program that receives an allocation may be equal to or less than the amount of the bond issue or issues proposed in the program.*

*If a city which received an allocation pursuant to this subdivision, or which has been allocated a portion of the state ceiling by law and has received approval of one or more programs, has not issued bonds by September 1 in an amount equal to the allocation, and the city intends to issue qualified mortgage bonds prior to the end of the calendar year, the city shall by September 1 submit to the Minnesota housing finance agency for each program a letter that states the city's intent to issue the qualified mortgage bonds prior to the end of the calendar year. If the Minnesota housing finance agency does not receive the letter from the city, then the allocation of the state ceiling for that program expires on September 1, and the applicable limit for the Minnesota housing finance agency is increased by an amount equal to the unused portion of the allocation to the city. A city referred to in subdivision 1, clause (1), need not apply under this subdivision with respect to bonds allocated by law to the city, but may apply for an additional allocation of bonds under this subdivision.*

*Subd. 3.* [ADDITIONAL CITY ALLOCATION.] *On or before September 1 of each year, the Minnesota housing finance*

*agency shall identify the amount, if any, of its applicable limit for qualified mortgage bonds for that calendar year that it does not intend to issue. A city that intends to issue qualified mortgage bonds prior to the end of the calendar year for which it has not received an allocation of the state ceiling may submit a program for approval on or before September 1 to the Minnesota housing finance agency for a portion of the amount of the Minnesota housing finance agency's applicable limit as provided in subdivision 1 which the agency does not intend to issue. The total amount of qualified mortgage bonds included in all programs of any city submitted pursuant to this subdivision shall not exceed $10,000,000. The program shall be accompanied by the same certificate required by subdivision 2. The Minnesota housing finance agency shall allocate the amount of the state ceiling to be allocated pursuant to this subdivision using the same factors listed in subdivision 2, provided that a program for a city receiving an allocation pursuant to subdivision 2 during the calendar year shall be ranked below all other programs if the bonds proposed in the program, when added to the bonds included in programs approved pursuant to subdivision 2, exceed $10,000,000. A city that submitted a program pursuant to subdivision 2 but that did not receive an allocation may renew its application with a letter of intent to issue. A city referred to in subdivision 1, clause (1), may apply for an additional allocation of bonds under this subdivision.*

*Subd. 4.* [AGENCY REVIEW.] *The 30-day review requirement in section 462C.04, subdivision 2, does not apply to programs submitted to the agency that require an allocation of the state ceiling pursuant to this section. A failure by the agency to complete any action by the date set forth in this section shall not result in the approval of any program or the allocation of any portion of the applicable limit of the agency. Approval by the agency of programs after the dates provided in this section is effective in allocating a portion of the state ceiling. Programs approved by the agency may be amended with the approval of the agency under section 462C.04, subdivision 2, provided that the dollar amount of bonds for the program may not be increased.*

*Subd. 5.* [STATE CERTIFICATION.] *The executive director of the Minnesota housing finance agency is designated as the state official to provide the preissuance certification required by section 103A(j)(4)(A) of the Internal Revenue Code of 1954, as amended through December 31, 1985.*

*Subd. 6.* [CORRECTION AMOUNTS FOR MORTGAGE CREDIT CERTIFICATE PROGRAMS.] *A reduction in the state ceiling for qualified mortgage bonds caused by the failure of a mortgage credit certificate program to comply with a federal statute or regulation shall be assessed against the amount of qualified mortgage bonds allocated by law, other than by way of this section, to the city which adopted the program. If no such allocation exists or it is less than the correction amount determined by the secretary of the treasury, then the amount of the*

*correction amount in excess of the allocation shall be assessed against the 27-1/2 percent of the state ceiling allocated to the cities under subdivision 2.*

Sec. 8. [474A.08] [DETERMINATION OF ENTITLEMENT ALLOCATIONS UNDER FEDERAL VOLUME LIMITATION ACT.]

*Subdivision 1.* [ENTITLEMENT ISSUERS.] *The dollar amount of the governmental volume cap allocated to entitlement issuers under a federal volume limitation act for each calendar year must be determined by the department as follows:*

*(1) to the department of finance 24 percent of the governmental volume cap to be allocated among state issuers under section 9;*

*(2) to each city, a sum equal to 75 percent of the amount of bond issuance authority allocated to the city under section 4, subdivision 4;*

*(3) to each city to which bond issuance authority is specifically allocated under state law for qualified mortgage bonds, a sum equal to the full amount of the bond issuance authority, which amount is to be used solely for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition as used in the federal volume limitation act prior to September 1, and thereafter may also be used for the issuance of either such mortgage bonds or obligations to finance multifamily housing projects;*

*(4) to a city or cities that received an allocation to issue qualified mortgage bonds during 1986 under Minnesota Statutes 1985 Supplement, section 462C.09, subdivision 2a, an amount or amounts for 1986 equal to such allocation, which amount may be used prior to September 1 for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition in a federal volume limitation act, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects; and*

*(5) to a city or cities determined in accordance with the procedure set forth in section 7, subdivisions 2 and 3, an allocation to issue qualified mortgage bonds during 1987, in an amount determined in accordance with such procedure contained in section 7, subdivisions 2 and 3, which amount may be used prior to September 1 for the issuance of "qualified mortgage bonds" or for obligations with a comparable definition in a federal volume limitation act, and thereafter may also be used for the issuance of obligations to finance multifamily housing projects.*

*For any entitlement issuer that received an allocation for a qualified multifamily housing project and did not issue obliga-*

*tions for the project within the time period specified under section 13, subdivision 3, the amount allocated to the entitlement issuer under this subdivision for 1987 must be reduced by the amount of the unused allocation and the amount of any other allocation retained by that issuer after September 1, 1986, for which obligations have not been issued in 1986. The amount of any reduction in allocation must be added to the amounts available for pool allocation under section 11.*

*For purposes of this subdivision, "population" means the population determined under section 477A.011, subdivision 3.*

*Subd. 2.* [NOTICE OF ENTITLEMENT ALLOCATION.] *As soon as possible in each calendar year, the department shall provide a notice of entitlement allocation to each entitlement issuer stating separately the amount that may be issued for "qualified mortgage bonds" or for obligations with a comparable definition, a federal volume limitation act and the amount that may be issued for other obligations.*

Sec. 9. [474A.09] [ALLOCATION OF STATE ENTITLEMENTS UNDER FEDERAL VOLUME LIMITATION ACT.]

*The amount allocated to the department of finance under section 8, subdivision 1, clause (1), may be allocated or reallocated by the commissioner of the department of finance internally among state issuers, provided that 11.5 percent of the entitlement allocation must be allocated to the iron range resources and rehabilitation commissioner. Upon the request of a statutory city located in the taconite tax relief area that received an entitlement allocation under Minnesota Statutes 1984, section 474.18, of $5,000,000 or more for calendar year 1985, the iron range resources and rehabilitation commissioner shall enter into an agreement with the city whereby the commissioner issues obligations on behalf of the city, in an amount requested by the city but not to exceed 17 percent of the amount allocated to the commissioner under this subdivision.*

Sec. 10. [474A.10] [ENTITLEMENT ISSUERS UNDER THE FEDERAL VOLUME LIMITATION ACT.]

*Subdivision 1.* [NOTICE OF ISSUE.] *Each entitlement issuer that issue obligations pursuant to an entitlement allocation received under section 8 must provide a notice of issue to the department on forms provided by the department stating (1) the date of issuance of the obligations; (2) the title of the issue; (3) the principal amount of the obligations; (4) the type or types of the obligations that cause them to be subject to the annual volume cap; and (5) the dollar amount of the obligations subject to the governmental volume cap of a federal volume limitation act. For obligations that are issued as a part of a series of obligations, a notice must be provided for each series. Any issue of obligations for which a notice of issue is not pro-*

*vided to the department within five days after issuance is deemed not to have received an allocation under a federal volume limitation act. Within 30 days after receipt of the notice of issue, the department must refund a portion of any deposit made pursuant to subdivision 3 equal to one percent of the principal amount of the obligations issued.*

*Subd. 2.* [ENTITLEMENT TRANSFERS.] *An entitlement issuer may enter into an agreement with another entitlement issuer whereby the recipient entitlement issuer issues obligations pursuant to issuance authority allocated to the original entitlement issuer.*

*Subd. 3.* [RESERVATION OR CANCELLATION OF ENTITLEMENT ALLOCATIONS.] *After September 1, 1986, an entitlement issuer may retain all or a portion of its entitlement allocation under a federal volume limitation act only if the department has received by September 1 a letter stating the intent of the entitlement issuer to issue obligations under its entitlement allocation before the end of the calendar year or within the time permitted by a federal volume limitation act and an application deposit equal to one percent of the unused allocation for which it intends to issue obligations, provided that there shall be credited against the required deposit, any deposit made in accordance with section 4 for a corresponding allocation under existing federal tax law. Any unused portion of an allocation for which an application deposit and letter of intent have not been received by the department by September 1, 1986, is canceled and must be reallocated under section 11. Notwithstanding the provisions of this subdivision, the department of finance may retain $15,000,000 of its entitlement allocation for the issuance of obligations. If any time after August 31, 1986, the department of finance determines that part or all of the retained allocation will not be required for obligations issued by the state, the portion not required cancels and shall be reallocated under section 11.*

Sec. 11. [474A.11] [ALLOCATION OF POOL AMOUNT UNDER THE FEDERAL VOLUME LIMITATION ACT.]

*Subdivision 1.* [POOL AMOUNT.] *For calendar year 1986 and from January 1 to June 30 of 1987, the portion of the governmental volume cap and any allocations canceled or returned for reallocation under section 10 or section 12, subdivision 9, shall be allocated to issuers other than state issuers, under this section.*

*An entitlement issuer, other than state issuers, may apply for an allocation under this section only after August 20. If an entitlement issuer, other than state issuers, applies for an allocation prior to November 1, the entitlement issuer must have either adopted a final resolution authorizing the sale of obliga-*

*tions in an amount equal to any allocation received under section 8 or returned any remaining allocation for reallocation under this section.*

*Notwithstanding the preceding paragraph, the following entitlement issuers may apply for an allocation under this section:*

*(a) Entitlement issuers that received an allocation only under section 8, subdivision 1, clause (4) or (5), may apply for an allocation at any time.*

*(b) A city of the first class may apply for an allocation for a manufacturing project at any time.*

*(c) Any entitlement issuer, other than a state issuer, may apply for an allocation for a qualified multifamily housing project after September 1 if (1) it has adopted a preliminary resolution for specific projects for the amount of any of its retained entitlement allocation, and (2) the amount of allocation applied for does not exceed $10,000,000.*

*(d) State issuers may apply for and receive allocations under this section in an aggregate amount not to exceed that portion of the state's entitlement allocation returned for reallocation under section 10.*

*Subd. 2.* [APPLICATION.] *An issuer may apply for an allocation pursuant to this section by submitting to the department an application on forms provided by the department accompanied by (1) a preliminary resolution, and (2) if the application is submitted prior to September 1 of any calendar year, an application deposit in the amount of one percent of the requested allocation, or if the application is submitted after August 31, 1986, an application deposit in the amount of two percent of the requested allocation, provided that there shall be credited against the required deposit any deposit made with respect to the same project in accordance with section 5. An application deposit for a qualified multifamily housing project must include an additional application deposit in the amount of one percent of the requested allocation. An application pursuant to this section may be combined with an application under section 5.*

*Subd. 3.* [ALLOCATION CRITERIA.] *The department must rank each application received under this section on the basis of the number of points awarded to it, with one point being awarded for each of the criteria listed in section 5, subdivision 3, that are satisfied, and one point being awarded for each of the following criteria:*

*(1) the project is a multifamily housing project; and*

*(2) the project is a multifamily housing project designed for rental primarily to handicapped persons or to elderly persons.*

*An application for an allocation relating to an issue of obligations the proceeds of which are to be used to refund outstanding obligations shall be assigned a ranking of no points.*

*Subd. 4.* [ALLOCATION PROCEDURE.] *(a) The department shall allocate available issuance authority on Monday of each week to applications received by Monday of the preceding week, in the following order of priority and available issuance authority may not be allocated to any other project prior to September 1, 1986:*

*(1) applications for manufacturing projects;*

*(2) applications for pollution control projects or waste management projects; and*

