

## STATE OF MINNESOTA

## SEVENTY-FOURTH SESSION - 1986

## EIGHTY-FIFTH DAY

SAINT PAUL, MINNESOTA, THURSDAY, MARCH 13, 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 Dr. Clarke Poorman, Woodcrest Baptist Church, Fridley, Minnesota.

The roll was called and the following members were present:

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

A quorum was present.

Brinkman was excused.

Dempsey was excused until 1:00 p.m. Ellingson was excused until 1:30 p.m.

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

Boerboom and Carlson, D., were excused while in conference.

#### REPORTS OF CHIEF CLERK

Pursuant to Rules of the House, printed copies of H. F. Nos. 1852, 2078, 1755, 2046, 2358, 1946, 2073, 2396, 1996, 2465, 2181, 2331, 2148, 2169, 2504 and 2287 and S. F. Nos. 1721, 1879, 2186, 1735, 2057, 871, 1581, 51, 1641 and 1850 have been placed in the members' files.

S. F. No. 2186 and H. F. No. 2337, which had been referred to the Chief Clerk for comparison, were examined and found to be identical.

Rose moved that S. F. No. 2186 be substituted for H. F. No. 2337 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1721 and H. F. No. 2391, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Clausnitzer moved that the rules be so far suspended that S. F. No. 1721 be substituted for H. F. No. 2391 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1879 and H. F. No. 2397, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

#### SUSPENSION OF RULES

Frederick moved that the rules be so far suspended that S. F. No. 1879 be substituted for H. F. No. 2397 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1735 and H. F. No. 2046, which had been referred to the Chief Clerk for comparison, were examined and found to be identical with certain exceptions.

## SUSPENSION OF RULES

Bishop moved that the rules be so far suspended that S. F. No. 1735 be substituted for H. F. No. 2046 and that the House File be indefinitely postponed. The motion prevailed.

S. F. No. 1581 and H. F. No. 1765, 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. 1581 be substituted for H. F. No. 1765 and that the House File be indefinitely postponed. The motion prevailed.

## SECOND READING OF SENATE BILLS

S. F. Nos. 2186, 1721, 1879, 1735 and 1581 were read for the second time.

INTRODUCTION AND FIRST READING  
OF HOUSE BILLS

The following House Files were introduced:

Wenzel, Brown, Lieder, Tunheim and Kalis introduced:

H. F. No. 2550, A bill for an act relating to agriculture; establishing partial state payment for certain farm loan interest costs; providing for a refund of certain agricultural property tax payments; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 17.

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

Ogren, Krueger, McEachern, Jacobs and Munger introduced:

H. F. No. 2551, A bill for an act relating to natural disasters; establishing a natural disaster compensation board to compensate persons who incur economic loss as a result of natural disasters; appropriating money; proposing coding for new law in Minnesota Statutes, chapter 12.

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

Wenzel, Omann, Peterson, Metzen and Begich introduced:

H. F. No. 2552, A bill for an act relating to local government aids; modifying the definition of municipal levy; amending Minnesota Statutes 1985 Supplement, section 477A.011, subdivision 13.

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

Wenzel, Sarna, Ogren, McEachern and Marsh introduced:

H. F. No. 2553, A bill for an act relating to elections; providing for a presidential primary election; amending Minnesota Statutes 1984, sections 204D.03, by adding a subdivision; 204D.06; and 204D.08, by adding a subdivision.

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

Staten introduced:

H. F. No. 2554, A bill for an act relating to taxation; individual income; permitting certain unmarried individuals to file joint returns; amending Minnesota Statutes 1985 Supplement, section 290.06, subdivision 2c.

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

McLaughlin introduced:

H. F. No. 2555, A bill for an act relating to taxation; corporate income; limiting the maximum small business investment credit; providing a tax credit for neighborhood assistance program expenditures and contributions; appropriating money; amending Minnesota Statutes 1984, section 290.069, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 290.

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

Dempsey, Tomlinson and Brandl introduced:

H. F. No. 2556, A bill for an act relating to local government aids; modifying the distribution formula for cities; amending Minnesota Statutes 1984, section 477A.011, by adding subdivisions; Minnesota Statutes 1985 Supplement, sections 477A.011, subdivision 10; and 477A.013, subdivisions 2 and 3; repealing Minnesota Statutes 1985 Supplement, section 477A.011, subdivision 14.

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

#### HOUSE ADVISORIES

The following House Advisories were introduced:

Valento introduced:

H. A. No. 84, A proposal for a study of concurrent annexation and detachment of land among political subdivisions in the metro area.

The advisory was referred to the Committee on Local and Urban Affairs.

Boo, Long and Wynia introduced:

H. A. No. 85, A proposal for interim study of procedural and evidentiary issues concerning the valuation of contaminated property subject to condemnation under Minnesota Statutes, chapter 117.

The advisory was referred to the Committee on Environment and Natural Resources.

#### 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 bill as a Special Order to be acted upon immediately preceding Messages from the Senate for today, March 13, 1986:

H. F. No. 2037.

#### SPECIAL ORDERS

H. F. No. 2037 was reported to the House.

Kvam moved to amend H. F. 2037, the first engrossment, as follows:

Delete everything after the enacting clause and insert:

## “ARTICLE 1

### UNEMPLOYMENT COMPENSATION

Section 1. Minnesota Statutes 1984, section 268.03, is amended to read:

#### 268.03 [DECLARATION OF PUBLIC POLICY.]

As a guide to the interpretation and application of sections 268.03 to 268.24, the public policy of this state is declared to be as follows: Economic insecurity due to unemployment is a serious menace to the health, morals, and welfare of the people of this state. Involuntary unemployment is therefore a subject of general interest and concern which requires appropriate action by the legislature to prevent its spread and to lighten its burdens. This can be provided by encouraging employers to provide more stable employment and by the systematic accumulation of funds during periods of employment to provide benefits for periods of unemployment, thus maintaining purchasing power and limiting the serious social consequences of poor relief assistance. The legislature, therefore, declares that in its considered judgement the public good and the general welfare of the citizens of this state will be promoted by providing, under the police powers of the state for the (COMPULSORY SETTING ASIDE OF UNEMPLOYMENT RESERVES TO BE USED FOR THE BENEFIT OF PERSONS UNEMPLOYED THROUGH NO FAULT OF THEIR OWN) *establishment of an unemployment insurance fund. The reserves of the unemployment insurance fund are to be used to provide a temporary replacement of a portion of lost wages to individuals with a permanent attachment to the work force, who become involuntarily unemployed through no fault of their own, and who are actively seeking, and are willing and available to accept, suitable reemployment.*

Sec. 2. Minnesota Statutes 1984, section 268.04, subdivision 24, is amended to read:

Subd. 24. “Valid claim” with respect to any individual means a claim filed by an individual who has registered for work and who has earned wage credits and established credit weeks or *alternative credit weeks* during his base period sufficient to entitle him to benefits under section 268.07, subdivision 2.

Sec. 3. Minnesota Statutes 1984, section 268.04, subdivision 25, is amended to read:

Subd. 25. [WAGES.] "Wages" means all remuneration for services, including commissions and bonuses, back pay as of the date of payment, and tips and gratuities paid to an employee by a customer of an employer and accounted for by the employee to the employer, and the cash value of all remuneration in any medium other than cash, except that such term shall not include:

(a) For the purpose of determining contributions payable under section 268.06, subdivision 2, that part of the remuneration which exceeds (, FOR EACH CALENDAR YEAR, THE GREATER OF \$7,000 OR THAT PART OF THE REMUNERATION WHICH EXCEEDS 60 PERCENT OF THE AVERAGE ANNUAL WAGE ROUNDED TO THE NEAREST \$100 COMPUTED IN ACCORDANCE WITH THE PROVISIONS OF CLAUSE (F)) (i) \$11,400 for calendar year 1987 and \$12,000 for calendar year 1988 and all calendar years thereafter; for each employer that has an experience ratio of one-tenth of one percent or more, or (ii) \$10,000 for calendar year 1987, and \$12,000 for calendar year 1988 and thereafter, for each employer that has an experience ratio of less than one-tenth of one percent, paid to an individual by an employer with respect to covered employment in this state, or with respect to employment under the unemployment compensation law of any other state during any calendar year paid to such individual by such covered employer or his predecessor during such calendar year; provided, that if the term "wages" as contained in the Federal Unemployment Tax Act is amended to include remuneration in excess of the amount required to be paid hereunder to an individual by an employer under the federal act for any calendar year, wages for the purposes of sections 268.03 to 268.24 shall include remuneration paid in a calendar year up to an amount equal to the dollar limitation specified in the Federal Unemployment Tax Act. For the purposes of this clause, the term "employment" shall include service constituting employment under any employment security law of another state or of the federal government;

(b) The amount of any payment made to, or on behalf of, an employee under a plan or system established by an employer which makes provision for his employees generally or for a class or classes of his employees (including any amount paid by an employer for insurance or annuities, or into a fund, to provide for any such payment), on account of (1) retirement or (2) sickness or accident disability or (3) medical and hospitalization expenses in connection with sickness or accident disability, or (4) death, provided the employee has not the option to receive, instead of provision for such death benefit, any part of such payment, or if such death benefit is insured, any part of the premium (or contributions to premiums) paid by his employer and has not the right, under the provisions of the plan or system or policy of insurance providing for such death benefit, to assign

such benefit, or to receive a cash consideration in lieu of such benefit either upon his withdrawal from the plan or system providing for such benefit or upon termination of such plan or system or policy of insurance or of his employment with such employer;

(c) The payment by an employer (without deduction from the remuneration of the employee) (1) of the tax imposed upon an employee under section 3101 of the federal Internal Revenue Code, or (2) of any payment required from an employee under a state unemployment compensation law, with respect to remuneration paid to an employee for domestic service in a private home of the employer or for agricultural labor;

(d) Any payments made to a former employee during the period of active military service in the armed forces of the United States by such employer, whether legally required or not;

(e) Any payment made to, or on behalf of, an employee or his beneficiary (1) from or to a trust described in section 401(a) of the federal Internal Revenue Code which is exempt from tax under section 501(a) of such code at the time of such payment unless such payment is made to an employee of the trust as remuneration for services rendered as an employee and not as a beneficiary of the trust, or (2) under or to an annuity plan which, at the time of such payment is a plan described in section 403(a) of the federal Internal Revenue Code, or (3) under or to a bond purchase plan which, at the time of such payment, is a qualified bond purchase plan described in section 405(a) of the federal Internal Revenue Code;

(f) (ON OR BEFORE JULY 1 OF EACH YEAR THE COMMISSIONER SHALL DETERMINE THE AVERAGE ANNUAL WAGE PAID BY EMPLOYERS SUBJECT TO SECTIONS 268.03 TO 268.24 IN THE FOLLOWING MANNER:)

((1) THE SUM OF THE TOTAL MONTHLY EMPLOYMENT REPORTED FOR THE PREVIOUS CALENDAR YEAR SHALL BE DIVIDED BY 12 TO DETERMINE THE AVERAGE MONTHLY EMPLOYMENT;)

((2) THE SUM OF THE TOTAL WAGES REPORTED FOR THE PREVIOUS CALENDAR YEAR SHALL BE DIVIDED BY THE AVERAGE MONTHLY EMPLOYMENT TO DETERMINE THE AVERAGE ANNUAL WAGE.)

(THE AVERAGE ANNUAL WAGE DETERMINED SHALL BE EFFECTIVE FOR THE CALENDAR YEAR NEXT SUCCEEDING THE DETERMINATION) *The value of any meals and lodgings furnished by or on behalf of the employer, if at the time of such furnishings it is reasonable to believe that the employee will be able to exclude such items from income under United States Code, title 26, section 119.*



Sec. 4. Minnesota Statutes 1984, section 268.04, subdivision 29, is amended to read:

Subd. 29. "Credit week" is any week for which wages or back pay, actually or constructively paid, wages overdue and delayed beyond the usual time of payment, and back pay by or from one or more employers to an employee for insured work equal or exceed 30 (PERCENT OF THE AVERAGE WEEKLY WAGE) *times the adult minimum wage in effect under section 177.24, subdivision 1, on December 31 of the year two years before the year in which the claim is made. The product shall be computed to the nearest whole dollar. (ON OR BEFORE JUNE 30 OF EACH YEAR THE COMMISSIONER SHALL DETERMINE THE AVERAGE WEEKLY WAGE PAID BY EMPLOYERS SUBJECT TO SECTIONS 268.03 TO 268.24 IN THE FOLLOWING MANNER:)*

((A) THE SUM OF THE TOTAL MONTHLY EMPLOYMENT REPORTED FOR THE PREVIOUS CALENDAR YEAR SHALL BE DIVIDED BY 12 TO DETERMINE THE AVERAGE MONTHLY EMPLOYMENT;)

((B) THE SUM OF THE TOTAL WAGES REPORTED FOR THE PREVIOUS CALENDAR YEAR SHALL BE DIVIDED BY THE AVERAGE MONTHLY EMPLOYMENT TO DETERMINE THE AVERAGE ANNUAL WAGE; AND)

((C) THE AVERAGE ANNUAL WAGE SHALL BE DIVIDED BY 52 TO DETERMINE THE AVERAGE WEEKLY WAGE.)

(THE AVERAGE WEEKLY WAGE AS SO DETERMINED COMPUTED TO THE NEAREST WHOLE DOLLAR SHALL APPLY TO CLAIMS FOR BENEFITS WHICH ESTABLISH A BENEFIT YEAR WHICH BEGINS SUBSEQUENT TO DECEMBER 31 OF THE YEAR OF THE COMPUTATION.)

Sec. 5. Minnesota Statutes 1984, section 268.04, is amended by adding a subdivision to read:

*Subd. 29a. [ALTERNATIVE CREDIT WEEK.] "Alternative credit week" means any week for which wages or back pay, actually or constructively paid, wages overdue and delayed beyond the usual time of payment, and back pay by or from one or more employers to an employee for insured work equal or exceed 20 times the state minimum wage in effect on the date the employee makes a claim for benefits.*

Sec. 6. Minnesota Statutes 1984, section 268.04, subdivision 30, is amended to read:

Subd. 30. "Average weekly wage" means the quotient derived by dividing the total wage credits earned by an individual from

all employers in insured work in the base period by the number of credit weeks *or alternative credit weeks*.

Sec. 7. Minnesota Statutes 1984, section 268.06, subdivision 5, is amended to read:

Subd. 5. [BENEFITS CHARGED AS AND WHEN PAID.] Benefits paid to an individual pursuant to a valid claim shall be charged against the account of his employer as and when paid, except that benefits paid to an individual who earned base period wages for part-time employment shall not be charged to an employer that is liable for payments in lieu of contributions or to the experience rating account of an employer if the employer: (1) provided weekly base period part-time employment (; (2)), continues to provide weekly employment equal to at least 90 percent of the part-time employment provided in the base period (;), and ((3)) is an interested party because of the individual's loss of other employment; *or (2) provided weekly employment in the base period on an on-call as needed basis, continues to employ the individual on the same basis and provides employment substantially equal to the employment provided in the base period, and is an interested party because of the individual's loss of other employment.*

The amount of benefits so chargeable against each base period employer's account shall bear the same ratio to the total benefits paid to an individual as the base period wage credits of the individual earned from such employer bear to the total amount of base period wage credits of the individual earned from all his base period employers.

In making computations under this provision, the amount of wage credits if not a multiple of \$1, shall be computed to the nearest multiple of \$1.

Benefits shall not be charged to an employer that is liable for payments in lieu of contributions or to the experience rating account of an employer for unemployment (1) that is directly caused by a major natural disaster declared by the president pursuant to section 102(2) of the Disaster Relief Act of 1974 (42 United States Code 5122(2)), if the unemployed individual would have been eligible for disaster unemployment assistance with respect to that unemployment but for the individual's receipt of unemployment insurance benefits, *or (2) that is directly caused by a fire, flood, or act of God where 70 percent or more of the employees employed in the affected location become unemployed as a result and the employer substantially reopens its operations in that same area within 360 days of the fire, flood, or act of God. Benefits shall be charged to the employer's account where the unemployment is caused by the willful act of the employer or a person acting on behalf of the employer.*

Sec. 8. Minnesota Statutes 1984, section 268.06, subdivision 8, is amended to read:

Subd. 8. [DETERMINATION OF CONTRIBUTION RATES.] For each calendar year the commissioner shall determine the contribution rate of each employer by adding the minimum rate to the experience ratio (, EXCEPT THAT IF THE RATIO FOR THE CURRENT CALENDAR YEAR INCREASES OR DECREASES THE EXPERIENCE RATIO FOR THE PRECEDING CALENDAR YEAR BY MORE THAN ONE AND ONE-HALF PERCENTAGE POINTS FOR 1982; AND 2-1/2 PERCENTAGE POINTS FOR 1983 AND EACH YEAR THEREAFTER, THE INCREASE OR DECREASE FOR THE CURRENT YEAR SHALL BE LIMITED TO ONE AND ONE-HALF PERCENTAGE POINTS FOR 1982; AND 2-1/2 PERCENTAGE POINTS FOR 1983 AND EACH YEAR THEREAFTER, PROVIDED THAT A SMALL BUSINESS EMPLOYER SHALL BE ELIGIBLE, UPON APPLICATION, FOR A REDUCTION IN THE LIMITATION TO 1-1/2 PERCENTAGE POINTS FOR 1983 AND EACH YEAR THEREAFTER. "SMALL BUSINESS EMPLOYER" FOR THE PURPOSE OF THIS SUBDIVISION MEANS AN EMPLOYER WITH AN ANNUAL COVERED PAYROLL OF \$250,000 OR LESS, OR FEWER THAN 20 EMPLOYEES IN THREE OF THE FOUR QUARTERS ENDING JUNE 30, OF THE PREVIOUS CALENDAR YEAR).

The minimum rate for all employers that have had benefits charged to their account at any time during the period described in subdivision 6 shall be one percent if the amount in the unemployment compensation fund is less than \$80,000,000 on June 30 of the preceding calendar year; or nine-tenths of one percent if the fund is more than \$80,000,000 but less than \$90,000,000; or eight-tenths of one percent if the fund is more than \$90,000,000 but less than \$110,000,000; or seven-tenths of one percent if the fund is more than \$110,000,000 but less than \$130,000,000; or six-tenths of one percent if the fund is more than \$130,000,000 but less than \$150,000,000; or five-tenths of one percent if the fund is more than \$150,000,000 but less than \$170,000,000; or three-tenths of one percent if the fund is more than \$170,000,000 but less than \$200,000,000; or one-tenth of one percent if the fund is \$200,000,000 or more; provided that no employer shall have a contribution rate of more than 7.5 percent.

*The minimum rate for all employers that have not had benefits charged to their account at any time during the period described in subdivision 6 shall be eight-tenths of one percent for calendar year 1987 and seven-tenths of one percent for calendar year 1988 and thereafter.*

For the purposes of this section the unemployment compensation fund shall not include any moneys advanced from the

Federal Unemployment Account in the unemployment trust fund in accordance with Title XII of the Social Security Act, as amended. (NO EMPLOYER FIRST ASSIGNED AN EXPERIENCE RATIO IN ACCORDANCE WITH SUBDIVISION 6, SHALL HAVE HIS CONTRIBUTION RATE INCREASED OR DECREASED BY MORE THAN ONE AND ONE-HALF PERCENTAGE POINTS FOR 1982; AND 2-1/2 PERCENTAGE POINTS FOR 1983 AND EACH YEAR THEREAFTER OVER THE CONTRIBUTION RATE ASSIGNED FOR THE PRECEDING CALENDAR YEAR IN ACCORDANCE WITH SUBDIVISION 3A, PROVIDED THAT A SMALL BUSINESS EMPLOYER SHALL BE ELIGIBLE, UPON APPLICATION, FOR A REDUCTION IN THE LIMITATION TO 1-1/2 PERCENTAGE POINTS FOR 1983 AND EACH YEAR THEREAFTER.)

**Sec. 9. [268.062] [STANDBY SOLVENCY SURTAX.]**

*If the balance in the unemployment compensation fund as calculated on April 1 of a year is less than 12.5 percent of benefits paid out in the previous year, a ten percent surtax is imposed on employers payable to the unemployment compensation fund. The surtax is imposed on the experience portion of the employer's contributions for the calendar year preceding the April 1 calculation. The surtax shall be assessed on the July 1 next following the April 1 calculation and is due March 1 of the year following its imposition. The surtax imposed by this subdivision is not a part of the employer's contribution rate for the purpose of the maximum tax limitation of section 268.06, subdivision 8. An employer's surtax under this section and contribution rate under section 268.06, subdivision 8, shall not in the aggregate exceed 8.15 percent.*

**Sec. 10. Minnesota Statutes 1984, section 268.07, subdivision 2, is amended to read:**

**Subd. 2. [WEEKLY BENEFIT AMOUNT AND DURATION.]** *If the commissioner finds that an individual has earned (15,) 18 or more (,) credit weeks within the base period of employment in insured work with one or more employers for claims establishing a benefit year prior to July 1, 1988, or 20 or more credit weeks for claims establishing a benefit year subsequent to June 30, 1988, or failing that, 24 or more alternative credit weeks benefits shall be payable to such individual during his benefit year as follows:*

*(1) The weekly benefit amount shall be (EQUAL TO 60 PERCENT OF THE FIRST \$85, 40 PERCENT OF THE NEXT \$85 AND 50 PERCENT OF THE REMAINDER OF THE AVERAGE WEEKLY WAGE OF SUCH INDIVIDUAL):*

*(a) for claims which establish a benefit year prior to July 1, 1987, the individual's total base period wage credits multiplied by 1.0 percent; or*

*(b) for claims which establish a benefit year subsequent to June 30, 1987, the individual's total base period wage credits multiplied by 1.1 percent if it is the individual's first claim during the five-year period immediately preceding the claim filing, or 1.0 percent for subsequent claims filed within that five-year period. The amount (SO) computed under this paragraph, if not a whole dollar, shall be rounded down to the next lower dollar amount. (THE MAXIMUM WEEKLY BENEFIT AMOUNT OF CLAIMS FOR BENEFITS WHICH ESTABLISH A BENEFIT YEAR SUBSEQUENT TO JULY 1, 1979 SHALL BE 66-2/3 PERCENT OF THE AVERAGE WEEKLY WAGE, EXCEPT AS PROVIDED IN CLAUSE (D).)*

(ON OR BEFORE JUNE 30 OF EACH YEAR THE COMMISSIONER SHALL DETERMINE THE AVERAGE WEEKLY WAGE PAID BY EMPLOYERS SUBJECT TO SECTIONS 268.03 TO 268.24 IN THE FOLLOWING MANNER:)

((A) THE SUM OF THE TOTAL MONTHLY EMPLOYMENT REPORTED FOR THE PREVIOUS CALENDAR YEAR SHALL BE DIVIDED BY 12 TO DETERMINE THE AVERAGE MONTHLY EMPLOYMENT.)

((B) THE SUM OF THE TOTAL WAGES REPORTED FOR THE PREVIOUS CALENDAR YEAR SHALL BE DIVIDED BY THE AVERAGE MONTHLY EMPLOYMENT TO DETERMINE THE AVERAGE ANNUAL WAGE.)

((C) THE AVERAGE ANNUAL WAGE SHALL BE DIVIDED BY 52 TO DETERMINE THE AVERAGE WEEKLY WAGE.)

(THE MAXIMUM WEEKLY BENEFIT AMOUNT AS SO DETERMINED COMPUTED TO THE NEAREST WHOLE DOLLAR SHALL APPLY TO CLAIMS FOR BENEFITS WHICH ESTABLISH A BENEFIT YEAR WHICH BEGINS SUBSEQUENT TO JUNE 30 OF EACH YEAR.)

((D) THE MAXIMUM WEEKLY BENEFIT AMOUNT FOR CLAIMS FOR BENEFITS WHICH ESTABLISH A BENEFIT YEAR SUBSEQUENT TO JUNE 30, 1982, AND PRIOR TO JULY 1, 1983, SHALL BE \$184.)

(THE MAXIMUM WEEKLY BENEFIT AMOUNT FOR CLAIMS FOR BENEFITS WHICH ESTABLISH A BENEFIT YEAR SUBSEQUENT TO JUNE 30, 1983, AND PRIOR TO JULY 1, 1984, SHALL BE \$191.)

(THE MAXIMUM WEEKLY BENEFIT AMOUNT FOR CLAIMS FOR BENEFITS WHICH ESTABLISH A BENEFIT YEAR SUBSEQUENT TO JUNE 30, 1984, AND PRIOR TO JULY 1, 1985, SHALL BE \$198.)

(2) An individual's maximum amount of regular benefits payable in a benefit year shall not exceed the lesser of (a) 26 times his weekly benefit amount or (b)  $(70) \frac{66-2}{3}$  percent of the number of credit weeks earned by such an individual computed to the nearest whole week times his weekly benefit amount; *except that, the maximum number of weeks of benefits that can be received as calculated under this paragraph shall be increased by one for each full year, excluding the first five years, of continuous employment the individual has worked with the same employer, subject to a maximum of eight additional weeks. For purposes of this paragraph, "continuous employment" means an individual has 26 or more credit weeks in a calendar year with the same employer with credit being given for leaves of absence for health reasons.*

(3) Each eligible individual who is unemployed in any week shall be paid with respect to such week a benefit in an amount equal to his weekly benefit amount less that part of his earnings, including holiday pay, payable to him with respect to such week which is in excess of \$25 or \$200 for earnings from service in the national guard or a United States military reserve unit. *In addition, one-fourth of the individual's earnings up to the amount of the individual's benefit shall not apply to reduce the individual's benefit.* Jury duty pay is not considered as earnings and shall not be deducted from benefits paid. Such benefit, if not a whole dollar amount shall be rounded down to the next lower dollar amount.