*(3) applications for commercial redevelopment projects or multifamily housing projects.*

*Within each category of applications available authority must be allocated on the basis of the numerical rank determined under this section. In the case of an application for an allocation relating to more than one project to be financed by one issue of obligations, the points assigned to the application shall be computed on the basis of the weighted average of points for the projects. The projects must all be of the same category of projects to be submitted as a multiproject application. If two or more applications have the same numerical rank, the ranking of the applications must be by lot unless otherwise agreed by the respective issuers. If an application is rejected, the department must notify the applicant and shall return the application deposit to the applicant within 30 days unless the applicant requests in writing that the application be resubmitted.*

*(b) From January 1 through October 31, no more than 20 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section may be allocated to pollution control and waste management projects.*

*(c) From January 1 through October 31, no more than 35 percent of the total amount of issuance authority available for allocation during the calendar year pursuant to this section may be allocated to commercial redevelopment projects and multifamily housing projects. This amount is increased to 50 percent of the total available authority for the next month's allocation if the following two conditions occur: (1) on or after June 30 the total amount of issuance authority available under this section which has not been allocated or has been allocated to*

*but was returned by an issuer exceeds 45 percent of the total amount of issuance authority available for allocation under this section for the calendar year; and (2) the entire amount of issuance authority available under this clause for commercial redevelopment and multifamily housing projects has been allocated.*

*Subd. 5.* [CERTIFICATE OF ALLOCATION.] *The granting of an allocation of issuance authority by the department pursuant to this section shall be evidenced by issuance of a certificate of allocation provided to the applicant in accordance with section 13.*

*Subd. 6.* [FINAL ALLOCATION.] *After November 1, allocations shall be made under this subdivision to any project including, without limitation, projects for owner-occupied housing, notwithstanding the percentage limits and other restrictions contained in this section. Applications must be ranked and allocations made first according to the order of priority and ranking of points under subdivisions 3 and 4. Any remaining amount must be allocated according to the ranking of points under subdivision 3. If two or more applications receive an equal number of points, allocations among the applications must be made by lot unless otherwise agreed by the respective applicants. If issuance authority remains or becomes available following the last Monday on which allocations are made during the calendar year, the department must allocate the remaining authority to the department of finance, and the department of finance must allocate the remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts so allocated to the Minnesota housing finance agency shall be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board shall be used for the issuance of obligations under chapter 136A.*

Sec. 12. [474A.12] [501(c)(3) POOL; FEDERAL VOLUME LIMITATION ACT.]

*Subdivision 1.* [501(c)(3) POOL.] *This section applies only to allocations made under a federal volume limitation act. The amount, if any, of the aggregate annual volume cap that must be set aside for qualified 501(c)(3) bonds in 1986 or in 1987 or pursuant to subdivision 9 shall be allocated under this section.*

*Subd. 2.* [HIGHER EDUCATION FACILITIES AUTHORITY.] *Of the portion of the annual volume cap allocated under this section, $20,000,000 for each calendar year is allocated to the higher education facilities authority for the issuance of obligations under sections 136A.25 through 136A.42. After September 1 of each year, the higher education facilities authority may retain an unused portion of its allocation only if the higher education facilities authority submits to the department*

*on or before September 1 a letter which states (1) its intent to issue obligations pursuant to its allocation or a portion of it before the end of the calendar year or within the time period permitted under a federal volume limitation act, and (2) a description of the specific project or projects for which the obligations will be issued, together with an application deposit in the amount of one percent of the amount of the unused allocation or the portion of it pursuant to which it intends to issue obligations. The authority may subsequently reallocate the retained allocation among the projects described in clause (2). On September 1 any unused portion of the amount allocated to the higher education facilities authority and not reserved by a letter of intent and an application deposit is canceled and subject to reallocation in accordance with subdivision 3. If the higher education facilities authority returns for reallocation all or any part of its allocation on or before October 31, that portion of the application deposit equal to one percent of the amount returned shall be refunded within 30 days.*

*Subd. 3.* [APPLICATION.] *An issuer may apply for an allocation of bond issuance authority under this section by submitting to the department an application on forms provided by the department, accompanied by (1) a preliminary resolution of the issuer, and (2) an application deposit in the amount of one percent of the requested allocation. The higher education facilities authority may apply for an allocation under subdivision 4 or 6 only if it has adopted a final resolution authorizing the sale of obligations in an amount equal to the allocation received and not returned for reallocation under subdivision 2.*

*Subd. 4.* [ALLOCATION.] *As of the 10th and 25th day of each month prior to September 1, the department shall allocate issuance authority available under this section on the basis of applications then on hand, assigning allocations in the order in which the applications are received by the department. If two or more applications are filed with the department on the same day and if there is insufficient issuance authority for the applications, the allocation between or among the applications shall be by lot unless otherwise agreed by the respective applicants. Before September 1 the amount allocated to an issuer for a 501(c)(3) organization may not exceed $15,000,000 for the year. Two or more local issuers may combine their allocations in one or more single bond issues which exceed $15,000,000 so long as no more than $10,000,000 of the bond issue is for facilities located within the geographic boundaries of each issuer and the obligations may be issued jointly by a joint powers board or by one issuer on behalf of all the issuers to whom the allocation is made.*

*Subd. 5.* [LETTER OF INTENT.] *After September 1 of each calendar year, an issuer which has received an allocation pursuant to this section prior to September 1, may retain an unused portion of the allocation only if the issuer has submitted*

*to the department on or before September 1 a letter stating its intent to issue obligations before the end of the calendar year or within the time period permitted by a federal volume limitation act. If the letter of intent is not submitted to the department, the one percent application deposit must be returned to the issuer and the allocation is canceled and available for reallocation pursuant to subdivision 6. If an issuer returns for reallocation all or any part of its allocation on or before October 31, that portion of its application deposit equal to one percent of the amount returned must be refunded within 30 days. If it returns the allocation after October 31 but before December 1, that portion of the application deposit equal to one-third of one percent of the amount returned must be refunded within 30 days.*

*Subd. 6.* [ALLOCATION AFTER SEPTEMBER 1.] *On September 1 of each year the aggregate amount set aside for qualified 501(c)(3) bonds, less any amounts previously allocated or reallocated and either reserved by an issuer with a letter of intent or with respect to which a notice of issue has been filed shall be reallocated in accordance with this subdivision.*

*Bond issuance authority subject to reallocation under this subdivision on and after September 1 in any year shall be allocated by the department in the order in which the applications were received by the department. If two or more applications are filed with the department on the same day and if there is insufficient issuance authority for the applications, the allocation between or among such applications shall be by lot unless otherwise agreed by the respective applicants. As soon as practicable after September 1, the department shall publish in the State Register a notice of the aggregate amount available for reallocation pursuant to this subdivision. Within five days after September 10, October 10, November 10, December 10, and December 20, the department shall allocate available authority under this subdivision. If issuance remains or becomes available following the final December 20th allocation, the department must allocate the remaining authority to the department of finance, and the department of finance shall allocate the remaining authority between the Minnesota housing finance agency and the higher education coordinating board. Amounts so allocated to the Minnesota housing finance agency shall be used for the issuance of mortgage credit certificates, and amounts allocated to the higher education coordinating board shall be used for the issuance of obligations under chapter 136A.*

*Subd. 7.* [NOTICE OF 501(c)(3) ALLOCATION.] *The department shall issue a notice granting an allocation of issuance authority under this section. No allocations may be made if the sum of the principal amount of proposed allocation and the aggregate principal amount of allocations previously made and not returned for reallocation exceeds the amount of issuance authority set aside, without the right to override by state legislation, for qualified 501(c)(3) bonds under a federal volume limitation act.*

*If an application is rejected, the department must notify the applicant and return the application deposit to the applicant within 30 days, unless the applicant requests in writing that the application be resubmitted.*

*Subd. 8.* [NOTICE OF ISSUE.] *Issuers that issue obligations under this section must provide a notice of issue to the department on forms provided by the department stating (1) the date of issuance of the obligations; (2) the title of the issue; (3) the principal amount of the obligations; and (4) the dollar amount of the obligations subject to the annual volume cap of a federal volume limitation act. For obligations issued as a part of a series of obligations, a notice must be provided for each series. An issue of obligations for which a notice of issue is not provided to the department within five days after issuance is deemed not to have received an allocation under a federal volume limitation act. Within 30 days after receipt of the notice of issue, the department must refund a portion of any deposit made pursuant to subdivision 3 equal to one percent of the principal amount of the obligations issued.*

*Subd. 9.* [NO MANDATORY SET-ASIDE; 501(C)(3) POOL.] *If a federal volume limitation act is enacted that does not require that issuance authority be set aside for qualified 501(c)(3) bonds, $105,000,000 of issuance authority is available for allocation under this section from January 1 through October 31 of 1986 and $52,500,000 of issuance authority is available for allocation under this section from January 1, 1987 through June 30, 1987. Notwithstanding the provisions of subdivision 6, if issuance authority is available for allocation pursuant to this subdivision, no allocation may be made pursuant to this section after October 31 for calendar year 1986 and the remaining amount of unallocated authority under this section that is or becomes available is canceled and must be reallocated pursuant to section 11.*

Sec. 13. [474A.13] [CERTIFICATE OF ALLOCATION UNDER FEDERAL VOLUME LIMITATION ACT.]

*Subdivision 1.* [ISSUANCE OF CERTIFICATE OF ALLOCATION.] *The department must issue a certificate of allocation for any allocation granted under section 11, except as provided in subdivision 4.*

*Subd. 2.* [ISSUANCE OF CERTIFICATE OF ALLOCATION; GENERAL OBLIGATIONS.] *The department must issue a certificate of allocation for any general obligation for which an allocation request is received upon forms provided by the department, except as provided in subdivision 4. The forms must contain:*

*(1) the name and address of the issuer;*

*(2) the address, telephone number, and name of an authorized representative of the issuer;*

*(3) the principal amount of general obligations proposed to be issued by the issuer;*

*(4) the title of the proposed issue;*

*(5) a statement of the issuer that the proposed issue of obligations is expected to be offered for sale on or before the expiration date of the certificate of allocation for which the request is being made;*

*(6) the amount of the allocation requested;*

*(7) the project or projects to be financed with the general obligations; and*

*(8) a certification that the general obligations do not constitute "industrial development bonds" as defined in section 103(b) of the Internal Revenue Code of 1954, as amended through December 31, 1985, and an opinion of bond counsel to that effect;*

*The aggregate amount of issuance authority that may be allocated to an issuer pursuant to this subdivision for the calendar year may not exceed $10,000,000. If submitted on or after September 1 for calendar year 1986, an allocation request must be accompanied by a deposit in the amount of one percent of the amount of allocation requested. The department shall issue certificates of allocation on Monday of each week for applications received by Monday of the preceding week and shall make the allocations among the applications by lot.*

*Subd. 3.* [NOTICE OF ISSUE.] *A certificate of allocation expires and is deemed not to have been issued if the department has not received a notice of issue on a form provided by the department stating that the obligations for which the certificate of allocation was provided were issued, or in the case of a general obligation, a final resolution providing for sale was adopted, within the longest of the following periods:*

*(1) for a certificate of allocation issued on or prior to August 15, 1986, or anytime in 1987, within 30 days of the date of issuance of the certificate;*

*(2) for a certificate of allocation issued between August 16 and September 1, 1986, by September 16, 1986;*

*(3) for a certificate of allocation issued on or after September 1, within 15 days of the date of issuance of the certificate; and*

*(4) for a certificate of allocation issued to an entitlement issuer for a qualified multifamily housing project, within 30 days of issuance of the certificate of allocation.*

*Any of the periods specified in clauses (1), (2), or (3) may be extended for an additional period of the same number of days if an additional deposit in the amount of three percent of the amount of the certificate of allocation is provided before the end of the initial period. The period specified in clause (4) may be extended for an additional 30 days if an additional deposit in the amount of four percent of the amount of the certificate of allocation is provided before the end of the initial period.*

*The notice of issue must be executed by an officer of the issuer or by the bond counsel approving the issue and must state the principal amount of the obligations issued or to be issued and the difference, if any, between the amount issued or to be issued and the amount stated in the certificate of allocation. If the notice of issue is not provided to the department by the time required, then (1) the certificate of allocation expires and the issue is deemed not to have received an allocation for the purpose of complying with a federal volume limitation act, and (2) the deposit required by section 10, 11, or this section is forfeited by the issuer. If the notice is received by the department on or prior to the prescribed deadline, then within 30 days after receipt of this notice, the department must refund a portion of any application deposit in proportion to the amount of the allocation authority issued.*

*Subd. 4.* [LIMITATIONS ON THE ISSUANCE OF CERTIFICATES.] *No certificate of allocation may be granted under a federal volume limitation act under any of the following circumstances:*

*(1) the amount of the allocation requested, when added to (i) the aggregate amount of certificates of allocation issued and not expired; (ii) amounts remaining available to be allocated pursuant to section 11; and (iii) entitlement authority allocated pursuant to section 8 and not returned pursuant to section 10, subdivision 3, for reallocation would cause the governmental volume cap to be exceeded. If two or more applications for a certificate of allocation are filed with the department on the same day and there is insufficient issuance authority for the applications, certificates shall be issued first for applications made pursuant to subdivision 2 and thereafter for applications made pursuant to subdivision 1; or*

*(2) the principal amount of the proposed allocation exceeds $25,000,000 unless the issuer is the Minnesota housing finance agency or the Minnesota higher education coordinating board, or unless the issue is a pooled or joint issue or any issue of a joint powers board, provided that for joint or pooled issues or issues of a joint powers board the aggregate amount of the issue may not exceed $100,000,000.*

*Subd. 5.* [CERTIFICATES ARE NOT TRANSFERABLE.] *Certificates of allocation are not transferable. An issuer that receives an allocation of issuance authority pursuant to sections 1 to 21 to finance a project within the boundaries of the issuer may allow another issuer to issue obligations pursuant to the issuance authority, whether or not the boundaries of the other issuer are co-terminous with the boundaries of the issuer that received the authority.*

Sec. 14. [474A.14] [NOTICE OF AVAILABLE AUTHORITY.]

*The department shall publish in the State Register at least twice monthly, a notice of the amount of issuance authority, if any, available for allocation pursuant to sections 5, 11, and 12.*

Sec. 15. [474A.15] [STATE HELD HARMLESS.]

*The state is not liable in any manner to any issuer, holder of obligations, or other person for carrying out the duties imposed on it under this act.*

Sec. 16. [474A.16] [EXCLUSIVE METHOD OF ALLOCATION.]

*Sections 1 to 23 are the exclusive method for allocating authority to issue obligations for the purposes of complying with the volume limitation of a federal volume limitation act and existing federal tax law. An issuer of obligations may elect to obtain an allocation of authority under either existing federal tax law, a federal volume limitation act, or both.*

Sec. 17. [474A.17] [ADMINISTRATIVE PROCEDURE ACT NOT APPLICABLE.]

*Minnesota Statutes, chapter 14, does not apply to actions taken by any state agency, entity, or the governor under this act.*

Sec. 18. [474A.18] [PROSPECTIVE OVERRIDE OF FEDERAL VOLUME LIMITATION ACT.]

*This act prospectively overrides and replaces the method of allocating the authority to issue obligations among uses and among issuers as provided in a federal volume limitation act to the extent allowed by a federal volume limitation act.*

Sec. 19. [474A.19] [GOVERNOR'S ACTION.]

*If at any time before June 30, 1987, a federal volume limitation act is enacted into law in a form different from that existing as of December 31, 1985, which (1) eliminates or adds any re-*

*quirement that a specific type of obligation is subject to a volume limitation that is inconsistent with the allocation mechanism provided for in sections 1 to 23, or (2) provides for other restrictions on the allocation of issuance authority that are inconsistent with the allocation mechanism provided for in sections 1 to 23, the governor may, consistent with a federal volume limitation act as enacted, by executive order or proclamation, establish such revisions to the allocation system as may be necessary and appropriate and which the governor, in consultation with the legislative advisory commission and the attorney general, determines are most consistent with the purposes of and the allocation mechanism provided for in this act. An executive order or proclamation made by the governor under this section does not withdraw or impair any allocation made if obligations have been issued under such allocations unless the obligations are not subject to the volume cap of a federal volume limitation act and written notice is provided to the issuer.*

Sec. 20. [474A.20] [STATE CERTIFICATION.]

*The commissioner of the department is designated as the state official to provide any pre-issuance or post-issuance certification required by a federal volume limitation act.*

Sec. 21. [474A.21] [APPROPRIATION; RECEIPTS.]

*Any fees collected by the department under this act must be deposited in the general fund. The amount necessary to repay application deposits is appropriated to the department from the general fund for that purpose.*

Sec. 22. [REPEALER.]

*Minnesota Statutes 1984, sections 462C.09, subdivisions 1 and 4; 474.16, subdivisions 1, 2, and 5; 474.21; and 474.25; and Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26 are repealed. Nothing in this section is intended to affect the validity of any allocation granted pursuant to the repealed sections prior to the effective date of this act, including any allocation carried forward for use in a later calendar year. If prior to the date of enactment of this act, a notice of allocation is received pursuant to Minnesota Statutes 1985 Supplement, section 474.19, and if obligations pursuant to that allocation are not issued on or before the date of enactment of this act, the issuer may elect within 30 days after enactment of the act to either resubmit its application pursuant to the provisions of this act and receive a credit for the deposit already made or request a refund of the deposit. If a refund of the deposit is requested, the department must refund the deposit within 15 days.*

Sec. 24. [EFFECTIVE DATE; SUNSET.]

*This article is effective the day following final enactment. Sections 2, subdivisions 3, 9, 10, 11, 16, 22, and 25; 3, subdivisions 2 and 3; 8 to 13; 18 to 20 are repealed effective July 1, 1987.*

Article 3

Bond Issuance Authority

Section 1. [116N.01] [DEFINITIONS.]

*Subdivision 1.* [APPLICABILITY.] *For the purposes of sections 1 to 3, the terms defined in this section have the following meanings.*

*Subd. 2.* [ECONOMIC DEVELOPMENT LOAN REPAYMENT.] *"Economic development loan repayment" means a payment received or to be received by a municipality with respect to a loan made by the municipality for economic development purposes from the proceeds of a federal or state grant, from the proceeds of bonds issued pursuant to section 3 or from municipal resources appropriated for such purpose.*

*Subd. 3.* [MUNICIPALITY.] *"Municipality" means a statutory or home rule charter city, a housing and redevelopment authority created pursuant to chapter 462 or a port authority created pursuant to chapter 458.*

*Subd. 4.* [PROJECT.] *"Project" means an industrial development district as defined in section 458.191, subdivision 1; a project as defined in section 462.421, subdivision 14; a development district as defined in chapter 472A or any special law; or a project as defined in section 474.02, subdivision 1, 1a or 1b.*

Sec. 2. [116N.02] [USES OF LOAN REPAYMENTS.]

*(a) Subject to any restrictions imposed on the use thereof by any related federal or state grant, economic development loan repayments and the proceeds of bonds issued pursuant to section 3 may be applied or pledged by a municipality to the following purposes:*

*(1) to finance or otherwise pay the costs of a project;*

*(2) to pay principal and interest on bonds issued pursuant to section 273.77, chapter 474, 458, 462, or section 3, to purchase insurance or other credit enhancement for any of those obligations or to create or maintain reserves therefor; or*

*(3) for any other purpose authorized by law.*

*(b) In the event economic development loan repayments are used to pay principal or interest on any obligations referred to in clause (2), the municipality may be reimbursed for the amount so applied with interest not exceeding the rate of interest on the obligations from subsequent collections of taxes or other revenues which had been designated as the primary source of payment of the obligations.*

Sec. 3. [116N.03] [BONDS.]

*A municipality may by resolution authorize, issue, and sell revenue bonds payable solely from all or a portion of a municipality's economic development loan repayments to finance an expenditure that the municipality is authorized to make under section 2. The bonds may be issued in one or more series and sold at public or private sale and at the prices the municipality may determine. The bonds may be secured, bear interest at the rate or rates, have the rank or priority, be executed in the manner, mature and be subject to the defaults, redemptions, repurchases, tender options or other terms as the municipality may determine. The municipality may enter into and perform all contracts considered necessary or desirable by it to issue the bonds and apply the proceeds thereof, including an indenture of trust with a trustee within or without the state, a loan agreement, lease or installment sale contract in connection with the project to be financed or a guaranty of the bonds or related instrument. The bonds may be further secured by any pledge or mortgage securing the economic development loan repayments pledged to the bonds. The bonds, and the bonds must so state, may not be payable from nor charged upon any funds other than the economic development loan repayments and property pledged or mortgaged to the payment of the bonds nor may the municipality be subject to any liability on the bonds or have the power to obligate itself to pay the bonds from funds other than the economic development loan repayments and properties pledged and mortgaged. A holder or holders of the bonds may not compel any exercise of the taxing powers of the municipality to pay the principal of or interest on the bonds or to enforce payment of them against any other property of the municipality. No bonds may be issued under this section, the proceeds of which are to be loaned to a nongovernmental person or entity, unless the municipality estimates that the economic development loan repayments pledged to the payment of principal and interest, exclusive of economic development loan repayments to be made by the person or entity, if paid to the municipality in accordance with their terms, are sufficient to pay principal and interest on the bonds when due.*

Sec. 4. Minnesota Statutes 1984, section 412.301, is amended to read:

412.301 [FINANCING PURCHASE OF CERTAIN EQUIPMENT.]

The council may issue certificates of indebtedness (WITHIN EXISTING) *or capital notes, subject to the city's* debt limits (FOR THE PURPOSE OF PURCHASING FIRE OR POLICE) *to purchase public safety* equipment (OR), ambulance equipment (OR STREET) *and other medical equipment or road* construction or maintenance equipment, *and other capital equipment having an expected useful life at least as long as the terms of the notes or certificates.* Such certificates *or notes* shall be payable in not more than five years and shall be issued on such terms and in such manner as the council may determine. If the amount of the certificates *or notes* to be issued to finance any such purchase exceeds one percent of the assessed valuation of the city, (EXCLUDING MONEY AND CREDITS,) they shall not be issued for at least ten days after publication in the official newspaper of a council resolution determining to issue them; and if before the end of that time, a petition asking for an election on the proposition signed by voters equal to ten percent of the number of voters at the last regular municipal election is filed with the clerk, such certificates *or notes* shall not be issued until the proposition of their issuance has been approved by a majority of the votes cast on the question at a regular or special election. A tax levy shall be made for the payment of the principal and interest on such certificates *or notes* as in the case of bonds.

Sec. 5. Minnesota Statutes 1984, section 462C.02, subdivision 6, is amended to read:

Subd. 6. "City" means any statutory or home rule charter city, *a county housing and redevelopment authority created by special law or authorized by its county to exercise its powers pursuant to section 462.426,* or any public body which (a) is the housing and redevelopment authority in and for a *statutory or home rule charter* city, or the port authority of a *statutory or home rule charter* city, and (b) is authorized by ordinance to exercise, on behalf of a *statutory or home rule charter* city, the powers conferred by sections 462C.01 to (462C.08) *462C.10.*

Sec. 6. Minnesota Statutes 1984, section 462C.06, is amended to read:

462C.06 [COUNTY HOUSING AND REDEVELOPMENT AUTHORITY ACTING ON BEHALF OF CITY.]

A housing and redevelopment authority in and for a county may exercise the powers conferred by sections 462C.01 to (462C.-07) *462C.10 either (1) on its own behalf or (2)* on behalf of a city *(other than a county housing and redevelopment authority),* if the city authorizes the housing and redevelopment authority in and for the county in which the city is located to exercise such powers and the county has authorized its housing and redevelopment authority to exercise its powers pursuant to section 462.426 *or the county housing and redevelopment authority has been*

*created by special law*; provided, however, that any program undertaken pursuant to this section (SHALL BE INCLUDED IN LIMITATIONS PROVIDED IN SECTION 462C.07, SUBDIVISION 2, AND ALSO SHALL BE) *is* subject to the limitations of sections 462C.03 and 462C.04 in the case of a single family housing program, and subject to the limitations of section 462C.05 in the case of a multifamily housing development program.