(4) (THE PROVISIONS OF CLAUSES (1) AND (2) SHALL APPLY TO CLAIMS FOR BENEFITS WHICH ESTABLISH A BENEFIT YEAR SUBSEQUENT TO JUNE 30, 1983.) *The minimum weekly benefit amount for claims for benefits which establish a benefit year subsequent to June 30, 1986, shall be \$68 for claims based on credit weeks or \$40 for claims based on alternative credit weeks. The maximum weekly benefit amount for claims for benefits that establish a benefit year subsequent to June 30, 1986, shall be \$228.*

Sec. 11. Minnesota Statutes 1984, section 268.07, subdivision 2a, is amended to read:

Subd. 2a. [EXCEPTION.] Notwithstanding the provisions of subdivision 2, if the commissioner finds that an individual has earned credit weeks or alternative credit weeks in seasonal employment, benefits shall be payable only if the commissioner finds that the individual has earned (15) *at least 18 credit weeks or alternative credit weeks in employment which is not seasonal for claims establishing a benefit year prior to July 1, 1988, or at least 20 credit weeks in employment which is not seasonal for claims establishing a benefit year subsequent to June 30, 1988, in addition to any credit weeks or alternative credit weeks in seasonal employment. For the purposes of this subdivision,*

"seasonal employment" means employment with a single employer in the recreation or tourist industry which is available with the employer for (15) 18 consecutive weeks or less each calendar year.

Sec. 12. Minnesota Statutes 1984, section 268.071, subdivision 1, is amended to read:

Subdivision 1. [DEFINITIONS.] As used in this section, unless the context clearly requires otherwise:

(1) [EXTENDED BENEFIT PERIOD.] "Extended benefit period" means a period which

(a) Begins with the third week after a week for which there is a state "on" indicator; and

(b) Ends with either of the following weeks, whichever occurs later: The third week after the first week for which there is a state "off" indicator; or the 13th consecutive week of the period;

Provided, that no extended benefit period may begin before the 14th week following the end of a prior extended benefit period which was in effect with respect to this state.

(2) [STATE "ON" INDICATOR.] There is a "state 'on' indicator" for this state for a week if the commissioner determines, in accordance with the regulations of the United States secretary of labor, that for the period consisting of such week and the immediately preceding 12 weeks, the rate of insured unemployment (not seasonally adjusted) under this law

(a) equaled or exceeded 120 percent of the average of such rates for the corresponding 13 week period ending in each of the preceding two calendar years, and

(b) equaled or exceeded five percent.

The determination of whether there has been a state "on" indicator beginning any extended benefit period may be made as provided in clauses (a) and (b) above or a "state 'on' indicator" shall exist if the rate described in clause (b) equaled or exceeded six percent irrespective of whether the percentage requirement provided by clause (a) is met or exceeded.

(3) [STATE "OFF" INDICATOR.] There is a "state 'off' indicator" for this state for a week if, for the period consisting of such week and the immediately preceding 12 weeks, the rate of insured unemployment is less than six percent and the requirements for a "state 'on' indicator" under clause (2) of this subdivision are not satisfied.

(4) [RATE OF INSURED UNEMPLOYMENT.] "Rate of insured unemployment," for purposes of clauses (2) and (3), means the percentage derived by dividing the average weekly number of individuals filing claims for regular benefits in this state for weeks of unemployment with respect to the most recent 13 consecutive week period, as determined by the commissioner on the basis of his reports to the United States secretary of labor, by the average monthly employment covered under this law for the first four of the most recent six completed calendar quarters ending before the end of such 13 week period.

(5) [REGULAR BENEFITS.] "Regular benefits" means benefits payable to an individual under this law or under any other state law (including benefits payable to federal civilian employees and to ex-servicemen pursuant to 5 U.S.C. chapter 85) other than extended benefits and additional benefits.

(6) [EXTENDED BENEFITS.] "Extended benefits" means benefits (including benefits payable to federal civilian employees and to ex-servicemen pursuant to 5 U.S.C. chapter 85) payable to an individual under the provisions of this section for weeks of unemployment in his eligibility period.

(7) [ADDITIONAL BENEFITS.] "Additional benefits" means benefits payable to exhaustees by reason of conditions of high unemployment or by reason of other special factors under the provisions of any state law.

(8) [ELIGIBILITY PERIOD.] "Eligibility period" of an individual means the period consisting of the weeks in his benefit year which begin in an extended benefit period and, if his benefit year ends within such extended benefit period, any weeks thereafter which begin in such period.

(9) [EXHAUSTEE.] "Exhaustee" means an individual who, with respect to any week of unemployment in his eligibility period:

(a) Has received, prior to such week, all of the regular benefits that were available to him under this law or any other state law (including dependents' allowances and benefits payable to federal civilian employees and ex-servicemen under 5 U.S.C. chapter 85) in his current benefit year that includes such week:

Provided, that, for the purposes of this paragraph, an individual shall be deemed to have received all of the regular benefits that were available to him although as a result of a pending appeal with respect to wage credits (OR), credit weeks, or *alternative credit weeks* that were not considered in the original monetary determination in his benefit year, he may subsequently be determined to be entitled to added regular benefits; or



(b) His benefit year having expired prior to such week, has no, or insufficient, wages and/or employment on the basis of which he could establish a new benefit year that would include such week or having established a benefit year that includes such week, he is precluded from receiving regular compensation by reason of: (i) a state law provision which meets the requirements of section 3304 (a) (7) of the Internal Revenue Code of 1954, or (ii) a disqualification determination which cancelled wage credits or totally reduced his benefit rights, or (iii) benefits are not payable by reason of a seasonal limitation in a state unemployment insurance law; and

(c) Has no right to unemployment benefits or allowances, as the case may be, under the railroad unemployment insurance act, the trade expansion act of 1962, the automotive products act of 1965 and such other federal laws as are specified in regulations issued by the United States secretary of labor; and has not received and is not seeking unemployment benefits under the unemployment compensation law of Canada; but if he is seeking such benefits and the appropriate agency finally determines that he is not entitled to benefits under such law he is considered an exhaustee.

(10) [STATE LAW.] "State law" means the unemployment insurance law of any state, approved by the United States secretary of labor under section 3304 of the Internal Revenue Code of 1954.

Sec. 13. [268.073] [ADDITIONAL UNEMPLOYMENT COMPENSATION BENEFITS.]

*Subdivision 1. Additional unemployment compensation benefits are authorized under this section only if the commissioner determines that:*

*(1) an employer has reduced operations at an establishment resulting in the reduction of at least 50 percent of the employer's work force and the lay-off of at least 50 employees at that establishment;*

*(2) the employer does not intend to resume operations which would lead to the reemployment of those employees at any time in the future; and*

*(3) the unemployment rate for the county in which the establishment is located was ten percent during the month of the reduction or any of the three months preceding or succeeding the reduction.*

*Subd. 2. [PAYMENT OF BENEFITS.] All benefits payable under this section are payable from the fund.*

**Subd. 3. [ELIGIBILITY CONDITIONS.]** *An individual is eligible to receive additional benefits under this section for any week during the individual's benefit year if the commissioner finds that:*

*(1) the individual's unemployment is the result of a reduction in operations as provided under subdivision 1;*

*(2) the individual is unemployed and meets the eligibility requirements for the receipt of unemployment benefits under section 268.08;*

*(3) the individual is not subject to a disqualification for benefits under section 268.09; for the purpose of this subdivision, the disqualifying conditions set forth in section 268.09, and the qualifying requirements thereunder, apply to the receipt of additional benefits under this section;*

*(4) the individual has exhausted all rights to regular benefits payable under section 268.07, is not entitled to receive extended benefits under section 268.071, and is not entitled to receive unemployment compensation benefits under any other state or federal law for the week in which the individual is claiming additional benefits;*

*(5) the individual has made a claim for additional benefits with respect to any week the individual is claiming benefits in accordance with the regulations as the commissioner may prescribe with respect to claims for regular benefits; and*

*(6) the individual has worked at least 26 weeks during the individual's base period in employment with an employer for whom the commissioner has determined there was a reduction in operations under subdivision 1.*

**Subd. 4. [WEEKLY BENEFIT AMOUNT.]** *A claimant's weekly benefit amount under this section shall be the same as the individual's weekly benefit amount payable during the individual's current benefit year under section 268.08.*

**Subd. 5. [MAXIMUM BENEFITS PAYABLE.]** *A claimant's maximum amount of additional benefits payable in the individual's benefit year shall be six times the individual's weekly benefit amount. Unemployment compensation benefits paid to an individual under any state or federal law other than regular benefits payable under section 268.07 shall be deducted from that individual's maximum amount of additional benefits.*

**Subd. 6.** *The additional benefits provided under this section shall be payable to any claimant who meets the eligibility conditions under subdivision 3 whose unemployment occurred on July*

*1, 1984, or thereafter, provided the claimant has filed a claim for additional benefits which is effective January 1, 1986, or thereafter.*

Sec. 14. Minnesota Statutes 1985 Supplement, section 268.08, subdivision 1, is amended to read:

Subdivision 1. [ELIGIBILITY CONDITIONS.] An individual shall be eligible to receive benefits with respect to any week of unemployment only if the commissioner finds that the individual:

(1) has registered for work at and thereafter has continued to report to an employment office, or agent of the office, in accordance with rules the commissioner may adopt; except that the commissioner may by rule waive or alter either or both of the requirements of this clause as to types of cases or situations with respect to which the commissioner finds that compliance with the requirements would be oppressive or would be inconsistent with the purposes of sections 268.03 to 268.24;

(2) has made a claim for benefits in accordance with rules as the commissioner may adopt;

(3) was able to work and was available for work, and was actively seeking work. The individual's weekly benefit amount shall be reduced one-fifth for each day the individual is unable to work or is unavailable for work. Benefits shall not be denied by application of this clause to an individual who is in training with the approval of the commissioner or in training approved pursuant to section 236 of the Trade Act of 1974, as amended.

An individual is deemed unavailable for work with respect to any week which occurs in a period when the individual is a full-time student in attendance at, or on vacation from an established school, college or university unless a majority of the credit weeks or *alternative credit weeks* earned in the base period were for services performed during weeks in which the student was attending school as a full-time student.

An individual serving as a juror shall be considered as available for work and actively seeking work on each day the individual is on jury duty; and

(4) has been unemployed for a waiting period of one week during which the individual is otherwise eligible for benefits under sections 268.03 to 268.24. However, payment for the waiting week shall be made to the individual as follows: *ten percent of the amount of the individual's weekly benefit amount otherwise payable shall be paid to the individual after the individual has qualified for and been paid benefits for four weeks of unemployment in a benefit year which period of unemployment is termi-*

nated because of the individual's return to employment; *the remaining 90 percent of the individual's weekly benefit amount shall be paid to the individual after the last week for which the individual has qualified for and been paid benefits.* No individual is required to serve a waiting period of more than one week within the one-year period subsequent to filing a valid claim and commencing with the week within which the valid claim was filed.

Sec. 15. Minnesota Statutes 1984, section 268.08, subdivision 3, is amended to read:

Subd. 3. [NOT ELIGIBLE.] An individual shall not be eligible to receive benefits for any week with respect to which he is receiving, has received, or has filed a claim for remuneration in an amount equal to or in excess of his weekly benefit amount in the form of

(1) termination, severance, or dismissal payment or wages in lieu of notice whether legally required or not; provided that if a termination, severance, or dismissal payment is made in a lump sum, the employer may allocate such lump sum payment over a period equal to the lump sum divided by the employee's regular pay while employed by such employer; provided any such payment shall be applied for a period immediately following the last day of work but not to exceed 28 calendar days; or

(2) vacation allowance paid directly by the employer for a period of requested vacation, including vacation periods assigned by the employer under the provisions of a collective bargaining agreement, or uniform vacation shutdown; or

(3) compensation for loss of wages under the workers' compensation law of this state or any other state or under a similar law of the United States, or under other insurance or fund established and paid for by the employer except that this does not apply to an individual who is receiving temporary partial compensation pursuant to section 176.101, subdivision 3k; or

(4) 50 percent of the pension payments from any fund, annuity or insurance maintained or contributed to by a base period employer including the armed forces of the United States if the employee contributed to the fund, annuity or insurance and all of the pension payments if the employee did not contribute to the fund, annuity or insurance; or

(5) 50 percent of a primary insurance benefit under title II of the Social Security Act as amended, or similar old age benefits under any act of congress or this state or any other state.

Provided, that if such remuneration is less than the benefits which would otherwise be due under sections 268.03 to 268.24, he shall be entitled to receive for such week, if otherwise eligible,

benefits reduced by the amount of such remuneration; provided, further, that if the appropriate agency of such other state or the federal government finally determines that he is not entitled to such benefits, this provision shall not apply. If the computation of reduced benefits, required by this subdivision, is not a whole dollar amount, it shall be rounded down to the next lower dollar amount.