Sec. 7. Minnesota Statutes 1984, section 462C.07, subdivision 1, is amended to read:

Subdivision 1. To finance programs or developments described in any plan the city may, upon approval of the program as provided in section 462C.04, subdivision 2, issue and sell revenue bonds or obligations which shall be payable exclusively from the revenues of the programs or developments. In the purchase or making of single family housing loans and the purchase or making of multifamily housing loans and the issuance of revenue bonds or other obligations the city may exercise within its corporate limits, any of the powers the Minnesota housing finance agency may exercise under chapter 462A, without limitation under the provisions of chapter 475. *The proceeds of revenue bonds issued to make or purchase single family housing loans that are jointly issued by two or more cities pursuant to section 471.59 may be used to make or purchase single family housing loans secured by homes in any of the cities.*

Sec. 8. Minnesota Statutes 1984, section 466.06, is amended to read:

466.06 [LIABILITY INSURANCE.]

The governing body of any municipality may procure insurance against liability of the municipality and its officers, employees, and agents for damages resulting from its torts and those of its officers, employees, and agents, including torts specified in section 466.03 for which the municipality is immune from liability. The insurance may provide protection in excess of the limit of liability imposed by section 466.04. If the municipality has the authority to levy taxes, the (PREMIUM) costs (FOR SUCH INSURANCE) *of procuring the insurance, including but not limited to premiums, installment purchase payments, participation costs in self-insurance pools, or other method of payment,* may be levied in excess of any per capita or millage tax limitation imposed by statute or charter. However, a school district may not levy pursuant to this section for premium costs for motor vehicle insurance protecting against injuries or damages arising out of the operation of district owned, operated, leased, or controlled vehicles for the transportation of pupils for purposes for which state aid is authorized under section 124.223, or for purposes for which the district is authorized to levy under section 275.125, subdivision 5d. Any independent board or commission in the municipality having authority to disburse funds for a particular

municipal function without approval of the governing body may similarly procure liability insurance with respect to the field of its operation. The procurement of such insurance constitutes a waiver of the defense of governmental immunity to the extent of the liability stated in the policy but has no effect on the liability of the municipality beyond the coverage so provided.

Sec. 9. Minnesota Statutes 1984, section 471.59, subdivision 11, is amended to read:

Subd. 11. [JOINT POWERS BOARD.] Two or more governmental units, through action of their governing bodies, *by adoption of a joint powers agreement that complies with the provisions of subdivisions 1 through 5,* may establish a joint board to issue bonds or obligations pursuant to any law by which any of the governmental units establishing the joint board may independently issue bonds or obligations and may use the proceeds of the bonds or obligations to carry out the purposes of the law under which the bonds or obligations are issued. A joint board created pursuant to this section may issue obligations and other forms of indebtedness only pursuant to *express* authority granted by the action of the governing bodies of the governmental units which established the joint board. The joint board established pursuant to this subdivision shall be composed solely of members of the governing bodies of the governmental unit which established the joint board, and the joint board may not pledge the full faith and credit or taxing power of any of the governmental units which established the joint board. The obligations or other forms of indebtedness shall be obligations of the joint board *issued on behalf of the governmental units creating the joint board.* The obligations or other forms of indebtedness shall be issued in the same manner and subject to the same conditions and limitations which would apply if the obligations were issued or indebtedness incurred by one of the governmental units which established the joint board provided that any reference to a governmental unit in the statute, law, or charter provision authorizing the issuance of the bonds or the incurring of the indebtedness shall be considered a reference to the joint board.

Sec. 10. Minnesota Statutes 1984, section 471.981, is amended by adding a subdivision to read:

*Subd. 4a.* [MUTUAL INSURANCE COMPANY; CREATION.] *A political subdivision may participate in a self-insurance pool established under subdivision 3. Membership in a mutual insurance company established by a self-insurance pool shall be limited to political subdivisions. Notwithstanding section 66A.02, chapter 317 shall apply to a mutual insurance company created by a self-insurance pool. Notwithstanding section 66A.08, for a mutual insurance company created under this subdivision, there shall be not less than 25 bona fide applications for policies of insurance of each kind sought to be written, signed by at*

*least 25 members, covering at least 25 separate risks, each risk, within the maximum net single risk described herein and one year's premiums thereon paid in cash, and admitted assets of not less than $100,000, which admitted assets shall not be less than five times the maximum net single risk, as herein defined, and shall have on deposit with the commissioner, as security for all of its policyholders, stock or bonds of this state or of the United States or bonds of any of the municipalities of this state, or personal obligations secured by first mortgage on real estate within this state worth, exclusive of buildings, the amount of the lien, and bearing interest of not less than three percent per annum, to an amount the actual market value of which, exclusive of interest, shall never be less than $100,000.*

Sec. 11. Minnesota Statutes 1984, section 471.981, is amended by adding a subdivision to read:

*Subd. 6.* [INSURANCE INSTALLMENT PURCHASE AGREEMENT.] *A political subdivision may, by resolution of its governing body, enter into an insurance installment purchase agreement with a self-insurance pool created under subdivision 3. A self-insurance pool may use insurance installment purchase agreements to provide participating political subdivisions with coverage against the risks enumerated in subdivision 1. The self-insurance fund or pool may finance insurance installment purchase agreements by issuing revenue bonds or other evidences of indebtedness issued on behalf of the participating political subdivisions. A participating political subdivision shall fund its pro rata share of the financing with payments sufficient to produce revenue for the prompt payment of the bonds or other evidences of indebtedness, including all interest accruing thereon and premiums. The insurance installment purchase agreements may provide for additional contributions or premiums if it is actuarialy determined that the assets of the insurance installment purchase agreement available to pay claims are insufficient. The insurance installment purchase agreement may be a multiyear contract and shall not be subject to any referendum, public bidding, or net debt limitation requirement of section 475.53. The agreement shall constitute a revenue agreement under chapter 474 and a political subdivision shall follow the applicable procedures enumerated in chapter 474 when entering into the agreement.*

Sec. 12. Minnesota Statutes 1984, section 471.981, is amended by adding a subdivision to read:

*Subd. 7.* [BOND ISSUE FOR INSURANCE PROCUREMENT.] *Notwithstanding section 471.59, subdivision 11, the procurement of insurance in accordance with subdivision 6 may be financed in whole or in part by the issuance of general obligation bonds of a political subdivision in the manner provided in chapter 475 or by the issuance of revenue bonds of the self-insurance pool, secured by the insurance installment purchase agree-*

*ments of the participating political subdivisions in the manner provided in chapter 474 and subdivisions 6 and 8. The self-insurance pool, with the approval of the governing body of each participating political subdivision, shall fix the total amount needed to be raised for the procurement of insurance and shall apportion to each participating political subdivision the share of this amount and the costs of operation, or of annual debt service or payments required to pay this amount with interest, which is to be raised by the political subdivision. The issuance of general obligation bonds under this subdivision may be by negotiated sale at a discount not to exced four percent, at a variable rate of interest subject to chapter 475.*

*The governing body of each participating political subdivision shall annually levy a tax to repay the costs of retirement of any bonds or to make payments under the insurance installment purchase agreements. The governing body of the political subdivision may levy these taxes without limitation as to rate or amount and the levy of these taxes shall not cause the amount of other taxes levied or to be levied, which are subject to any such limitation, to be reduced.*

*The proceeds from the sale of bonds shall be paid by the participating political subdivisions into a fund held by the self-insurance pool. Proceeds of taxes levied for installment payments under the insurance installment purchase agreements shall be assigned by the participating political subdivisions and shall be paid directly to a trustee designated by the pool to secure payment of the revenue bonds or other evidences of indebtedness issued by the pool under subdivision 6.*

Sec. 13. Minnesota Statutes 1984, section 471.981, is amended by adding a subdivision to read:

*Subd. 8.* [INSURANCE INSTALLMENT PURCHASE; INTEREST RATE.] *Participating political subdivisions may delegate to the pool the power to determine the interest rate on the insurance installment purchase agreement provided that the rate does not exceed the rate of the revenue bonds or other evidences of indebtedness sold by the pool by more than one-fourth of one percent. Participating political subdivisions may delegate to the pool the power to determine the principal amount of revenue bonds or other evidences of indebtedness, the pro rata share of each political subdivision's cost of issuance, reserve fund requirements, and capitalized interest.*

Sec. 14. Minnesota Statutes 1985 Supplement, section 475.52, subdivision 6, is amended to read:

Subd. 6. [CERTAIN PURPOSES.] Any municipality may issue bonds for paying judgments against it; *for procuring insurance or funding a reserve for self-insurance against risks through a self-insurance pool in accordance with section 471.981, or in*

*such other manner on a collective basis as provided by law;* for refunding outstanding bonds; for funding floating indebtedness; or for funding all or part of the municipality's current and future unfunded liability for a pension or retirement fund or plan referred to in section 356.20, subdivision 2, as those liabilities are most recently computed pursuant to sections 356.215 and 356.216 by purchasing one or more insurance policies or annuity contracts to pay all or a specified part of the liability within the period required by law. The board of trustees or directors of a pension fund or relief association referred to in section 69.77 or chapter 422A must consent and must be a party to any contract made under this section with respect to the fund held by it for the benefit of and in trust for its members.

Sec. 15. Minnesota Statutes 1984, section 475.55, subdivision 1, is amended to read:

Subdivision 1. [INTEREST; FORM.] Interest on obligations (SHALL NOT EXCEED THE GREATEST OF (A) THE RATE DETERMINED PURSUANT TO SUBDIVISION 4 FOR THE MONTH IN WHICH THE RESOLUTION AUTHORIZING THE OBLIGATIONS WAS ADOPTED, OR (B) THE RATE DETERMINED PURSUANT TO SUBDIVISION 4 FOR THE MONTH IN WHICH THE OBLIGATIONS ARE SOLD, OR (C) THE RATE OF TEN PERCENT PER ANNUM) *is not subject to any limitation on rate or amount.* All obligations shall be securities as provided in the Uniform Commercial Code, chapter 336, article 8, may be issued as certificated securities or as uncertificated securities, and if issued as certificated securities may be issued in bearer form or in registered form, as defined in section 336.8-102. The validity of an obligation shall not be impaired by the fact that one or more officers authorized to execute it by the governing body of the municipality shall have ceased to be in office before delivery to the purchaser or shall not have been in office on the formal issue date of the obligation. Every obligation, as to certificated securities, or transaction statement, as to uncertificated securities, shall be signed manually by one officer of the municipality or by a person authorized to act on behalf of a bank or trust company, located in or outside of the state, which has been designated by the governing body of the municipality to act as authenticating agent. Other signatures and the seal of the issuer may be printed, lithographed, stamped or engraved thereon and on any interest coupons to be attached thereto. The seal need not be used. A municipality may do all acts and things which are permitted or required of issuers of securities under the Uniform Commercial Code, chapter 336, article 8, and may designate a corporate registrar to perform on behalf of the municipality the duties of a registrar as set forth in those sections. Any registrar shall be an incorporated bank or trust company, located in or outside of the state, authorized by the laws of the United States or of the state in which it is located to perform the duties. If obligations are issued as uncertificated securities, and a law requires or permits the obligations to contain a statement or recital, whether

on their face or otherwise, it shall be sufficient compliance with the law that the statement or recital is contained in the transaction statement or in an ordinance, resolution, or other instrument which is made a part of the obligation by reference in the transaction statement as provided in section 336.8-202.

Sec. 16. Minnesota Statutes 1984, section 475.55, subdivision 2, is amended to read:

Subd. 2. [SUPERSESSION.] The provisions of this section (SHALL) supersede any maximum interest rate fixed by any other law or a city charter with respect to obligations of the state or any municipality or governmental or public subdivision, district, corporation, commission, board, council, or authority of whatsoever kind, including warrants or orders issued in evidence of allowed claims for property or services furnished to the issuer (, BUT SHALL NOT LIMIT THE INTEREST ON ANY OBLIGATION ISSUED PURSUANT TO A LAW OR CHARTER AUTHORIZING THE ISSUER TO DETERMINE THE RATE OR RATES OF INTEREST).

Sec. 17. Minnesota Statutes 1984, section 475.55, subdivision 3, is amended to read:

Subd. 3. [SPECIAL ASSESSMENTS.] Notwithstanding any contrary provisions of law or charter, special assessments pledged to the payment of obligations may bear interest at the rate the governing body by resolution determines (, NOT EXCEEDING THE GREATER OF (A) THE MAXIMUM INTEREST RATE PER ANNUM WHICH THE OBLIGATIONS MAY BEAR UNDER THE PROVISIONS OF THIS SECTION FOR THE MONTH IN WHICH THE RESOLUTION AUTHORIZING THE SPECIAL ASSESSMENT WAS ADOPTED OR (B) THE MAXIMUM INTEREST RATE PERMITTED TO BE CHARGED AGAINST THE ASSESSMENTS UNDER THE LAW OR CITY CHARTER PURSUANT TO WHICH THE ASSESSMENTS WERE LEVIED).

Sec. 18. Minnesota Statutes 1985 Supplement, section 475.56, is amended to read:

475.56 [INTEREST RATE.]

(a) Any municipality issuing obligations under any law may issue obligations bearing interest at a single rate or at rates varying from year to year which may be lower or higher in later years than in earlier years. Such higher rate for any period prior to maturity may be represented in part by separate coupons designated as additional coupons, extra coupons, or B coupons (, BUT THE HIGHEST AGGREGATE RATE OF INTEREST CONTRACTED TO BE SO PAID FOR ANY PERIOD SHALL NOT EXCEED THE MAXIMUM RATE AUTHORIZED BY LAW). Such higher rate may also be represented in part by the

issuance of additional obligations of the same series, over and above but not exceeding two percent of the amount otherwise authorized to be issued, and the amount of such additional obligations shall not be included in the amount required by section 475.59 to be stated in any bond resolution, notice, or ballot, or in the sale price required by section 475.60 or any other law to be paid ( ; BUT IF THE PRINCIPAL AMOUNT OF THE ENTIRE SERIES EXCEEDS ITS CASH SALE PRICE, SUCH EXCESS SHALL NOT, WHEN ADDED TO THE TOTAL AMOUNT OF INTEREST PAYABLE ON ALL OBLIGATIONS OF THE SERIES TO THEIR STATED MATURITY DATES, CAUSE THE AVERAGE ANNUAL RATE OF SUCH INTEREST TO EXCEED THE MAXIMUM RATE AUTHORIZED BY LAW). This section does not authorize a provision in any such obligations for the payment of a higher rate of interest after maturity than before.

(b) Any obligation of an issue of obligations otherwise subject to section 475.55, subdivision 1, may bear interest at a rate varying periodically at the time or times and on the terms, including convertibility to a fixed rate of interest, determined by the governing body of the municipality (, BUT THE RATE OF INTEREST FOR ANY PERIOD SHALL NOT EXCEED THE MAXIMUM RATE OF INTEREST FOR THE OBLIGATIONS DETERMINED IN ACCORDANCE WITH SECTION 475.55, SUBDIVISION 1). For purposes of section 475.61, subdivisions 1 and 3, the interest payable on variable rate obligations for their term shall be determined as if their rate of interest is the maximum rate (PERMITTED FOR THE OBLIGATIONS UNDER SECTION 475.55, SUBDIVISION 1, OR THE LESSER MAXIMUM RATE) of interest payable on the obligations in accordance with their terms *or if no maximum rate is provided then an estimated maximum rate determined by the municipality*, but if the interest rate is subsequently converted to a fixed rate the levy may be modified to provide at least five percent in excess of amounts necessary to pay principal of and interest at the fixed rate on the obligations when due. For purposes of computing debt service or interest pursuant to section 475.67, subdivision 12, interest throughout the term of bonds issued pursuant to this subdivision is deemed to accrue at the rate of interest first borne by the bonds. The provisions of this paragraph do not apply to obligations issued by a statutory or home rule charter city with a population of less than 10,000, as defined in section 477A.011, subdivision 3, or to obligations that are not rated A or better, or an equivalent subsequently established rating, by Standard and Poor's Corporation, Moody's Investors Service or other similar nationally-recognized rating agency. *Notwithstanding the previous sentence, this paragraph applies to obligations of a municipality in an amount not to exceed $300,000 in a calendar year that mature within three years of the date of issuance, if the most recently issued general obligations of the municipality issued within the previous three years, but excluding obligations insured, guaranteed or payable by an obligor other than the municipality, were rated A or better, or an equivalant subsequently*

*established rating, by Standard and Poor's Corporation, Moody's Investors Service or other similar nationally recognized rating agency.*

Sec. 19. [475.561] [TAXABLE STATUS; SPECIAL PROVISIONS.]

*Subdivision 1.* [INCREASE OR DECREASE IN INTEREST.] *(a) Obligations may be issued which provide, if interest on the obligations is determined under the terms of the obligations to be subject to federal income taxation, for an increase in the rate of interest payable on the obligations, from the date of issuance or another date, to a rate provided under the terms of the obligations.*

*(b) If the municipality issues obligations it intends to be exempt from federal income taxation but which bond counsel will not provide an opinion that the interest on the obligations will be exempt from federal income taxation under pending legislation or otherwise, the municipality may provide for the obligations to bear interest at a rate that will decrease, from the date of issuance or another date, to a rate provided under the terms of the obligations if the obligations are subsequently determined to be exempt from federal income taxation.*

*(c) For purposes of section 475.61, subdivisions 1 and 3, the increase or decrease in interest rate permitted by this subdivision need not be taken into account until the increase or decrease occurs. Upon occurrence of the increase or decrease, the levy must be modified to provide at least five percent in excess of the amount necessary to pay principal and interest at the new rate of interest on the obligations.*

*Subd. 2.* [ARBITRAGE REBATE.] *A municipality may, from the proceeds of bonds, investment earnings, or any other available moneys of the municipality, pay to the United States or an officer, department, agency or instrumentality of the United States a rebate of excess earnings or arbitrage profits or other payment required to maintain the bonds as tax exempt. A covenant to make a payment or payments pursuant to this subdivision is not an obligation of the municipality.*

*Subd. 3.* [PREPAYMENT OR PURCHASE OF BONDS.] *A municipality that issues obligations it intends to be exempt from federal income taxation may agree to prepay or purchase the obligations (a) at the time and in the amount it determines necessary or desirable to maintain the obligations as exempt from federal income taxation or (b) upon a determination that the obligations are taxable. A municipality may make arrangements to have money available with which to purchase or prepay the obligations as the municipality determines necessary or desirable. If arrangements are made with a financial institution*

*pursuant to section 475.54, subdivision 5a or this subdivision and if the municipality owes the financial institution money under the arrangement, the obligation to pay the financial institution is not a general obligation of the municipality unless and until the provisions of this chapter for general obligations have been satisfied. For purposes of section 475.61, subdivisions 1 and 3, money necessary to make the purchase or prepayment are not amounts needed to meet when due principal and interest payments on the obligations.*

*Subd. 4.* [RATIFICATION.] *This section is, in part, remedial in nature. Obligations issued prior to the effective date of this section are not invalid or unenforceable for providing terms, consequences or remedies that are authorized by this section.*

Sec. 20. Minnesota Statutes 1985 Supplement, section 475.58, subdivision 1, is amended to read:

Subdivision 1. [APPROVAL BY MAJORITY OF ELECTORS; EXCEPTIONS.] Obligations authorized by law or charter may be issued by any municipality upon obtaining the approval of a majority of the electors voting on the question of issuing the obligations, but an election shall not be required to authorize obligations issued:

(1) to pay any unpaid judgment against the municipality;

(2) for refunding obligations;

(3) for an improvement, which obligation is payable wholly or partly from the proceeds of special assessments levied upon property specially benefited by the improvement, or of taxes levied upon the increased value of property within a district for the development of which the improvement is undertaken, including obligations which are the general obligations of the municipality, if the municipality is entitled to reimbursement in whole or in part from the proceeds of such special assessments or taxes and not less than 20 percent of the cost of the improvement is to be assessed against benefited property or is estimated to be received from such taxes within the district;

(4) payable wholly from the income of revenue producing conveniences;

(5) under the provisions of a home rule charter which permits the issuance of obligations of the municipality without election;

(6) under the provisions of a law which permits the issuance of obligations of a municipality without an election; and

(7) to fund pension or retirement fund liabilities *or to procure insurance or fund a reserve for self-insurance,* pursuant to section 475.52, subdivision 6.

Sec. 21. Minnesota Statutes 1985 Supplement, section 475.60, subdivision 2, is amended to read:

Subd. 2. [REQUIREMENTS WAIVED.] The requirements as to public sale shall not apply to:

(1) obligations issued under the provisions of a home rule charter or of a law specifically authorizing a different method of sale, or authorizing them to be issued in such manner or on such terms and conditions as the governing body may determine;

(2) obligations sold by an issuer in an amount not exceeding the total sum of $300,000 in any three-month period;

(3) obligations issued by a governing body other than a school board in anticipation of the collection of taxes or other revenues appropriated for expenditure in a single year, if sold in accordance with the most favorable of two or more proposals solicited privately;

(4) obligations sold to any board, department, or agency of the United States of America or of the state of Minnesota, in accordance with rules or regulations promulgated by such board, department, or agency; (AND)

(5) obligations issued to fund pension and retirement fund liabilities *or to procure insurance or fund a reserve for self-insurance,* under section 475.52, subdivision 6, *or section 471.981,* obligations issued with tender options under section 475.54, subdivision 5a, crossover refunding obligations referred to in section 475.67, subdivision 13, and any issue of obligations comprised in whole or in part of obligations bearing interest at a rate or rates which vary periodically referred to in section 475.56*; and*

*(b) obligations that the governing body of the municipality determines to be subject to federal income taxation.*

Sec. 22. Minnesota Statutes 1984, section 475.61, subdivision 5, is amended to read:

Subd. 5. [TEMPORARY OBLIGATIONS.] When all conditions exist precedent to the offering for sale of obligations of any municipality in any amount for any purpose authorized by law, and the municipality has applied for a grant or loan of state or federal funds to aid in payment of cost incurred for the authorized purpose, its governing body may by resolution issue and sell temporary obligations not exceeding the total amount authorized,

maturing within not more than three years from the date such obligations are issued. In this event so much of the proceeds of the grant or loan when received shall be credited to the debt service fund for the temporary obligations as may be needed for the payment thereof, with interest, when due, and the tax which would otherwise be required by subdivision 1 need not be levied. Any amount of the temporary obligations which cannot be paid at maturity, from the proceeds of the grant or loan or from any other funds appropriated by the governing body for the purpose, shall be paid from the proceeds of definitive obligations to be issued and sold before the maturity date; or if sufficient funds are not available for payment in full of the temporary obligations at maturity, the holders thereof shall have the right to require the issuance in exchange therefor of definitive obligations secured in the manner provided in subdivision 1 and bearing interest at the (MAXIMUM) rate (PERMITTED BY LAW) *set forth in the temporary obligations or if the obligations do not set forth a rate, at the maximum rate that would apply under Minnesota Statutes 1984, section 475.55 if it were in effect.*

Sec. 23. Minnesota Statutes 1985 Supplement, section 475.66, subdivision 1, is amended to read:

Subdivision 1. All debt service funds shall be deposited and secured as provided in chapter 118, except for amounts invested as authorized in this section, and may be deposited in interest bearing accounts, and such deposits may be evidenced by certificates of deposit with fixed maturities. Sufficient cash for payment of principal, interest, and redemption premiums when due with respect to the obligations for which any debt service fund is created shall be provided by crediting to the fund the collections of tax, special assessment, or other revenues appropriated for that purpose, and depositing all such receipts in a depository bank or banks duly qualified according to law or investing and reinvesting such receipts in securities authorized in this section. Time deposits shall be withdrawable and certificates of deposit and investments shall mature and shall bear interest payable at times and in amounts which, in the judgment of the governing body or its treasurer or other officer or committee to which it has delegated investment decisions, will provide cash at the times and in the amounts required for the purposes of the debt service fund, provided however, that the governing body may authorize the purchase of longer term investments subject to an agreement to repurchase such investments at times and prices sufficient to yield the amounts estimated to be so required. Repurchase agreements may be entered into with

*(1)* a bank qualified as depository of money held in the debt service fund (, OR WITH);

*(2)* any national or state bank in the United States which is a member of the federal reserve system and whose combined capital and surplus equals or exceeds $10,000,000 (, OR);

*(3)* a primary reporting dealer in United States government securities to the federal reserve bank of New York*; or*

*(4) a securities broker-dealer having its principal executive office in Minnesota, licensed pursuant to chapter 80A, or an affiliate of it, regulated by the Securities and Exchange Commission and maintaining a combined capital and surplus of $40,000,000 or more, exclusive of subordinated debt.*

Sec. 24. Minnesota Statutes 1984, section 475.66, subdivision 2, is amended to read:

Subd. 2. Investments may be held in safekeeping with

*(1)* any federal reserve bank (,)*;*

*(2)* any bank authorized under the laws of the United States or any state to exercise corporate trust powers, including but not limited to the bank from which the investment is purchased (, OR)*;*

*(3)* a *primary* reporting dealer *in United States government securities* to the federal reserve bank of New York (,)*; or*

*(4) a securities broker-dealer described in subdivision 1;* provided that the municipality's ownership of all securities in which the fund is invested is evidenced by written acknowledgments identifying the securities by the names of the issuers, maturity dates, interest rates, and serial numbers or other distinguishing marks.