*If an individual's benefit is reduced because of the receipt of a pension from the employer that the individual left due to the reasons described in clause (b), the individual's benefit year shall be extended by the number of weeks necessary for the individual to receive the benefit which would have been paid in the benefit year except for that reduction if the following conditions are satisfied:*

*(a) the individual is ineligible for benefits solely due to the lapse of the benefit year;*

*(b) the individual is unemployed due to the closing of a place of employment or is otherwise permanently laid off and not due to a voluntary decision of the individual to retire; and*

*(c) the individual had not attained mandatory retirement age at the time the individual became unemployed.*

Sec. 16. Minnesota Statutes 1984, section 268.09, subdivision 1, is amended to read:

Subdivision 1. [DISQUALIFYING CONDITIONS.] An individual separated from employment under clauses (1), (2), or (3) shall be disqualified for waiting week credit and benefits. For separations under clauses (1) and (2), the disqualification shall continue until (FOUR) *eight* calendar weeks have elapsed following his separation and the individual has earned (FOUR) *eight* times his weekly benefit amount in insured work.

(1) [VOLUNTARY LEAVE.] The individual voluntarily and without good cause attributable to the employer discontinued his employment with such employer. For the purpose of this clause, a separation from employment by reason of its temporary nature or for inability to pass a test or for inability to meet performance standards necessary for continuation of employment or based solely on a provision in a collective bargaining agreement by which an individual has vested discretionary authority in another to act in behalf of the individual shall not be deemed voluntary.

A separation shall be for good cause attributable to the employer if it occurs as a consequence of sexual harassment. Sexual harassment means unwelcome sexual advances, requests for sexual favors, sexually motivated physical contact or other con-

duct or communication of a sexual nature when: (1) the employee's submission to such conduct or communication is made a term or condition of the employment, (2) the employee's submission to or rejection of such conduct or communication is the basis for decisions affecting employment, or (3) such conduct or communication has the purpose or effect of substantially interfering with an individual's work performance or creating an intimidating, hostile, or offensive working environment and the employer knows or should know of the existence of the harassment and fails to take timely and appropriate action.

(2) [DISCHARGE FOR MISCONDUCT.] The individual was discharged for misconduct, not amounting to gross misconduct connected with his work or for misconduct which interferes with and adversely affects his employment.

An individual shall not be disqualified under clauses (1) and (2) of this subdivision under any of the following conditions:

(a) The individual voluntarily discontinued his employment to accept work offering substantially better conditions of work or substantially higher wages or both;

(b) The individual is separated from employment due to his own serious illness provided that such individual has made reasonable efforts to retain his employment;

An individual who is separated from his employment due to his illness of chemical dependency which has been professionally diagnosed or for which he has voluntarily submitted to treatment and who fails to make consistent efforts to maintain the treatment he knows or has been professionally advised is necessary to control that illness has not made reasonable efforts to retain his employment.

(c) The individual accepts work from a base period employer which involves a change in his location of work so that said work would not have been deemed to be suitable work under the provisions of subdivision 2 and within a period of 13 weeks from the commencement of said work voluntarily discontinues his employment due to reasons which would have caused the work to be unsuitable under the provision of said subdivision 2;

(d) The individual left employment because he had reached mandatory retirement age and was 65 years of age or older;

(e) The individual is terminated by his employer because he gave notice of intention to terminate employment within 30 days. This exception shall be effective only through the calendar week which includes the date of intended termination, provided that this exception shall not result in the payment of benefits for any week for which he receives his normal wage or salary which is equal to or greater than his weekly benefit amount;

(f) The individual is separated from employment due to the completion of an apprenticeship program, or segment thereof, approved pursuant to chapter 178;

(g) The individual voluntarily leaves part-time employment with a base period employer while continuing full-time employment if the individual attempted to return to part-time employment after being separated from the full-time employment, and if substantially the same part-time employment with the base period employer was not available for the individual.

(3) [DISCHARGE FOR GROSS MISCONDUCT.] The individual was discharged for gross misconduct connected with his work or gross misconduct which interferes with and adversely affects his employment. For a separation under this clause, the commissioner shall impose a total disqualification for the benefit year and cancel all of the wage credits from the last employer from whom he was discharged for gross misconduct connected with his work.

For the purpose of this clause "gross misconduct" is defined as misconduct involving assault and battery or the malicious destruction of property or arson or sabotage or embezzlement or any other act, including theft, the commission of which amounts to a felony or gross misdemeanor. For an employee of a health care facility, gross misconduct also includes misconduct involving an act of patient or resident abuse as defined in section 626.557, subdivision 2, clause (d).

If an individual is convicted of a felony or gross misdemeanor for the same act or acts of misconduct for which the individual was discharged, the misconduct is conclusively presumed to be gross misconduct if it was connected with his work.

(4) [LIMITED OR NO CHARGE OF BENEFITS.] Benefits paid subsequent to an individual's separation under any of the foregoing clauses, excepting clauses (2)(c) and (2)(e), shall not be used as a factor in determining the future contribution rate of the employer from whose employment such individual separated.

Benefits paid subsequent to an individual's failure, without good cause, to accept an offer of suitable re-employment shall not be used as a factor in determining the future contribution rate of the employer whose offer of re-employment he failed to accept or whose offer of re-employment was refused solely due to the distance of the available work from his residence, the individual's own serious illness or his other employment at the time of the offer.

(5) An individual who was employed by an employer shall not be disqualified for benefits under this subdivision for any

acts or omissions occurring after his separation from employment with the employer.

(6) [DISCIPLINARY SUSPENSIONS.] An individual shall be disqualified for waiting week credit and benefits for the duration of any disciplinary suspension of 30 days or less resulting from his own misconduct. Disciplinary suspensions of more than 30 days shall constitute a discharge from employment.

Sec. 17. Minnesota Statutes 1984, section 268.09, subdivision 2, is amended to read:

Subd. 2. [FAILURE TO APPLY FOR OR ACCEPT SUITABLE WORK OR RE-EMPLOYMENT.] An individual shall be disqualified for waiting week credit and benefits during the week of occurrence and until (FOUR) *eight* calendar weeks have elapsed following his refusal or failure and he has earned (FOUR) *eight* times his weekly benefit amount in insured work if the commissioner finds that he has failed, without good cause, either to apply for available, suitable work of which he was advised by the employment office, or the commissioner or to accept suitable work when offered him, or to return to his customary self-employment (if any) when so directed by the commissioner, or to accept a base period employer's offer of re-employment offering substantially the same or better hourly wages and conditions of work as were previously provided by that employer in his base period.

(a) In determining whether or not any work is suitable for an individual, the commissioner shall consider the degree of risk involved to his health, safety, and morals, his physical fitness and prior training, his experience, his length of unemployment and prospects of securing local work in his customary occupation, and the distance of the available work from his residence.

(b) Notwithstanding any other provisions of sections 268.03 to 268.24, no work shall be deemed suitable, and benefits shall not be denied thereunder to any otherwise eligible individual for refusing to accept new work under any of the following conditions:

(1) if the position offered is vacant due directly to a strike, lockout, or other labor dispute;

(2) if the wages, hours, or other conditions of the work offered are substantially less favorable to the individual than those prevailing for similar work in the locality;

(3) if as a condition of being employed the individual would be required to join a union or to resign from or refrain from joining any bona fide labor organization;



(4) if the individual is in training with the approval of the commissioner.

(c) *Except as otherwise provided in paragraph (b), work is suitable if it meets the requirements of paragraph (a) and pays 75 percent or more of the individual's gross weekly wages.*

Sec. 18. Minnesota Statutes 1984, section 268.09, is amended by adding a subdivision to read:

*Subd. 2a. An individual who has qualified for benefits under the alternative credit week requirement, as provided under section 268.07, subdivision 2, and who is disqualified for benefits under subdivisions 1 and 2 of this section, other than for gross misconduct, shall be disqualified for waiting week credit and benefits. The disqualification shall continue until eight weeks have elapsed following the separation or refusal of suitable work or reemployment and until the individual has worked for a minimum of 20 hours in each of eight weeks in insured work.*

Sec. 19. Minnesota Statutes 1984, section 268.10, subdivision 1, is amended to read:

Subdivision 1. [FILING.] Claims for benefits shall be made in accordance with such regulations as the commissioner may prescribe. Each employer shall post and maintain printed statements of such regulations in places readily accessible to individuals in his service and shall make available to each such individual at the time he becomes unemployed, a printed statement of such regulations. Such printed statements shall be supplied by the commissioner to each employer without cost to him.

(1) Any employer upon separation of an employee from his employment for any reason which may result in disqualification for benefits under section 268.09, shall furnish to such employee a separation notice which shall provide the employer's name, address, and employer account number as registered with the department, the employee's name and social security account number, the inclusive dates of his employment, and the reason for the separation. A copy of such separation notice shall be filed with the commissioner within seven days of such separation. The commissioner shall require each individual filing a claim for benefits to establish a benefit year to furnish the reason for separation from all employers in his base period.

(2) Upon the filing, by an individual, of a claim for benefits, the commissioner shall give notice to all such base period employers of the filing of such claim and request each such base period employer, within seven days after the mailing of such notice, to furnish the following information:

(a) The total wage credits earned in the base period;

(b) The number of credit weeks or *alternative credit weeks* which end within the base period;

(c) The week ending dates for each calendar week within the base period in which the individual earned less than the amount required to make a credit week and the amount of earnings in each such week;

(d) The reason for the separation or separations of such individual from the employ of the employer in the base period; and

(e) Such employer's protest, if any, relating to the ineligibility or disqualification of such individual.

(3) If any base period employer, after the notice of filing of a claim and the request for wage and separation information has been duly mailed to his last known address, fails to file information as provided by items (a) through (e) of clause 2 of this subdivision within seven days, the commissioner shall:

(a) Determine the validity of an individual's claim based on the claimant's statements or any other available information. An employer shall be liable for a late filing fee of not less than \$5 nor more than \$25, as the commissioner may determine, to be paid to the department of economic security and credited to the contingent fund if he has failed without good cause to submit the wage and separation information as required in clause 2 of this subdivision within seven days after the request has been duly mailed to his last known address. In the absence of fraud, if a redetermination of validity of claim based on an employer's late report subsequently cancels or reduces the amount of benefits to which a claimant was entitled under the initial determination, the claimant shall not be required to make repayment to the fund of any benefits paid to him prior to such redetermination; and

(b) Determine any issue of disqualification raised by clause (1) or by an employer's late report. If an employer fails to file a separation notice within the time limits prescribed in clause (1), any relief from benefit charges provided by section 268.09, subdivision 1, clause (4), shall apply to weeks of unemployment beginning after the filing of the late report.

Sec. 20. Minnesota Statutes 1984, section 268.10, subdivision 2, is amended to read:

Subd. 2. [EXAMINATION OF CLAIMS; DETERMINATION; APPEAL.] (1) An official, designated by the commissioner, shall promptly examine each claim for benefits filed to establish a benefit year pursuant to this section, and, on the basis of the facts found, shall determine whether or not such claims are valid, and if valid, the weekly benefit amount payable, the

maximum benefit amount payable during the benefit year, and the date the benefit year terminates, and this determination shall be known as the determination of validity. Notice of the determination of validity or any redetermination as provided for in clause (4) shall be promptly given the claimant and all other interested parties. If within the time limits for filing a protest an employer notifies the department that an individual's weekly benefit amount as determined under section 268.07 exceeds the individual's weekly wages earned with the employer, the individual's weekly benefit amount shall be the lesser of (1) the weekly benefit amount as determined under section 268.07, or (2) the weekly benefit amount which is 50 percent of the quotient derived by dividing the total wage credits earned in the individual's base period credit weeks or *alternative credit weeks* from all employers in insured work by the number of base period credit weeks or *alternative credit weeks*. If within the time specified for the filing of wage and separation information as provided in subdivision 1, clause (2), the employer makes an allegation of disqualification or raises an issue of the chargeability to his account of benefits that may be paid on such claim, if the claim is valid, the issue thereby raised shall be promptly determined by said official and a notification of the determination delivered or mailed to the claimant and the employer. If an initial determination or an appeal tribunal decision or the commissioner's decision awards benefits, the benefits shall be paid promptly regardless of the pendency of any appeal period or any appeal or other proceeding which may thereafter be taken. Except as provided in clause (6), if an appeal tribunal decision modifies or reverses an initial determination awarding benefits, or if a commissioner's decision modifies or reverses an appeal decision awarding benefits, any benefits paid under the award of such initial determination or appeal tribunal decision shall be deemed erroneous payments.

(2) At any time within 24 months from the date of the filing of a valid claim for benefits by an individual, an official of the department or any interested party or parties raises an issue of claimant's eligibility for benefits for any week or weeks in accordance with the requirements of the provisions of sections 263.03 to 268.24 or any official of the department or any interested party or parties or benefit year employer raises an issue of disqualification in accordance with the regulations of the commissioner, a determination shall be made thereon and a written notice thereof shall be given to the claimant and such other interested party or parties or benefit year employer. A determination issued under this clause which denies benefits for weeks for which the claimant has previously been paid benefits is an overpayment of those benefits subject to section 268.18.

(3) A determination issued pursuant to clauses (1) and (2) shall be final unless an appeal therefrom is filed by a claimant or employer within 15 days after the mailing of the notice of the determination to his last known address or personal delivery of the notice. Every notice of determination shall contain a prominent statement indicating in clear language the method of appeal.

ing the determination, the time within which such an appeal must be made, and the consequences of not appealing the determination. A timely appeal from a determination of validity in which the issue is whether an employing unit is an employer within the meaning of this chapter or whether services performed for an employer constitute employment within the meaning of this chapter shall be subject to the provisions of section 268.12, subdivision 13.

(4) At any time within 24 months from the date of the filing of a valid claim for benefits by an individual, the commissioner on his own motion may reconsider a determination of validity made thereon and make a redetermination thereof if he finds that an error in computation or identity or the crediting of wage credits has occurred in connection therewith or if the determination was made as a result of a nondisclosure or misrepresentation of a material fact. A determination or redetermination issued under this clause which denies benefits for weeks for which the claimant has previously been paid benefits is an overpayment of those benefits subject to section 268.18.

(5) However, the commissioner may in his discretion refer any disputed claims directly to a referee for hearing and determination in accordance with the procedure outlined in subdivision 3 and the effect and status of such determination in such a case shall be the same as though the matter had been determined upon an appeal to the tribunal from an initial determination.

(6) If a referee's decision affirms an initial determination awarding benefits or the commissioner affirms an appeal tribunal decision awarding benefits, the decision, if finally reversed, shall not result in a disqualification and benefits paid shall neither be deemed overpaid nor shall they be considered in determining any individual employer's future contribution rate under section 268.06.

## Sec. 21. [UNEMPLOYMENT BENEFIT BORROWINGS.]

*The commissioner of jobs and training must determine on October 1, 1986, whether there will be sufficient funds in the unemployment compensation fund established under section 268.05, subdivision 5, for the payment of unemployment benefits from November 10, 1986, to January 1, 1987.*

*If the commissioner determines there is a possibility that there will be insufficient money in the fund to pay those benefits the commissioner must notify the commissioner of finance immediately. The commissioner of finance must, upon receiving notice, arrange for short term borrowing an amount necessary to cover the insufficiency as calculated by the commissioner of*

*jobs and training and deposit the money in the unemployment compensation fund.*

*The commissioner of jobs and training must spend only amounts from the borrowing as are necessary to pay all unemployment benefits due from November 1, 1986, to January 1, 1987, without requiring an advance from the secretary of the treasury of the United States under section 1201 of the social security act, as amended.*

*The loan is repayable immediately subsequent to January 1, 1987, from employers contributions made to the commissioner pursuant to section 268.06. Interest on the loan shall be paid from funds available to the commissioner of jobs and training to the extent it does not violate federal law or regulations otherwise the interest shall be paid from the general fund.*

Sec. 22. Minnesota Statutes 1984, section 16A.671, subdivision 1, is amended to read:

Subdivision 1. [AUTHORITY; ADVISORY RECOMMENDATION.] To ensure that cash is available when needed to pay warrants drawn on the general fund under appropriations and allotments and for transfers under section 14, the governor may authorize the commissioner (1) to issue certificates of indebtedness in anticipation of the collection of taxes levied for and other revenues appropriated to the general fund for expenditure during each biennium; and (2) to issue additional certificates to refund outstanding certificates and interest on them, under the Constitution, article XI, section 6.

Sec. 23. [REEMPLOYMENT BENEFIT STUDY.]

*The commissioner of the department of jobs and training shall study the feasibility and public policy implication of providing partial weekly benefits to individuals that return to work prior to the time their benefit eligibility ceases. The commissioner shall report the results of the study along with any recommendations to each house of the legislature by January 1, 1987.*

Sec. 24. [QUARTERLY QUALIFYING STUDY.]

*The commissioner of the department of jobs and training shall make a detailed study of quarterly qualifying statutes in other states and shall present that study, along with a proposal for its implementation, to the legislature no later than January 1, 1987. The proposal shall be as revenue- and benefit-neutral as practicable with reference to the laws in effect as of January 1, 1987, as is reasonably possible. The report shall include a detailed explication of the need for adoption of this system, including pertinent citations of federal laws, and a timetable for its implementation.*

**Sec. 25. [EFFECTIVE DATE.]**

*Sections 1, 13, 14, 15, 16, 17, 21, 22, 23, and 24 are effective the day following final enactment. Sections 2, 4, 5, 6, 10, 11, 12, 18, 19, and 20 are effective July 1, 1986. Section 7 is effective retroactively to January 1, 1986. Sections 3, 8, and 9 are effective January 1, 1987.*

**ARTICLE 2****TRANSFER OF AUTHORITY TO OFFICE OF  
ADMINISTRATIVE HEARINGS****Section 1. [TRANSFER FROM DEPARTMENT OF JOBS  
AND TRAINING.]**

*Subdivision 1. [PURPOSE.] It is the purpose and intent of this article to transfer all unemployment compensation hearing responsibilities and related functions except for appeal hearings before the commissioner or an authorized representative from the department of jobs and training to the office of administrative hearings.*

*Subd. 2. [PERSONNEL; EQUIPMENT.] All unemployment insurance referees at the department of jobs and training are transferred to the office of administrative hearings pursuant to Minnesota Statutes, section 15.039, except as otherwise provided by this article. Notwithstanding any laws to the contrary, all unemployment insurance referees employed by the department of jobs and training at the time of this transfer are eligible for appointment as unemployment judges within the office of administrative hearings, and shall be appointed as such on transfer. Notwithstanding the provisions of section 15.039, or any other provision of this article, the chief administrative law judge, in consultation with the commissioner of employee relations, shall appoint supervisory unemployment insurance judges. Referees transferred pursuant to this section fulfilling supervisory functions with the department of jobs and training at the time of transfer may be considered for appointment as supervisory unemployment insurance judges. All personnel and positions at the department of jobs and training presently providing support to the hearing related functions transferred pursuant to this article, including those involved in the scheduling of hearings, processing, and mailing of hearing notices, preparation and serving of referees' decisions or correspondence, travel coordination, accounting, and answering of telephones are transferred to the office of administrative hearings pursuant to Minnesota Statutes, section 15.039.*

*All equipment and supplies used solely by the transferred personnel in the performance of their duties are transferred to the office of administrative hearings.*

**Subd. 3. [COOPERATION.]** *Commencing with the passage and signing of this act, the commissioner, the commissioners of administration, finance, and employee relations, and the chief administrative law judge shall cooperate in assuring a smooth transfer of the referees and related personnel and equipment in order to carry out the purposes of this article. The commissioner shall provide office space at the department of jobs and training for the chief administrative law judge to use prior to the transfer in order to complete a review of the existing hearing system and personnel prior to the effective date of the transfer. The commissioner of administration, after consultation with the commissioner of jobs and training, the commissioner of finance, and the chief administrative law judge, shall determine the appropriate location of office space for the transferred personnel. The commissioner shall continue to provide space for the conduct of hearings in the same facilities and locations which are presently utilized for that purpose.*

**Subd. 4. [RULES.]** *The chief administrative law judge may make emergency rules for the purpose of adopting procedural rules for unemployment compensation hearings. The rules shall not conflict with any provisions of chapter 268 and shall comply with any applicable federal laws, rules, or regulations.*

**Subd. 5. [TIMELINESS.]** *To satisfy United States Department of Labor funding requirements the office of administrative hearings shall meet or exceed timeliness standards under federal regulation in the conduct of unemployment compensation hearings.*

**Sec. 2.** Minnesota Statutes 1984, section 14.03, subdivision 2, is amended to read:

**Subd. 2. [CONTESTED CASE PROCEDURE.]** *The contested case procedures of the administrative procedure act provided in sections 14.57 to 14.70 do not apply to (a) the Minnesota municipal board, (b) the commissioner of corrections, (c) the unemployment insurance program (AND), except for those hearings held by an unemployment insurance judge of the office of administrative hearings, (d) the social security disability determination program in the department of (ECONOMIC SECURITY) jobs and training, ((D)) (e) the director of mediation services, ((E)) (f) the workers' compensation division in the department of labor and industry, ((F)) (g) the workers' compensation court of appeals, ((G)) (h) the board of pardons, or ((H)) (i) the public employment relations board.*

**Sec. 3.** Minnesota Statutes 1985 Supplement, section 14.48, is amended to read:

**14.48 [CREATION OF OFFICE OF ADMINISTRATIVE HEARINGS; CHIEF ADMINISTRATIVE LAW JUDGE AP-**

**POINTED; OTHER ADMINISTRATIVE LAW JUDGES APPOINTED.]**

A state office of administrative hearings is created. The office shall be under the direction of a chief administrative law judge who shall be learned in the law and appointed by the governor, with the advice and consent of the senate, for a term ending on June 30 of the sixth calendar year after appointment. Senate confirmation of the chief administrative law judge shall be as provided by section 15.066. The chief administrative law judge shall appoint additional administrative law judges and compensation judges to serve in his office as necessary to fulfill the duties prescribed in sections 14.48 to 14.56. The chief administrative law judge may delegate to a subordinate employee the exercise of a specified statutory power or duty as deemed advisable, subject to the control of the chief administrative law judge. Every delegation must be by written order filed with the secretary of state. All administrative law judges, *unemployment insurance judges*, and compensation judges shall be in the classified service except that the chief administrative law judge shall be in the unclassified service, but may be removed from his position only for cause. All administrative law judges shall have demonstrated knowledge of administrative procedures and shall be free of any political or economic association that would impair their ability to function officially in a fair and objective manner. All workers' compensation judges shall be learned in the law, shall have demonstrated knowledge of workers' compensation laws and shall be free of any political or economic association that would impair their ability to function officially in a fair and objective manner.

Sec. 4. Minnesota Statutes 1985 Supplement, section 14.51, is amended to read:

**14.51 [PROCEDURAL RULES FOR HEARINGS.]**

The chief administrative law judge shall adopt rules to govern the procedural conduct of all hearings, relating to both rule adoption, amendment, suspension or repeal hearings, contested case hearings, (AND) workers' compensation hearings *and unemployment compensation hearings*, and to govern the conduct of voluntary mediation sessions for rulemaking and contested cases other than those within the jurisdiction of the bureau of mediation services. (TEMPORARY) *Emergency* rulemaking authority is granted to the chief administrative law judge for the purpose of (IMPLEMENTING LAWS 1981, CHAPTER 346, SECTIONS 2 TO 6, 103 TO 122, 127 TO 135, AND 141) *the adoption of procedural rules for unemployment compensation hearings*. The procedural rules for hearings shall be binding upon all agencies and shall supersede any other agency procedural rules with which they may be in conflict. The procedural rules for hearings shall include in addition to normal procedural matters provisions relating to recessing and reconvening new hearings when the proposed final rule of an agency is substantially different from that which was



proposed at the public hearing. The procedural rules shall establish a procedure whereby the proposed final rule of an agency shall be reviewed by the chief administrative law judge to determine whether or not a new hearing is required because of substantial changes or failure of the agency to meet the requirements of sections 14.13 to 14.18. Upon his own initiative or upon written request of an interested party, the chief administrative law judge may issue a subpoena for the attendance of a witness or the production of books, papers, records or other documents as are material to the matter being heard. The subpoenas shall be enforceable through the district court in the district in which the subpoena is issued.

Sec. 5. Minnesota Statutes 1984, section 14.53, is amended to read:

**14.53 [COSTS ASSESSED.]**

In consultation with the commissioner of (ADMINISTRATION) *finance* the chief administrative law judge shall assess agencies the cost of services rendered to them in the conduct of hearings. All agencies shall include in their budgets provisions for such assessments.

Sec. 6. Minnesota Statutes 1984, section 43A.18, subdivision 4, is amended to read:

Subd. 4. [PLANS NOT ESTABLISHED BUT APPROVED BY COMMISSIONER.] Notwithstanding any other law to the contrary, total compensation for employees listed in this subdivision shall be set by appointing authorities within the limits of compensation plans that have been approved by the commissioner before becoming effective.

(a) Total compensation for employees who are not covered by a collective bargaining agreement in the offices of the governor, attorney general, secretary of state, state auditor and state treasurer shall be determined by the governor, attorney general, secretary of state, state auditor and state treasurer, respectively.

(b) Total compensation for unclassified positions pursuant to section 43A.08, subdivision 1, clause (h), in the higher education coordinating board, and in the state board of vocational technical education shall be determined by the state university board and the state board for community colleges, the higher education coordinating board, and the state board of vocational technical education, respectively.

(c) Total compensation for classified administrative law judges and unemployment insurance judges in the office of administrative hearings shall be determined by the chief administrative law judge.

Sec. 7. Minnesota Statutes 1984, section 179A.10, subdivision 1, is amended to read:

Subdivision 1. [EXCLUSIONS.] The commissioner of employee relations shall meet and negotiate with the exclusive representative of each of the units specified in this section. The units provided in this section are the only appropriate units for executive branch state employees. The following employees shall be excluded from any appropriate unit:

(1) the positions and classes of positions in the classified and unclassified services defined as managerial by the commissioner of employee relations in accordance with section 43A.18, subdivision 3, and so designated in the official state compensation schedules;

(2) unclassified positions in the state university system and the community college system defined as managerial by their respective boards;

(3) positions of physician employees compensated under section 43A.17, subdivision 4;

(4) positions of all unclassified employees appointed by a constitutional officer;

(5) positions in the bureau of mediation services and the public employment relations board;

(6) positions of employees whose classification is pilot or chief pilot;

(7) administrative law judge, *unemployment insurance judge*, and compensation judge positions in the office of administrative hearings; and

(8) positions of all confidential employees.