Sec. 25. Minnesota Statutes 1985 Supplement, section 475.76, subdivision 1, is amended to read:

Subdivision 1. A reverse repurchase agreement may be entered into by a municipality, subject to the provisions of this section, only with

*(1)* a bank qualified as depository of funds of the municipality (, OR WITH)*;*

*(2)* any national or state bank in the United States which is a member of the Federal Reserve System and whose combined capital and surplus equals or exceeds $10,000,000 (, OR WITH)*;*

*(3)* a primary reporting dealer in United States government securities to the federal reserve bank of New York*; or*

*(4) a securities broker-dealer described in section 475.66, subdivision 1.*

Sec. 26. [REPEALER.]

*Minnesota Statutes 1984, section 475.55, subdivisions 4 and 5, are repealed.*"

Delete the title and insert:

"A bill for an act relating to the financing of state and local government; modifying the computation of education aids and levies for certain school districts with tax increment financing districts; imposing limitations on tax increment financing; modifying tax increment financing procedures; allocating issuance authority for obligations subject to a federal volume limitation act; eliminating the maximum interest rate for certain municipal obligations; authorizing the issuance of bonds for new purposes; modifying the procedures for issuing certain municipal bonds; modifying the investment powers of municipalities; amending Minnesota Statutes 1984, sections 124.2131, by adding a subdivision, 124.214, by adding a subdivision; 273.73, subdivision 10; 273.74, subdivisions 1 and 4; 273.75, subdivisions 2, 6, and 7, and by adding subdivisions; 273.76, subdivisions 4 and 7, and by adding a subdivision; 273.78; 412.301; 462C.02, subdivision 6; 462C.06; 462C.07, subdivision 1; 466.06; 471.59, subdivision 11; 471.981, by adding subdivisions; 475.51, subdivision 5; 475.55, subdivisions 1, 2, and 3; 475.61, subdivision 5; 475.66, subdivision 2; Minnesota Statutes 1985 Supplement, sections 273.74, subdivisions 2 and 3; 273.75, subdivisions 1 and 4; 273.76, subdivision 1; 473F.02, subdivision 3; 475.52, subdivision 6; 475.56; 475.58, subdivision 1; 475.60, subdivision 2; 475.66, subdivision 1; 475.76, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 475; proposing coding for new law as Minnesota Statutes, chapters 116N and 474A; repealing Minnesota Statutes 1984, sections 462C.09, subdivisions 1 and 4; 474.16, subdivisions 1, 2, and 5; 474.21; 474.25; 475.55, subdivisions 4 and 5; and Minnesota Statutes 1985 Supplement, sections 462C.09, subdivisions 2a, 3, 5, and 6; 474.16, subdivisions 3, 6, 7, 8, 9, 10, 11, 12, 13, 14, and 15; 474.17; 474.19; 474.20; 474.23; and 474.26."

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. 2396, A bill for an act relating to the city of Sartell; authorizing the establishment of a redevelopment district.

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:

H. F. No. 2465, A bill for an act relating to taxation; modifying the taconite homestead credit; providing a taconite credit for certain property; reducing the occupation tax rate; allowing full deduction of the production tax and certain transportation expenses in calculating the occupation tax; decreasing the production tax rate; eliminating the indexed increases in the taconite production tax rate; changing the distribution of the taconite production tax in certain areas; amending Minnesota Statutes 1984, sections 273.135, subdivision 5, and by adding a subdivision; 294.23; 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 273.135, subdivisions 1 and 2; 294.22; 298.01, subdivision 1; 298.03; and 298.28, subdivision 1.

Reported the same back with the following amendments:

Delete everything after the enacting clause and insert:

"Section 1. Minnesota Statutes 1985 Supplement, section 294.22, is amended to read:

294.22 [GROSS EARNINGS TAX; COMPUTATION.]

Every company owning or operating any taconite railroad shall pay annually into the state treasury a sum of money equal to (FIVE) *3.75* percent of the gross earnings derived from the operation of such taconite railway within the state. The gross earnings of such a taconite railroad company from the transportation of taconite concentrates from the Mesabi Range to ports on Lake Superior, for all purposes hereof, shall be a sum of money equal to the amount which would be charged under established tariffs of common carriers for the transportation of an equal tonnage of iron ore or taconite concentrates, whichever is shipped from Mesabi Range points to ports at the head of Lake Superior, including the established charges for loading such ore on boats. For all purposes of chapter 298 the rate of the gross earnings as so calculated shall be treated as the cost of transportation of such concentrates or iron ore between such points. If such a taconite railroad company transports coal or any other commodity, except taconite concentrates, its gross earnings shall include an amount equal to the established tariffs of common carriers for the transportation of the same quantities of similar commodities for corresponding distances, not, however, including any such charges for any such commodities used or intended to be used in the construction, operation or maintenance of such railroad.

Sec. 2. Minnesota Statutes 1984, section 294.23, is amended to read:

294.23 [COMPANIES LIABLE FOR TAX.]

If a company producing concentrates from taconite shall transport the taconite in the course of the concentrating process and before such concentrating process is completed to a concentrating plant located within the state over a railroad which is not a common carrier and shall not use a common carrier or taconite railroad company as defined in section 294.21 for the movement of the concentrate to a point of consumption or port for shipment beyond the state, then such company nevertheless shall pay annually into the state treasury a tax equal to (FIVE) *3.75* percent of the amount which would be charged for the transportation of such concentrates produced by such taconite company as if such concentrates were transported by a common carrier under established tariffs of common carriers from the Mesabi Range or other iron range point nearest to the mine at which such taconite is quarried to ports at the head of Lake Superior, including established charges for loading such ore on boats. For the purposes of sections 294.24 to 294.28, such a company shall be considered a taconite railroad company.

Sec. 3. Minnesota Statutes 1985 Supplement, section 298.01, subdivision 1, is amended to read:

Subdivision 1. Every person engaged in the business of mining or producing iron ore or other ores in this state shall pay to the state of Minnesota an occupation tax equal to (15 PERCENT OF THE VALUATION OF ALL ORES MINED OR PRODUCED BEFORE JANUARY 1, 1986,) 14.5 percent of the valuation of all ores produced after December 31, 1985 and before January 1, 1987, (AND) 14 percent of the valuation of all ores produced after December 31, 1986 *and before January 1, 1988, 13 percent of the valuation of all ore produced after December 31, 1987, and before January 1, 1989, and 12 percent of the valuation of all ore produced after December 31, 1988.* Said tax shall be in addition to all other taxes provided for by law and shall be due and payable from such person on or before June 15 of the year next succeeding the calendar year covered by the report thereon to be filed as hereinafter provided.

Sec. 4. Minnesota Statutes 1985 Supplement, section 298.03, is amended to read:

298.03 [VALUE OF ORE; HOW ASCERTAINED.]

*Subdivision 1.* [GENERALLY.] The valuation of iron or other ores for the purposes of determining the amount of tax to be paid under the provisions of section 298.01 shall be ascertained by subtracting from the value of such ore, at the place where the same is brought to the surface of the earth, such value to be determined by the commissioner of revenue:

(1) the reasonable cost of supplies used and labor performed at the mine in separating the ore from the ore body,

including hoisting, elevating, or conveying the same to the surface of the earth;

(2) if the ore is taken from an open pit mine, an amount for each ton of ore mined or produced during the year equal to the cost of removing the overburden, divided by the number of tons of ore uncovered, the number of tons of ore uncovered in each case to be determined by the commissioner of revenue;

(3) if the ore is taken from an underground mine, an amount for each ton of ore mined or produced during the year equal to the cost of sinking and constructing shafts and running drifts, divided by the number of tons of ore that can be advantageously taken out through such shafts and drifts, the number of tons of ore that can be advantageously taken out in each case to be determined by the commissioner of revenue;

(4) the amount of royalties paid on the ore mined or produced during the year;

(5) for persons mining or producing iron ore the mining or production of which is subject to the occupation tax imposed by section 298.01, subdivision 1, the amount of the ad valorem taxes levied and paid for the year against the realty in which the ore is deposited; for all others a percentage of the ad valorem taxes levied and paid for such year against the realty in which the ore is deposited equal to the percentage that the tons mined or produced during such year bears to the total tonnage in the mine;

(6) in the case of taconite, semitaconite and iron sulphide operations, the tax payable under section 298.24 (, BUT NOT EXCEEDING 25 CENTS PER TAXABLE TON,) and that payable under section 298.35, on the concentrates produced in said year and any taxes paid under Laws 1955, chapter 391, 429, 514, 576 or 540, or any other law imposing on such taconite operations a specific tax for school or other governmental purposes;

(7) the amount or amounts of all the foregoing subtractions shall be ascertained and determined by the commissioner of revenue. Deductions for interest on plant investment shall not exceed the greater of (a) four percent of book value, or (b) the amount actually paid but not exceeding six percent of book value. No subtraction shall be allowed for shrinkage of iron ore.

*Subd. 2.* [SPECIAL TRANSPORTATION COSTS.] *If the ore is not transported using the Great Lakes Seaway system, the commissioner must allow, as a deduction in computing the valuation of the ore, the reasonable cost of transportation of the ore to its destination. This subdivision does not affect the valuation of ore shipped using the Great Lakes Seaway system.*

Sec. 5. Minnesota Statutes 1984, section 298.24, subdivision 1, is amended to read:

Subdivision 1. (a) There is hereby imposed upon taconite and iron sulphides, and upon the mining and quarrying thereof, and upon the production of iron ore concentrate therefrom, and upon the concentrate so produced, a tax of (~~$1.25~~) *$1.90* cents per gross ton of merchantable iron ore concentrate produced therefrom. (THE TAX ON CONCENTRATES PRODUCED IN 1978 AND SUBSEQUENT YEARS PRIOR TO 1985 SHALL BE EQUAL TO $1.25 MULTIPLIED BY THE STEEL MILL PRODUCTS INDEX DURING THE PRODUCTION YEAR, DIVIDED BY THE STEEL MILL PRODUCTS INDEX IN 1977. THE INDEX STATED IN CODE NUMBER 1013, OR ANY SUBSEQUENT EQUIVALENT, AS PUBLISHED BY THE UNITED STATES DEPARTMENT OF LABOR, BUREAU OF LABOR STATISTICS WHOLESALE PRICES AND PRICE INDEXES FOR THE MONTH OF JANUARY OF THE YEAR IN WHICH THE CONCENTRATE IS PRODUCED SHALL BE THE INDEX USED IN CALCULATING THE TAX IMPOSED HEREIN. IN NO EVENT SHALL THE TAX BE LESS THAN $1.25 PER GROSS TON OF MERCHANTABLE IRON ORE CONCENTRATE. THE TAX ON CONCENTRATES PRODUCED IN 1985 AND 1986 SHALL BE AT THE RATE DETERMINED FOR 1984 PRODUCTION. FOR CONCENTRATES PRODUCED IN 1987 AND SUBSEQUENT YEARS, THE TAX SHALL BE EQUAL TO THE PRECEDING YEAR'S TAX PLUS AN AMOUNT EQUAL TO THE PRECEDING YEAR'S TAX MULTIPLIED BY THE PERCENTAGE INCREASE IN THE IMPLICIT PRICE DEFLATOR FROM THE FOURTH QUARTER OF THE SECOND PRECEDING YEAR TO THE FOURTH QUARTER OF THE PRECEDING YEAR. "IMPLICIT PRICE DEFLATOR" MEANS THE IMPLICIT PRICE DEFLATOR PREPARED BY THE BUREAU OF ECONOMIC ANALYSIS OF THE UNITED STATES DEPARTMENT OF COMMERCE.)