Sec. 8. Minnesota Statutes 1984, section 268.06, subdivision 18, is amended to read:

Subd. 18. [NOTICE TO EMPLOYER.] The commissioner shall at least twice each year notify each employer of the benefits as determined by the department which have been charged to his account subsequent to the last notice. Unless reviewed in the manner hereinafter provided, charges set forth in such notice, or as modified by a redetermination, a decision of (A REF-EREE) an *unemployment insurance judge*, or the commissioner, shall be final and shall be used in determining the contribution rates for all years in which the charges occur within the employer's experience period and shall not be subject to collateral

attack by way of review of a rate determination, application for adjustment or refund, or otherwise.

Sec. 9. Minnesota Statutes 1984, section 268.06, subdivision 19, is amended to read:

Subd. 19. [NOTICE OF RATE.] The commissioner shall mail to each employer notice of his rate of contributions as determined for any calendar year pursuant to this section. Such notice shall contain the contribution rate, factors used in determining the individual employer's experience rating, and such other information as the commissioner may prescribe. Unless reviewed in the manner hereinafter provided, the rate as determined or as modified by a redetermination, a decision of (A REFEREE) *an unemployment insurance judge*, or the commissioner shall be final except for fraud and shall be the rate upon which contributions shall be computed for the calendar year for which such rate was determined, and shall not be subject to collateral attack for any errors, clerical or otherwise, whether by way of claim for adjustment or refund, or otherwise. If the legislature changes any of the factors used to determine the contribution rate of any employer for any year subsequent to the original mailing of such notice for the year, the earlier notice shall be void. The notice based on the new factors shall be deemed to be the only notice of rate of contributions for that year and shall be subject to the same finality, redetermination and review procedures as provided above.

Sec. 10. Minnesota Statutes 1984, section 268.06, subdivision 20, is amended to read:

Subd. 20. [PROTEST, REVIEW, REDETERMINATION, APPEAL.] A review of the charges made to an employer's account as set forth in the notice of charges referred to in subdivision 18 and a review of an employer's contribution rate as set forth in the notice of his rate for any calendar year as provided in subdivision 19, may be had by the employer if he files with the commissioner a written protest setting forth his reasons therefor within 30 days from the date of the mailing of the notice of charges or contribution rate to him. The date shall appear on the notice. Upon receipt of the protest, the commissioner shall refer the matter to an official designated by him to review the charges appearing on the notice appealed from or the computations of the protesting employer's rate, as the case may be, to determine whether or not there has been any clerical error or error in computation in either case. The official shall either affirm or make a redetermination rectifying the charges or rate as the case may be, and a notice of the affirmation or redetermination shall immediately be mailed to the employer. If the employer is not satisfied with the affirmation or redetermination, he may appeal by filing a notice with the department within ten days after the date of mailing appearing upon the redetermination. Upon the receipt of the appeal, the commis-

sioner shall refer the matter to (A REFEREE) *the office of administrative hearings* for a hearing and after opportunity for a fair hearing, the (REFEREE) *unemployment insurance judge* shall affirm, modify or set aside the original determination with its affirmation or the redetermination, as appears just and proper. The commissioner may at any time upon his own motion correct any clerical error of the department resulting in charges against an employer's account or any error in the computation of an employer's contribution rate. The (REFEREE) *unemployment insurance judge* may order the consolidation of two or more appeals whenever, in his judgment, consolidation will not be prejudicial to any interested party. At any hearing a written report of any employee of the department which has been authenticated shall be admissible in evidence. Appeals from the decision of the (REFEREE) *unemployment insurance judge* shall be provided by section 268.10, subdivision 5.

Sec. 11. Minnesota Statutes 1984, section 268.10, subdivision 2, is amended to read:

Subd. 2. [EXAMINATION OF CLAIMS; DETERMINATION; APPEAL.] (1) An official, designated by the commissioner, shall promptly examine each claim for benefits filed to establish a benefit year pursuant to this section, and, on the basis of the facts found, shall determine whether or not such claims are valid, and if valid, the weekly benefit amount payable, the maximum benefit amount payable during the benefit year, and the date the benefit year terminates, and this determination shall be known as the determination of validity. Notice of the determination of validity or any redetermination as provided for in clause (4) shall be promptly given the claimant and all other interested parties. If within the time limits for filing a protest an employer notifies the department that an individual's weekly benefit amount as determined under section 268.07 exceeds the individual's weekly wages earned with the employer, the individual's weekly benefit amount shall be the lesser of (1) the weekly benefit amount as determined under section 268.07, or (2) the weekly benefit amount which is 50 percent of the quotient derived by dividing the total wage credits earned in the individual's base period credit weeks from all employers in insured work by the number of base period credit weeks. If within the time specified for the filing of wage and separation information as provided in subdivision 1, clause (2), the employer makes an allegation of disqualification or raises an issue of the chargeability to his account of benefits that may be paid on such claim, if the claim is valid, the issue thereby raised shall be promptly determined by said official and a notification of the determination delivered or mailed to the claimant and the employer. If an initial determination or an (APPEAL TRIBUNAL) *unemployment insurance judge* decision or the commissioner's decision awards benefits, the benefits shall be paid promptly regardless of the pendency of any appeal period or any appeal or other proceeding which may thereafter be taken. Except as provided in clause (6), if an (APPEAL

TRIBUNAL) *unemployment insurance judge* decision modifies or reverses an initial determination awarding benefits, or if a commissioner's decision modifies or reverses an (APPEAL) *unemployment insurance judge* decision awarding benefits, any benefits paid under the award of such initial determination or (APPEAL TRIBUNAL) *unemployment insurance judge* decision shall be deemed erroneous payments.

(2) At any time within 24 months from the date of the filing of a valid claim for benefits by an individual, an official of the department or any interested party or parties raises an issue of claimant's eligibility for benefits for any week or weeks in accordance with the requirements of the provisions of sections 268.03 to 268.24 or any official of the department or any interested party or parties or benefit year employer raises an issue of disqualification in accordance with the regulations of the commissioner, a determination shall be made thereon and a written notice thereof shall be given to the claimant and such other interested party or parties or benefit year employer. A determination issued under this clause which denies benefits for weeks for which the claimant has previously been paid benefits is an overpayment of those benefits subject to section 268.18.

(3) A determination issued pursuant to clauses (1) and (2) shall be final unless an appeal therefrom is filed by a claimant or employer within 15 days after the mailing of the notice of the determination to his last known address or personal delivery of the notice. Every notice of determination shall contain a prominent statement indicating in clear language the method of appealing the determination, the time within which such an appeal must be made, and the consequences of not appealing the determination. A timely appeal from a determination of validity in which the issue is whether an employing unit is an employer within the meaning of this chapter or whether services performed for an employer constitute employment within the meaning of this chapter shall be subject to the provisions of section 268.12, subdivision 13.

(4) At any time within 24 months from the date of the filing of a valid claim for benefits by an individual, the commissioner on his own motion may reconsider a determination of validity made thereon and make a redetermination thereof if he finds that an error in computation or identity or the crediting of wage credits has occurred in connection therewith or if the determination was made as a result of a nondisclosure or misrepresentation of a material fact. A determination or redetermination issued under this clause which denies benefits for weeks for which the claimant has previously been paid benefits is an overpayment of those benefits subject to section 268.18.

(5) However, the commissioner may in his discretion refer any disputed claims directly to (A REFEREE) *the office of*

*administrative hearings* for hearing and determination in accordance with the procedure outlined in subdivision 3 and the effect and status of such determination in such a case shall be the same as though the matter had been determined upon an appeal to the (TRIBUNAL) *unemployment insurance judge* from an initial determination.

(6) If (A REFEREE'S) *an unemployment insurance judge's* decision affirms an initial determination awarding benefits or the commissioner affirms an (APPEAL TRIBUNAL) *unemployment insurance judge* decision awarding benefits, the decision, if finally reversed, shall not result in a disqualification and benefits paid shall neither be deemed overpaid nor shall they be considered in determining any individual employer's future contribution rate under section 268.06.

Sec. 12. Minnesota Statutes 1984, section 268.10, subdivision 3, is amended to read:

Subd. 3. [APPEAL; HEARING.] *Upon receipt of an appeal from an initial determination made under subdivision 2, the commissioner shall immediately forward the appeal and all necessary documents to the chief administrative law judge for assignment of an unemployment insurance judge to hear the case and the scheduling of a date, time, and place for the hearing. Unless an appeal is withdrawn, the date for hearing before (A REFEREE) an unemployment insurance judge shall be set and notice of the hearing shall be mailed to the last known address of all interested parties at least ten days prior to the date set for the hearing. The notice shall be mailed by the office of administrative hearings. The hearing may be conducted by means of a conference telephone call except that the appellant may request that the hearing be conducted in person. The hearing shall be a trial de novo, and, upon the evidence presented, the (REFEREE) unemployment insurance judge shall affirm, modify, or set aside the initial determination. Where the same or substantially similar evidence is relevant and material to the issues in appeals by more than one individual or in appeals by one individual with respect to two or more weeks of unemployment, the appeals may be consolidated into one hearing pursuant to the procedural rules adopted by the chief administrative law judge. The (REFEREE) unemployment insurance judge shall exclude from any consolidated hearing the appeal of an individual who may be prejudiced because of the consolidation. (A REFEREE) An unemployment insurance judge shall not hear any appeal in which the (REFEREE) unemployment insurance judge has a direct interest. The parties and the commissioner shall be notified of the (REFEREE'S) unemployment insurance judge's decision and the reason for it. The (REFEREE'S) unemployment insurance judge's decision is deemed to be the final decision unless a further appeal is initiated pursuant to subdivision 5.*

Sec. 13. Minnesota Statutes 1984, section 268.10, subdivision 4, is amended to read:

Subd. 4. [(REFEREES) TRANSCRIPTS; REVIEW OF DECISIONS.] (IN ORDER TO ASSURE THE PROMPT DISPOSITION OF ALL CLAIMS FOR BENEFITS, THE COMMISSIONER SHALL APPOINT ONE OR MORE IMPARTIAL REFEREES. THE COMMISSIONER SHALL BY RULE ADOPT A PROCEDURE BY WHICH REFEREES HEAR AND DECIDE DISPUTED CLAIMS, SUBJECT TO APPEAL TO THE COMMISSIONER. NO PERSON SHALL PARTICIPATE ON BEHALF OF THE COMMISSIONER IN ANY CASE IN WHICH THAT PERSON IS AN INTERESTED PARTY. THE COMMISSIONER MAY DESIGNATE ALTERNATES TO SERVE IN THE ABSENCE OR DISQUALIFICATION OF A REFEREE) *The department shall cause a transcript to be prepared of all cases heard by an unemployment insurance judge from which an appeal is made to the commissioner. There shall be no charges, fees, transcript costs, or other cost imposed upon the employee in prosecuting an appeal. All decisions of (REFEREES) unemployment insurance judges shall be made available to the public in accordance with rules the commissioner may prescribe, except that names of interested parties may be deleted.*

Sec. 14. Minnesota Statutes 1984, section 268.10, subdivision 5, is amended to read:

Subd. 5. [REVIEW BY COMMISSIONER.] Within 30 days after mailing or personal delivery of the notice of (A REFEREE'S) *an unemployment insurance judge's* decision to the claimant or employer at the last known address, a party may file, with the commissioner, a notice of appeal from the decision and obtain a review of it by the commissioner or an authorized representative. (THE COMMISSIONER WITHIN THE SAME PERIOD OF TIME MAY ON THE COMMISSIONER'S OWN MOTION ORDER A REVIEW OF A DECISION. UPON REVIEW, THE COMMISSIONER OR AUTHORIZED REPRESENTATIVE MAY AFFIRM, MODIFY, OR SET ASIDE ANY FINDING OF FACT OR DECISION, OR BOTH, OF THE REFEREE ON THE BASIS OF THE EVIDENCE PREVIOUSLY SUBMITTED IN THE CASE, OR REMAND THE MATTER BACK TO THE REFEREE FOR THE TAKING OF ADDITIONAL EVIDENCE AND NEW FINDINGS AND DECISION BASED ON ALL OF THE EVIDENCE BEFORE THE REFEREE.) *The notice of appeal must set forth the issues raised on appeal. The notice of the decision of the unemployment compensation judge must explain how an appeal may be filed. On an appeal taken under this subdivision, the commissioner or authorized representative is limited to the issues raised by the parties in the notice of the appeal from the unemployment insurance judge's decision. The commissioner or authorized representative, on the basis of evidence previously submitted, may*

*affirm the decision of the unemployment insurance judge, may remand the case for further proceedings, or may modify or reverse the decision if the unemployment insurance judge's decision is in error of law, violates the procedures of chapter 268, is unsupported by substantial evidence in view of the record as a whole when the issue in dispute involves a question of fact, or is arbitrary or capricious.* Notice of all hearings on review shall be given to all interested parties in the same manner as provided for by subdivision 3. *Upon the motion of a party, the commissioner or authorized representative may (REMOVE TO HIMSELF OR HERSELF OR) transfer to another (REFEREE) unemployment insurance judge the proceedings on any claim pending before (A REFEREE) an unemployment insurance judge. (ANY PROCEEDINGS REMOVED TO THE COMMISSIONER OR AUTHORIZED REPRESENTATIVE SHALL BE HEARD UPON NOTICE IN ACCORDANCE WITH THE REQUIREMENTS OF SUBDIVISION 3.)* The department of economic security shall mail to all interested parties and the chief administrative law judge a notice of the filing of and a copy of the findings and decision of the commissioner or his representative.

Sec. 15. Minnesota Statutes 1984, section 268.10, subdivision 6, is amended to read:

Subd. 6. [COMMISSIONER.] The manner in which disputed claims are presented, the reports required from the claimant and from employers, and the conduct of (HEARINGS AND) appeals shall be in accordance with the rules adopted by the commissioner (FOR DETERMINING THE RIGHTS OF THE PARTIES, WHETHER OR NOT THE REGULATIONS). *Rules relating to the conduct of hearings before unemployment insurance judges shall be adopted by the chief administrative law judge. The rules of the commissioner and the chief administrative law judge need not conform to common law or statutory rules of evidence and other technical rules of procedure. A full and complete record shall be kept of all proceedings in connection with a disputed claim. All testimony at any hearing shall be recorded, but need not be transcribed unless the disputed claim is further appealed.*

Sec. 16. Minnesota Statutes 1984, section 268.10, subdivision 9, is amended to read:

Subd. 9. [REPRESENTATION BY ATTORNEY.] In any proceeding under these sections before (A REFEREE) *an unemployment insurance judge* or the commissioner, a party may be represented by an agent or attorney, but no individual claiming benefits shall be charged fees of any kind in a proceeding before (A REFEREE) *an unemployment insurance judge*, the commissioner, commissioner's representatives, or by any court or any officers thereof. Any individual claiming benefits in any proceedings before the commissioner or his representatives or a



court may be represented by counsel or other duly authorized agent, except that said agent in any court proceedings under these sections, must be an attorney at law; but no counsel shall either charge or receive for the services more than an amount approved by the commissioner and no fees shall be collected from an individual claiming benefits by any agent unless he is an attorney at law.

Sec. 17. Minnesota Statutes 1984, section 268.12, subdivision 8, is amended to read:

Subd. 8. [RECORDS; REPORTS.] (1) Each employing unit shall keep true and accurate work records for such periods of time and containing such information as the commissioner may prescribe. Such records shall be open to inspection, audit, and verification, and be subject to being copied by any authorized representative of the commissioner at any reasonable time and as often as may be necessary. The commissioner, (APPEAL REFEREE) *unemployment insurance judge*, or any other duly authorized representative of the commissioner, may require from any employing unit any sworn or unsworn reports, with respect to persons employed by it, which the commissioner, (APPEAL REFEREE) *unemployment insurance judge*, or any other duly authorized representative of the commissioner deems necessary for the effective administration of sections 268.03 to 268.24, provided that quarterly contribution and wage report forms shall include the employee's name, social security number, and total wages paid to the employee.

(2) The commissioner may cause to be made such summaries, compilations, photographs, duplications, or reproductions of any records, reports, or transcripts thereof as he may deem advisable for the effective and economical preservation of the information contained therein, and such summaries, compilations, photographs, duplications or reproductions, duly authenticated, shall be admissible in any proceeding under sections 268.03 to 268.24, if the original record or records would have been admissible therein. Notwithstanding any restrictions contained in section 16B.50, except restrictions as to quantity, the commissioner is hereby authorized to duplicate, on equipment furnished by the federal government or purchased with funds furnished for that purpose by the federal government, records, reports, summaries, compilations, instructions, determinations, or any other written matter pertaining to the administration of the Minnesota economic security law.

(3) Notwithstanding any inconsistent provisions elsewhere, the commissioner may provide for the destruction or disposition of any records, reports, transcripts, or reproductions thereof, or other papers in his custody, which are more than two years old, the preservation of which is no longer necessary for the establishment of contribution liability or benefit rights or for any purpose necessary to the proper administration of sections 268.03 to 268.24, including any required audit thereof, provided,

that the commissioner may provide for the destruction or disposition of any record, report, or transcript, or other paper in his custody which has been photographed, duplicated, or reproduced in the manner provided in clause (2).

(4) Notwithstanding the provisions of the Minnesota State Archives Act the commissioner shall with the approval of the legislative auditor destroy all benefit checks and benefit check authorization cards that are more than two years old and no person shall make any demand, bring any suit or other proceeding to recover from the state of Minnesota any sum alleged to be due him on any claim for benefits after the expiration of two years from the date of filing such claim.

Sec. 18. Minnesota Statutes 1984, section 268.12, subdivision 9, is amended to read:

Subd. 9. [TESTIMONIAL POWERS.] (1) In the discharge of the duties imposed by sections 268.03 to 268.24, the commissioner, (APPEAL REFEREE) *unemployment insurance judge*, or any duly authorized representative of the commissioner, shall have power to administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of witnesses and the production of books, papers, correspondence, memoranda, and other records deemed necessary as evidence in connection with a disputed claim or the administration of these sections;

(2) Witnesses, other than interested parties or officers and employees of an employing unit which is an interested party, subpoenaed pursuant to this subdivision or sections 268.03 to 268.24, shall be allowed fees the same as witness fees in civil actions in district court, which fees need not be paid in advance of the time of giving of testimony, and such fees of witnesses so subpoenaed shall be deemed part of the expense of administering these sections;

(3) In case of contumacy by, or refusal to obey, a subpoena issued to any person, any court of this state within the jurisdiction of which the inquiry is carried on or within the jurisdiction of which such person guilty of contumacy or refusal to obey is found or resides or transacts business, upon application by the commissioner, or (REFEREE) *unemployment insurance judge*, or any duly authorized representative of the commissioner, shall have jurisdiction to issue to such person an order requiring such person to appear before the commissioner, (THE CHAIRMAN OF AN APPEAL TRIBUNAL, REFEREE) *unemployment insurance judge*, or any duly authorized representative of the commissioner, there to produce evidence if so ordered or there to give testimony relative to the matter under investigation or in question; and any failure to obey such order of the court may be punished by the court as a contempt thereof.

Sec. 19. Minnesota Statutes 1984, section 268.12, subdivision 10, is amended to read:

Subd. 10. [SELF-INCRIMINATION.] No person shall be excused from attending and testifying or from producing books, papers, correspondence, memoranda, and other records before the commissioner, (THE CHAIRMAN OF AN APPEAL TRIBUNAL, REFEREE) *unemployment insurance judge*, or any duly authorized representative of the commissioner, or in obedience to the subpoena of any of them in any cause or proceeding before the commissioner, (AN APPEAL TRIBUNAL, REFEREE) *unemployment insurance judge*, or any duly authorized representative of the commissioner on the grounds that the testimony or evidence, documentary or otherwise, required of him may tend to incriminate him or subject him to a penalty or forfeiture; but no individual shall be prosecuted or subjected to any penalty or forfeiture for or on account of any transaction, matter, or thing concerning which he is compelled, after having claimed his privilege against self-incrimination, to testify or produce evidence, documentary or otherwise, except that such individual so testifying shall not be exempt from prosecution and punishment for perjury committed in so testifying.

Sec. 20. Minnesota Statutes 1984, section 268.12, subdivision 13, is amended to read:

Subd. 13. [DETERMINATIONS.] (1) An official, designated by the commissioner, upon his own motion or upon application of an employing unit, shall determine if an employing unit is an employer within the meaning of this chapter or as to whether services performed for it constitute employment within the meaning of this chapter, and shall notify the employing unit of the determination. The determination shall be final unless the employing unit, within 30 days after the mailing of notice of the determination to the employing unit's last known address, files a written appeal from it.

(2) (THE COMMISSIONER SHALL DESIGNATE ONE OR MORE REFEREES TO CONDUCT HEARINGS ON APPEALS) *Upon receipt of an appeal under clause (1), the commissioner shall refer the matter to the office of administrative hearings for a hearing.* The employing unit and any claimant whose filed claim for benefits may be affected by a determination issued under clause (1) shall be interested parties to an appeal. The (REFEREE) *unemployment insurance judge* shall fix a time and place within this state for the hearing and give interested parties written notice of it, by mail, not less than ten days prior to the time of the hearing. In the discharge of the duties imposed by this subdivision, the (REFEREE) *unemployment insurance judge* may administer oaths and affirmations, take depositions, certify to official acts, and issue subpoenas to compel the attendance of witnesses and the production of books, papers, correspondence, memoranda, and other records deemed necessary as

evidence in connection with the subject matter of the hearing. The written report of any employee of the department of economic security, made in the regular course of the performance of the employee's duties, shall be competent evidence of the facts contained in it and shall be prima facie correct, unless refuted by other credible evidence.

(3) Upon the conclusion of the hearing, the (REFEREE) *unemployment insurance judge* shall serve upon the interested parties by mail findings of fact and decision. The decision of the (REFEREE) *unemployment insurance judge*, together with his findings of fact and reasons in support of them, is final unless an interested party, within 30 days after the mailing of a copy of it to the interested parties' last known addresses, files an appeal with the commissioner and serves a copy of the appeal on the chief administrative law judge, or unless the commissioner, within 30 days after mailing of the decision, on his own motion orders the matter certified to him for review. Appeal from and review by the commissioner of the decision of the (REFEREE) *unemployment insurance judge* shall be in the manner provided by rule. The commissioner may without further hearing affirm, modify, or set aside the findings of fact or decision, or both, of the (REFEREE) *unemployment insurance judge* on the basis of the evidence previously submitted in the case, or direct the taking of additional evidence. The commissioner may disregard the findings of fact of the (REFEREE) *unemployment insurance judge* and examine the testimony taken and make any findings of fact as the evidence taken before the (REFEREE) *unemployment insurance judge* may, in the judgment of the commissioner, require, and make any decision as the facts found by him require. The commissioner shall notify the employing unit and the chief administrative law judge of his findings and decision by mail, mailed to the interested parties' last known addresses. The decision of the commissioner is final unless judicial review of it is sought as provided by this subdivision. Any interested party to a proceeding before the commissioner may obtain a transcript of the testimony taken before the (REFEREE) *unemployment insurance judge* upon payment to the commissioner of the cost of the transcript at the rate of ten cents per 100 words.

(4) The court of appeals may, by writ of certiorari to the commissioner, review all questions of law and fact presented by the record in accordance with chapter 14. The commissioner shall not be required to certify the record to the court unless the party commencing the proceedings for review pays to the commissioner the cost of certification of the record at the rate of ten cents per 100 words less any amount previously paid by the party for a transcript. The commissioner shall, upon receipt of the payment, prepare and certify to the court a true and correct typewritten copy of all matters contained in the record. The costs collected by the commissioner shall be deposited in the economic security administration fund provided for in section 268.15.

(5) A final decision of the commissioner or referee, in the absence of appeal, is conclusive for all the purposes of sections 268.03 to 268.24 except as otherwise provided, and, together with the records therein made, shall be admissible in any subsequent judicial proceeding involving liability for contributions. A final decision of the commissioner or referee may be introduced in any proceeding involving a claim for benefits.

(6) In the event a final decision of the commissioner or (REFEREE) *unemployment insurance judge* determines the amount of contributions due under sections 268.03 to 268.24, then, if the amount, together with interest and penalties, is not paid within 30 days after the decision, the provisions of section 268.161 shall apply. The commissioner shall proceed thereunder, substituting a certified copy of the final decision in place of the contribution report.

Sec. 21. Minnesota Statutes 1984, section 268.18, subdivision 1, is amended to read:

Subdivision 1. [ERRONEOUS PAYMENTS.] Any claimant for benefits who, by reason of his own mistake or through the error of any individual engaged in the administration of sections 268.03 to 268.24 or because of a determination or redetermination issued pursuant to section 268.10, subdivision 2, has received any sum as benefits to which he was not entitled under these sections, shall promptly return such benefits in cash to the nearest office of the Minnesota department of economic security. If such claimant fails to return such benefits, the department of economic security shall, as soon as it discovers such erroneous payment, determine the amount thereof and notify said individual to return the same. Unless the claimant files a written appeal with the department of economic security within 15 days after the mailing of the notice of determination to his last known address or personal delivery of the notice, the determination shall become final. If the claimant files an appeal with the department in writing within the time aforesaid the matter shall be set for hearing before (A REFEREE OF THE DEPARTMENT) *an unemployment insurance judge of the office of administrative hearings* and heard as other benefit matters are heard in accordance with section 268.10 with the same rights of review as outlined for benefit cases in that section. The commissioner of the department of economic security is hereby authorized to deduct from any future benefits payable to the claimant under these sections in either the current or any subsequent benefit year an amount equivalent to the overpayment determined or the overpayment may be collected without interest by civil action in the name of the commissioner. If a claimant has been overpaid benefits under the law of another state and that state certifies to the department the facts involved and that the individual is liable under its law to repay the benefits and requests the department to recover the overpayment, the commissioner is authorized to deduct from future benefits pay-

able to the claimant in either the current or any subsequent benefit year an amount equivalent to the amount of overpayment determined by that state. Benefits paid for weeks more than three years prior to the discovery of error are not erroneous payments.