(b) (ON CONCENTRATES PRODUCED IN 1984, AN ADDITIONAL TAX IS IMPOSED EQUAL TO EIGHT-TENTHS OF ONE PERCENT OF THE TOTAL TAX IMPOSED BY CLAUSE (A) PER GROSS TON FOR EACH ONE PERCENT THAT THE IRON CONTENT OF SUCH PRODUCT EXCEEDS 62 PERCENT, WHEN DRIED AT 212 DEGREES FAHRENHEIT.)

((C) THE TAX IMPOSED BY THIS SUBDIVISION ON CONCENTRATES PRODUCED IN 1984 SHALL BE COMPUTED ON THE PRODUCTION FOR THE CURRENT YEAR. THE TAX ON CONCENTRATES PRODUCED IN 1985 SHALL BE COMPUTED ON THE AVERAGE OF THE PRODUCTION FOR THE CURRENT YEAR AND THE PREVIOUS YEAR.) The tax on concentrates (PRODUCED IN 1986 AND THEREAFTER) shall be the average of the

production for the current year and the previous two years. The rate of the tax imposed will be the current year's tax rate. This clause shall not apply in the case of the closing of a taconite facility if the property taxes on the facility would be higher if this clause and section 298.25 were not applicable.

((D)) *(c)* If the tax or any part of the tax imposed by this subdivision is held to be unconstitutional, a tax of $1.25 per gross ton of merchantable iron ore concentrate produced shall be imposed.

Sec. 6. [EFFECTIVE DATE.]

*Sections 1 and 2 are effective January 1, 1987. Section 4 is effective for the value of ore produced after June 30, 1986. Section 5 is effective for the value of ore produced after January 1, 1986.*"

Delete the title and insert:

"A bill for an act relating to taxation; decreasing the gross earnings tax rate for certain railroads; reducing the occupation tax rate; allowing full deduction of the production tax and certain transportation expenses in calculating the occupation tax; decreasing the production tax rate; eliminating the indexed increases in the taconite production tax rate; amending Minnesota Statutes 1984, sections 294.23; and 298.24, subdivision 1; Minnesota Statutes 1985 Supplement, sections 294.22; 298.01, subdivision 1; and 298.03."

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. 2504, A bill for an act relating to taxation; exempting from taxation the gasoline purchased by certain transit systems; amending Minnesota Statutes 1985 Supplement, sections 296.02, subdivision 1a; and 296.025, subdivision 1a.

Reported the same back with the following amendments:

Page 1, line 11, strike "owned by"

Page 1, line 12, strike the old language and delete ", *(b)*"

Page 1, delete lines 13 and 14

Page 1, line 15, delete the underlined language and insert "*receiving financial assistance under sections 174.24 or 473.384, other than shared-ride taxi service operated under a contract under section 174.31,*"

Page 1, line 15, delete "*(c)*" and insert "*(b)*"

Page 1, strike line 23

Page 1, line 24, strike "towns" and delete the rest of the line

Page 1, delete line 25

Page 2, delete line 1

Page 2, line 2, delete "*decennial census,*" and insert "*receiving financial assistance under sections 174.24 or 473.384, other than shared-ride taxi service operated under a contract under section 174.31,*"

Page 2, line 2, delete "*(c)*" and insert "*(b)*"

With the recommendation that when so amended the bill pass.

The report was adopted.

## SECOND READING OF HOUSE BILLS

H. F. Nos. 1946, 1996, 2073, 2148, 2181, 2287, 2396, 2465 and 2504 were read for the second time.

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

Levi, 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 following Special Orders pending for today, March 12, 1986:

H. F. Nos. 2123, 1873 and 1968; S. F. No. 1441; H. F. Nos. 2154, 1007 and 2350; S. F. Nos. 1910 and 1642; H. F. Nos. 943, 2297 and 2328; S. F. No. 1526; H. F. Nos. 2423, 1765, 1971 and 2243; S. F. No. 1014; H. F. Nos. 1894, 2469 and 2137; S. F. Nos. 1880 and 985; H. F. Nos. 2315, 2206 and 1918.

## SPECIAL ORDERS

H. F. No. 2169 was reported to the House.

Minne moved to amend H. F. No. 2169, the second engrossment, as follows:

Page 3, line 19, after the period insert "*The balance must be paid in no more than 20 equal installments.*"

The motion prevailed and the amendment was adopted.

Sherman moved to amend H. F. No. 2169, the second engrossment, as amended, as follows:

Page 4, after line 28, insert:

"Sec. 5. [WINONA COUNTY LAND SALE.]

*Subdivision 1.* [AUTHORITY.] *Notwithstanding any contrary provision of Minnesota Statutes, section 373.01 or other law, Winona county may sell and convey the real estate described in this section for a nominal consideration to a county agricultural society that owns adjoining property and conducts a county fair on it.*

*Subd. 2.* [DESCRIPTION.] *That part of the South Half of the Northwest Quarter and the North Half of the Southwest Quarter, of Section 19, Township 106 North, Range 10 West of the Fifth Principal Meridian, bounded and described as follows: Commencing at a point on the West line of Lot 65 in Ives and Fox's Addition to St. Charles, distant 200 feet Northeasterly, measured at right angles, from the center line of the main track of the Winona and South Western Railway Company (later the Wisconsin Minnesota and Pacific Rail Road Company, the Chicago Great Western Railway Company, now the Chicago and North Western Transportation Company), as said main track center line was originally located and established across said Section 19; thence Northwesterly parallel with said original main track center line a distance of 550 feet to the point of beginning of the parcel of land herein described; thence continuing Northwesterly parallel with said original main track center line to a point on the East and West Quarter line of said Section 19; thence Northwesterly along a straight line to a point of tangency with a line parallel with and distant 50 feet Northerly, measured radially, from said original main track center line; thence Westerly parallel with said original main track center line to a point distant 50 feet Northeasterly, measured radially, from the center line of the main track of the Chicago and North Western Transportation Company (formerly the Winona and St. Peter Railroad Company), as said main track is now located; thence Southeasterly parallel with said last described main track center line to a point distant 10 feet Northerly, measured radially, from the center line of the most Northerly side track of said Transportation Company, as said side track is now located; thence Easterly parallel with said side track center line to a point on a line drawn at right angles to said original (Winona and South Western Railway Company) main track center line through the point of beginning;*

*thence Northwesterly along said last described right angle line to the point of beginning.*"

Page 4, line 29, delete "5" and insert "6"

Page 4, line 31, delete "6" and insert "7"

Page 4, line 32, delete "*Sections 1 to 5*" and insert "*Sections 1 to 4 and 6*"

Page 4, line 33, after the period insert "*Section 5 is effective the day after compliance with Minnesota Statutes, section 645.-021, subdivision 3, by the governing body of Winona county.*"

Delete the title and insert:

"A bill for an act relating to public lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; providing for an endowment fund and the disposition of proceeds of the land acquisition account; permitting Winona county to convey certain real estate to a county agricultural society; proposing coding for new law in Minnesota Statutes, chapter 92."

The motion prevailed and the amendment was adopted.

H. F. No. 2169, A bill for an act relating to public lands; providing for a procedure to sell state leased lands; providing for maximum lease rates; providing for an endowment fund and the disposition of proceeds of the land acquisition account; permitting Winona county to convey certain real estate to a county agricultural society; proposing coding for new law in Minnesota Statutes, chapter 92.

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.

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

There were 97 yeas and 6 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, R. | Burger | Elioff | Hartinger | Kiffmeyer |
| Backlund | Carlson, D. | Erickson | Hartle | Knickerbocker |
| Battaglia | Carlson, L. | Forsythe | Heap | Knuth |
| Begich | Clark | Frederick | Himle | Krueger |
| Bennett | Clausnitzer | Frerichs | Jacobs | Levi |
| Blatz | Cohen | Greenfield | Jennings, L. | Lieder |
| Boo | DenOuden | Gruenes | Johnson | Marsh |
| Brandl | Dimler | Gutknecht | Kahn | McLaughlin |
| Brown | Dyke | Halberg | Kelly | McPherson |

| | | | | |
|---|---|---|---|---|
| Metzen | Otis | Richter | Sparby | Vanasek |
| Minne | Ozment | Riveness | Stanius | Vellenga |
| Murphy | Pappas | Rose | Staten | Waltman |
| Nelson, D. | Pauly | Sarna | Sviggum | Welle |
| Nelson, K. | Piepho | Schafer | Thiede | Wenzel |
| Norton | Price | Scheid | Thorson | Wynia |
| O'Connor | Quinn | Seaberg | Tomlinson | Zaffke |
| Ogren | Quist | Segal | Tompkins | Spk. Jennings, D. |
| Olsen, S. | Rees | Sherman | Tunheim | |
| Omann | Rest | Simoneau | Uphus | |
| Onnen | Rice | Solberg | Valento | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Long | Munger | Osthoff | Skoglund | Voss |
| McEachern | | | | |

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

S. F. No. 1823 was reported to the House.

Boo moved that S. F. No. 1823 be continued on Special Orders for one day. The motion prevailed.

S. F. No. 1914 was reported to the House.

Hartinger moved that S. F. No. 1914 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 2221 was reported to the House.

Redalen moved that H. F. No. 2221 be continued on Special Orders for one day. The motion prevailed.

H. F. No. 2200 was reported to the House.

There being no objection, H. F. No. 2200 was continued on Special Orders for one day.

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.

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.

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

There were 115 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

H. F. No. 2123 was reported to the House.

Nelson, D., moved to amend H. F. No. 2123, the second engrossment, as follows:

Page 8, line 32, after the period insert "*For property taxes payable from the year 2000 through 2009, the Hennepin county auditor shall adjust Bloomington's contribution to the area-wide tax base upward each year by a value equal to ten percent of the total, cumulative additional area-wide levy distributed to Bloomington under this subdivision divided by the area-wide mill rate for taxes payable in the previous year.*"

A roll call was requested and properly seconded.

The question was taken on the Nelson, D., amendment and the roll was called.

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

There were 58 yeas and 60 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Hartinger | Munger | Price | Stanius |
| Anderson, R. | Jacobs | Murphy | Quinn | Staten |
| Backlund | Jaros | Nelson, D. | Rest | Tomlinson |
| Beard | Kahn | Nelson, K. | Rice | Tunheim |
| Brandl | Kelly | Norton | Rodosovich | Vanasek |
| Brown | Knuth | O'Connor | Rose | Vellenga |
| Burger | Krueger | Ogren | Sarna | Voss |
| Carlson, L. | Lieder | Olson, E. | Scheid | Welle |
| Clark | Long | Osthoff | Segal | Wenzel |
| Cohen | McEachern | Otis | Simoneau | Wynia |
| Ellingson | McLaughlin | Pappas | Skoglund | |
| Greenfield | Metzen | Peterson | Sparby | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Battaglia | Erickson | Johnson | Onnen | Shaver |
| Begich | Fjoslien | Kalis | Ozment | Solberg |
| Bennett | Forsythe | Kiffmeyer | Pauly | Sviggum |
| Bishop | Frederick | Knickerbocker | Piepho | Thiede |
| Blatz | Frerichs | Levi | Poppenhagen | Thorson |
| Boo | Gruenes | Marsh | Quist | Tjornhom |
| Carlson, J. | Gutknecht | McPherson | Redalen | Tompkins |
| Clausnitzer | Halberg | Miller | Rees | Uphus |
| DenOuden | Hartle | Minne | Richter | Valento |
| Dimler | Haukoos | Neuenschwander | Riveness | Waltman |
| Dyke | Heap | Olsen, S. | Schafer | Zaffke |
| Elioff | Himle | Omann | Seaberg | Spk. Jennings, D. |

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

Brandl moved to amend H. F. No. 2123, the second engrossment, as follows:

Page 3, line 35, delete everything after the period

Page 3, delete line 36

Page 4, delete lines 1 to 11

Page 6, line 8, delete everything after the first "*improvements*"

Page 6, line 9, delete "*area*"

Page 6, line 14, delete "*or to*" and insert a period

Page 6, delete lines 15 and 16

A roll call was requested and properly seconded.

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

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

There were 57 yeas and 66 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Jacobs | Nelson, D. | Rest | Staten |
| Backlund | Jaros | Nelson, K. | Rice | Sviggum |
| Beard | Jennings, L. | Norton | Rodosovich | Tomlinson |
| Brandl | Kahn | O'Connor | Rose | Tunheim |
| Brown | Kelly | Ogren | Sarna | Vellenga |
| Burger | Knuth | Olson, E. | Scheid | Voss |
| Carlson, L. | Krueger | Osthoff | Schoenfeld | Welle |
| Clark | Lieder | Otis | Segal | Wenzel |
| Cohen | Long | Pappas | Sherman | Wynia |
| Ellingson | McEachern | Peterson | Simoneau | |
| Greenfield | McLaughlin | Price | Skoglund | |
| Hartinger | Munger | Quinn | Sparby | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Anderson, R. | Erickson | Knickerbocker | Ozment | Thiede |
| Battaglia | Fjoslien | Kvam | Pauly | Thorson |
| Becklin | Forsythe | Levi | Piepho | Tjornhom |
| Begich | Frederick | Marsh | Poppenhagen | Tompkins |
| Bennett | Frederickson | McKasy | Quist | Uphus |
| Blatz | Frerichs | McPherson | Redalen | Valan |
| Boo | Gruenes | Metzen | Rees | Valento |
| Carlson, D. | Gutknecht | Miller | Richter | Waltman |
| Carlson, J. | Halberg | Minne | Riveness | Zaffke |
| Clausnitzer | Hartle | Murphy | Schafer | Spk. Jennings, D. |
| Dempsey | Haukoos | Neuenschwander | Seaberg | |
| DenOuden | Heap | Olsen, S. | Shaver | |
| Dyke | Himle | Omann | Solberg | |
| Elioff | Johnson | Onnen | Stanius | |

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

Dempsey, Himle, Kvam, McKasy and Schreiber were excused while in conference.

Anderson, G., moved to amend H. F. No. 2123, the second engrossment, as follows:

Page 3, line 31, delete "*Subdivision 1.* [LEGISLATIVE FINDINGS.]"

Page 4, delete lines 17 to 36

Page 5, line 20, delete "*3*,"

Page 5, line 35, delete "*3*,"

Page 6, lines 5 to 9, delete clause (ii)

Page 6, line 9, delete "*(iii)*" and insert "*(ii)*"

Page 7, line 7, delete "*3,*"

Page 7, line 18, delete "*3,*"

A roll call was requested and properly seconded.

The question was taken on the Anderson, G., amendment and the roll was called.

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

There were 37 yeas and 73 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Cohen | Nelson, D. | Rodosovich | Vanasek |
| Anderson, R. | Ellingson | Norton | Scheid | Vellenga |
| Backlund | Fjoslien | Ogren | Schoenfeld | Voss |
| Beard | Hartinger | Olson, E. | Simoneau | Wenzel |
| Becklin | Jacobs | Osthoff | Skoglund | Wynia |
| Brandl | Jennings, L. | Peterson | Sparby | |
| Brown | Kelly | Price | Tomlinson | |
| Burger | Lieder | Quinn | Tunheim | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Battaglia | Erickson | Knuth | Otis | Stanius |
| Begich | Forsythe | Krueger | Ozment | Sviggum |
| Bennett | Frederick | Levi | Pauly | Thiede |
| Blatz | Frederickson | Marsh | Piepho | Thorson |
| Boo | Frerichs | McKasy | Poppenhagen | Tjornhom |
| Carlson, D. | Greenfield | McLaughlin | Quist | Tompkins |
| Carlson, J. | Gruenes | McPherson | Redalen | Uphus |
| Carlson, L. | Gutknecht | Metzen | Rees | Valan |
| Clark | Hartle | Miller | Rest | Valento |
| Clausnitzer | Haukoos | Murphy | Richter | Waltman |
| Dempsey | Heap | Nelson, K. | Riveness | Welle |
| DenOuden | Himle | Neuenschwander | Schafer | Zaffke |
| Dimler | Johnson | Olsen, S. | Seaberg | Spk. Jennings, D. |
| Dyke | Kiffmeyer | Omann | Shaver | |
| Elioff | Knickerbocker | Onnen | Solberg | |

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

H. F. No. 2123, A bill for an act relating to the city of Bloomington; authorizing the city to impose certain taxes; increasing the distribution levy from the metropolitan revenue distribution for the city for a specific time period; permitting the city to establish a special taxing district; authorizing the port authority of the city to pledge certain tax revenues to pay certain bonds and permitting it to develop leased land; authorizing development in

accordance with the Generic EIS and Generic Indirect Source Permit; amending Minnesota Statutes 1984, section 473F.08, 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.

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

There were 52 yeas and 67 nays as follows:

Those who voted in the affirmative were:

| | | | | |
|---|---|---|---|---|
| Battaglia | Frederickson | Knickerbocker | Olsen, S. | Seaberg |
| Begich | Frerichs | Kvam | Omann | Shaver |
| Bishop | Gruenes | Levi | Onnen | Solberg |
| Blatz | Gutknecht | Lieder | Ozment | Thorson |
| Boerboom | Halberg | Marsh | Pauly | Uphus |
| Boo | Hartle | McDonald | Poppenhagen | Valan |
| Burger | Haukoos | McKasy | Redalen | Waltman |
| Carlson, J. | Heap | Metzen | Rees | Spk. Jennings, D. |
| Dyke | Himle | Minne | Riveness | |
| Erickson | Johnson | Murphy | Schafer | |
| Forsythe | Kiffmeyer | Neuenschwander | Schreiber | |

Those who voted in the negative were:

| | | | | |
|---|---|---|---|---|
| Anderson, G. | Ellingson | Nelson, D. | Rodosovich | Tjornhom |
| Anderson, R. | Fjoslien | Nelson, K. | Rose | Tomlinson |
| Backlund | Frederick | Norton | Sarna | Tompkins |
| Beard | Greenfield | O'Connor | Scheid | Tunheim |
| Becklin | Hartinger | Olson, E. | Schoenfeld | Valento |
| Brandl | Jacobs | Osthoff | Segal | Vanasek |
| Brown | Kalis | Otis | Sherman | Vellenga |
| Carlson, D. | Kelly | Peterson | Simoneau | Voss |
| Carlson, L. | Knuth | Piepho | Skoglund | Welle |
| Clark | Krueger | Price | Sparby | Wenzel |
| Clausnitzer | Long | Quinn | Stanius | Wynia |
| Cohen | McEachern | Quist | Staten | |
| DenOuden | McPherson | Rest | Sviggum | |
| Dimler | Miller | Richter | Thiede | |

The bill was not passed.

Levi moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

## GENERAL ORDERS

Levi moved that the bills on General Orders for today be continued one day. The motion prevailed.

## MOTIONS AND RESOLUTIONS

Zaffke moved that the names of Clark and Quist be added as authors on H. F. No. 1774. The motion prevailed.

Kelly moved that the name of Blatz be stricken and the name of Hartinger be added as an author on H. F. No. 1958. The motion prevailed.

Boo moved that the name of Tjornhom be added as an author on H. F. No. 2134. The motion prevailed.

Hartinger moved that the names of Blatz, Thorson and Tjornhom be added as authors on H. F. No. 2250. The motion prevailed.

Shaver moved that the name of Olsen, S., be added as an author on H. F. No. 2331. The motion prevailed.

Zaffke moved that the name of Thorson be added as chief author and the name of Zaffke be shown as second author on H. F. No. 2406. The motion prevailed.

Kalis moved that his name be stricken and the name of Piper be added as chief author on H. F. No. 2539. The motion prevailed.

Dimler moved that the names of Neuenschwander and Frerichs be added as authors on H. F. No. 2547. The motion prevailed.

McPherson moved that H. F. No. 2310 be returned to its author. The motion prevailed.

Solberg moved that H. F. No. 2238 be returned to its author. The motion prevailed.

Osthoff moved that H. F. Nos. 153, 288, 289, 290, 291 and 292 be returned to their author. The motion prevailed.

Sviggum moved that H. F. No. 2366 be returned to its author. The motion prevailed.

House Resolution No. 37 was reported to the House.

### HOUSE RESOLUTION NO. 37

A house resolution congratulating the Owatonna Future Farmers of America Dairy Judging Team for being named the 1985 national champion.

*Whereas*, the Owatonna Future Farmers of America Dairy Judging Team has demonstrated its skill in the judging of livestock; and

*Whereas,* the Owatonna Future Farmers of America Dairy Judging Team was selected to represent Minnesota in the national FFA competition in Kansas City; and

*Whereas,* the Owatonna Future Farmers of America Dairy Judging Team was named 1985 National Champion by the national Future Farmers of America Organization; *Now, Therefore,*

*Be It Resolved* by the Minnesota House of Representatives that it recognizes the prestige that accrues to the State of Minnesota from the excellence of the Owatonna Future Farmers of America Dairy Judging Team.

*Be It Further Resolved* that congratulations be delivered to the members of the team: Tina Larson, Liz Zeman, Bill Dinse, Ray Kubista, and their coach, Ken Kern.

*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 Owatonna Future Farmers of America Dairy Judging Team.

Hartle moved that House Resolution No. 37 be now adopted. The motion prevailed and House Resolution No. 37 was adopted.

House Resolution No. 44 was reported to the House.

HOUSE RESOLUTION NO. 44

A house resolution to recognize and celebrate the 25th anniversary of the Richard J. Dorer Memorial Hardwood Forest.

*Whereas,* under the foresight and leadership of Mr. Richard J. Dorer and Mr. Edward Franey, President and Secretary of the Minnesota Division of the Izaak Walton League, Mr. Willis Kruger, Mr. George Meyer, and Mr. Phillip Nordeen, employees of the Department of Conservation, and Dr. George Selke, Commissioner of the Department of Conservation, the idea for a Memorial Hardwood Forest first became reality; and

*Whereas,* the southeast counties of Dakota, Goodhue, Wabasha, Winona, Houston, Fillmore, and Olmsted helped create Memorial Hardwood Forest by transferring tax-forfeited lands to the state for the forest; and

*Whereas,* the Hiawatha Valley from Hastings down to the Iowa border, including the great beauty and scenic bluffs along the Mississippi River, has been enhanced by the creation of the Memorial Hardwood Forest; and

*Whereas,* the landscape contained within the boundaries of the Memorial Hardwood Forest is both ecologically and geographically unique in Minnesota; and

*Whereas,* the establishment of the forest helped protect the wooded river valleys of streams such as the Root, the Whitewater, the Zumbro, the Cannon, and the Vermillion, adding many outdoor recreation areas and facilities; and

*Whereas,* the Memorial Hardwood Forest was dedicated to the state's pioneers and veterans of all wars; and

*Whereas,* the legislature created the Memorial Hardwood Forest by enacting a law in 1961; and

*Whereas,* the Legislative Commission on Minnesota Resources authorized funding for land acquisition in the forest; *Now, Therefore,*

*Be It Resolved* by the House of Representatives of the State of Minnesota that it recognizes and celebrates the 25th anniversary of the Richard J. Dorer Memorial Hardwood Forest, and it congratulates all the individuals, local and state officials, and state legislators who have supported the multiple-use activities of the forest over the years.

*Be It Further Resolved* that the Chief Clerk of the House of Representatives is directed to prepare enrolled copies of this resolution, to be authenticated by his signature and that of the Speaker, and present them to Edward Franey, Willis Kruger, and George Meyer, to the immediate families of Richard J. Dorer and Phillip Nordeen, to the Minnesota Division of the Izaak Walton League, to the Legislative Commission on Minnesota Resources, to the Commissioners of the Departments of Natural Resources and Veteran's Affairs, and to the county chairs of Dakota, Goodhue, Wabasha, Winona, Houston, Fillmore, and Olmsted counties.

Waltman moved that House Resolution No. 44 be now adopted. The motion prevailed and House Resolution No. 44 was adopted.

## ADJOURNMENT

Levi moved that when the House adjourns today it adjourn until 12:00 noon, Thursday, March 13, 1986. The motion prevailed.

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Thursday, March 13, 1986.

EDWARD A. BURDICK, Chief Clerk, House of Representatives