Sec. 22. Minnesota Statutes 1984, section 268.18, subdivision 2, is amended to read:

Subd. 2. [FRAUD.] Any claimant who files a claim for or receives benefits by knowingly and willfully misrepresenting or misstating any material fact or by knowingly and willfully failing to disclose any material fact which would make him ineligible for benefits under sections 268.03 to 268.24 is guilty of fraud. After the discovery of facts by the commissioner indicating fraud in claiming or obtaining benefits under sections 268.03 to 268.24, he is hereby authorized to make a determination that the claimant was ineligible for each week with reference to which benefits were claimed or obtained by fraud for the amount as was in excess of what the claimant would have been entitled to had he not made the fraudulent statements or failed to disclose any material facts. The commissioner also may disqualify an individual from benefits for one to 52 weeks in which the claimant is otherwise eligible for benefits following the week in which the fraud was determined. A disqualification imposed for fraud shall not be removed by subsequent insured work or the expiration of a benefit year but shall not apply to any week more than 104 weeks after the week in which the fraud was determined. The claimant shall promptly repay in cash to the department of economic security any benefits fraudulently obtained. Unless the claimant files a written appeal with the department of economic security within 15 days after the mailing of the notice of determination to his last known address or personal delivery of the notice, the determination shall become final. If the claimant appeals from the determination within the time above specified the matter shall be referred to (A REFEREE) *an unemployment insurance judge* for a hearing as in other benefit cases and thereafter the procedure for review shall be the same as set forth in section 268.10. The commissioner is hereby authorized to deduct from future benefits payable to the claimant in either the current or any subsequent benefit year an amount equivalent to the amount of overpayment determined or the overpayment may be collected without interest by civil action in the name of the commissioner. If a claimant has been overpaid benefits under the law of another state and that state certifies to the department the facts involved and that the individual is liable to repay the benefits and requests the department to recover the overpayment, the commissioner is authorized to deduct from future benefits payable to the claimant in either the current or any subsequent benefit year an amount equivalent to the amount of overpayment determined by that state. A determination of fraud may be made at any time.

## Sec. 23. [EFFECTIVE DATE.]

*This article is effective October 1, 1986."*

Delete the title and insert:

"A bill for an act relating to employment; regulating the administration of the unemployment compensation law; providing for the amount of benefit; regulating benefit eligibility; providing for employer contributions; transferring certain hearing functions and personnel to the office of administrative hearings; amending Minnesota Statutes 1984, sections 14.03, subdivision 2; 14.53; 16A.671, subdivision 1; 43A.18, subdivision 4; 179A.10, subdivision 1; 268.03; 268.04, subdivisions 24, 25, 29, and 30, and by adding a subdivision; 268.06, subdivisions 5, 8, 18, 19, and 20; 268.07, subdivisions 2 and 2a; 268.071, subdivision 1; 268.08, subdivision 3; 268.09, subdivisions 1 and 2, and by adding a subdivision; 268.10, subdivisions 1, 2, 3, 4, 5, 6, and 9; 268.12, subdivisions 8, 9, 10, and 13; and 268.18, subdivisions 1 and 2; Minnesota Statutes 1985 Supplement, sections 14.48; 14.51; and 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268."

A roll call was requested and properly seconded.

The question was taken on the Kvam amendment and the roll was called. There were 83 yeas and 44 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Knickerbocker	Pauly	Stanisus
Anderson, R.	Forsythe	Krueger	Peterson	Sviggum
Backlund	Frederick	Kvam	Piepho	Thiede
Becklin	Frederickson	Levi	Poppenhagen	Thorson
Bennett	Frerichs	Lieder	Quist	Tjornhom
Bishop	Gruenes	Marsh	Redalen	Tonpkins
Blatz	Gutknecht	McDonald	Rees	Tunheim
Boerboom	Halberg	McKasy	Richter	Uphus
Brown	Hartinger	McPherson	Rodosovich	Valan
Burger	Hartle	Miller	Rose	Valento
Carlson, D.	Haukoos	Neuenschwander	Schafer	Waltman
Carlson, J.	Heap	Ogren	Schoenfeld	Welle
Clausnitzer	Himle	Olsen, S.	Schreiber	Wenzel
DenOuden	Jennings, L.	Olson, E.	Seaberg	Zaffke
Dimler	Johnson	Omann	Shaver	Spk. Jennings, D.
Dyke	Kalis	Onnen	Sherman	
Erickson	Kiffmeyer	Ozment	Sparby	

Those who voted in the negative were:

Battaglia	Elioff	Long	Nelson, D.	Piper
Beard	Greenfield	McEachern	Nelson, K.	Price
Begich	Jacobs	McLaughlin	Norton	Quinn
Brandl	Jaros	Metzen	O'Connor	Rest
Carlson, L.	Kelly	Minne	Osthoft	Rice
Clark	Knuth	Munger	Otis	Sarna
Cohen	Kostohryz	Murphy	Pappas	Scheid

Simoneau  
Skoglund

Solberg  
Staten

Tomlinson  
Vanasek

Vellenga  
Voss

Wynia

The motion prevailed and the amendment was adopted.

Kvam moved that H. F. No. 2037, as amended, be continued on Special Orders.

A roll call was requested and properly seconded.

Simoneau moved that H. F. No. 2037, as amended, be re-referred to the Committee on Labor-Management Relations.

A roll call was requested and properly seconded.

#### CALL OF THE HOUSE

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

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

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 Simoneau motion and the roll was called.

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



There were 45 yeas and 85 nays as follows:

Those who voted in the affirmative were:

Battaglia	Kahn	Munger	Piper	Simoneau
Beard	Kelly	Murphy	Price	Skoglund
Begich	Knuth	Nelson, D.	Quinn	Solberg
Brandl	Kostohryz	Nelson, K.	Rest	Staten
Carlson, L.	Long	Norton	Rice	Tomlinson
Clark	McEachern	O'Connor	Riveness	Vanasek
Elioff	McLaughlin	Osthoff	Sarna	Voss
Greenfield	Metzen	Otis	Scheid	Wenzel
Jaros	Minne	Pappas	Segal	Wynia

Those who voted in the negative were:

Anderson, G.	Dyke	Johnson	Onnen	Sherman
Anderson, R.	Erickson	Kalis	Ozment	Sparby
Backlund	Fjoslien	Kiffmeyer	Pauly	Stanius
Becklin	Forsythe	Knickerbocker	Peterson	Svigum
Bennett	Frederick	Kvam	Piepho	Thiede
Bishop	Frederickson	Levi	Poppenhagen	Thorson
Blatz	Frerichs	Lieder	Quist	Tjornhom
Boerboom	Gruenes	Marsh	Redalen	Tompkins
Boo	Gutknecht	McDonald	Rees	Tunheim
Brown	Halberg	McKasy	Richter	Uphus
Burger	Hartinger	McPherson	Rodosovich	Valan
Carlson, D.	Hartle	Miller	Rose	Valento
Carlson, J.	Haukoos	Neuenschwander	Schafer	Vellenga
Clausnitzer	Heap	Ogren	Schoenfeld	Waltman
Cohen	Himle	Olsen, S.	Schreiber	Welle
DenOuden	Jacobs	Olson, E.	Seaberg	Zaffke
Dimler	Jennings, L.	Omann	Shaver	Spk. Jennings, D.

The motion did not prevail.

The question recurred on the Kvam motion and the roll was called.

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

There were 107 yeas and 17 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clausnitzer	Hartinger	Kostohryz	Nelson, K.
Anderson, R.	Cohen	Hartle	Krueger	Neuenschwander
Backlund	Dimler	Haukoos	Kvam	Ogren
Battaglia	Dyke	Heap	Levi	Olsen, S.
Beard	Elioff	Himle	Lieder	Omann
Becklin	Erickson	Jacobs	Long	Onnen
Bennett	Fjoslien	Jaros	Marsh	Otis
Bishop	Forsythe	Jennings, L.	McDonald	Ozment
Blatz	Frederick	Johnson	McKasy	Pappas
Boerboom	Frederickson	Kalis	McPherson	Pauly
Boo	Frerichs	Kelly	Metzen	Peterson
Brown	Gruenes	Kiffmeyer	Miller	Piepho
Burger	Gutknecht	Knickerbocker	Murphy	Piper
Carlson, D.	Halberg	Knuth	Nelson, D.	Poppenhagen

Price	Rose	Sparby	Tompkins	Waltman
Quinn	Schafer	Stanis	Tunheim	Welle
Quist	Schoenfeld	Staten	Uphus	Wenzel
Redalen	Scaberg	Sviggum	Valan	Zaffke
Rees	Segal	Thiede	Valento	Spk. Jennings, D.
Richter	Shaver	Thorson	Vanasek	
Riveness	Sherman	Tjornhom	Vellenga	
Rodosovich	Solberg	Tomlinson	Voss	

Those who voted in the negative were:

Begich	Kahn	Norton	Rice	Simoneau
Carlson, L.	McLaughlin	O'Connor	Sarna	Skoglund
Clark	Minne	Osthoff	Scheid	Wynia
Greenfield	Munger			

The motion prevailed and H. F. No. 2037, as amended, was continued on Special Orders.

### 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:

H. F. No. 2111, A bill for an act relating to the city of Medina; authorizing a payment by the city for utility construction.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

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

H. F. No. 1980, A bill for an act relating to state government; authorizing the Indian affairs council to enter contracts

and to accept grants and gifts; amending Minnesota Statutes 1984, section 3.922, subdivision 5.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

H. F. No. 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 143.

The Senate has appointed as such Committee Messrs. Luther, Petty, Spear, Dahl and Knaak.

Said House File is herewith returned to the House.

PATRICK E. FLAHAVEN, Secretary of the Senate

Mr. Speaker:

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

S. F. No. 1793, A bill for an act relating to local government; permitting an agreement to finance library construction in McGregor.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Mr. Chmielewski, Mrs. Adkins and Mr. Gustafson.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Ogren moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1793. The motion prevailed.

Mr. Speaker :

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

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.

And the Senate respectfully requests that a Conference Committee be appointed thereon. The Senate has appointed as such committee Messrs. Merriam; Johnson, D. E., and Peterson, R. W.

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

PATRICK E. FLAHAVEN, Secretary of the Senate

Bishop moved that the House accede to the request of the Senate and that the Speaker appoint a Conference Committee of 3 members of the House to meet with a like committee appointed by the Senate on the disagreeing votes of the two houses on S. F. No. 1950. The motion prevailed.

Mr. Speaker :

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

S. F. No. 2245.

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. 1782, 2078 and 2243.

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. 1961, 1912, 2114 and 2178.

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. 1974.

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. 1711, 1928, 1993 and 2279.

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. 912.

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. 1849 and 2206.

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. 1832, 1931, 1945, 2105 and 2196.

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. 1671, 1869 and 1842.

PATRICK E. FLAHAVEN, Secretary of the Senate

## FIRST READING OF SENATE BILLS

S. F. No. 2245, A bill for an act relating to elections; providing for the use of certain optical scan electronic voting systems; proposing coding for new law in Minnesota Statutes, chapter 206.

The bill was read for the first time.

Shaver moved that S. F. No. 2245 and H. F. No. 2423, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1782, A bill for an act relating to insurance; accident and health; regulating long-term care policies; requiring coverage for home health care and care in skilled or intermediate nursing facilities; amending Minnesota Statutes 1984, section 62A.31, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 62A.

The bill was read for the first time.

Gruenes moved that S. F. No. 1782 and H. F. No. 1953, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2078, A bill for an act relating to insurance; authorizing and regulating the use of nonprofit risk indemnification trusts; prescribing the powers and duties of the commissioner; proposing coding for new law in Minnesota Statutes, chapter 60A.

The bill was read for the first time.

Rees moved that S. F. No. 2078 and H. F. No. 2268, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2243, A bill for an act relating to public safety; restricting local requirements for stairways to be enclosed in certain buildings; requiring local governing bodies to consider certain facts before enacting ordinances affecting housing; defining the term "stories"; amending Minnesota Statutes 1984, section 299F.011, subdivision 4, and by adding subdivisions; 504.18, subdivisions 1 and 6; and Minnesota Statutes 1985 Supplement, section 16B.61, subdivision 3.

The bill was read for the first time.

Frerichs moved that S. F. No. 2243 and H. F. No. 2469, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1961, 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; expanding the powers of the attorney general to obtain certain information and to investigate and prosecute fraud of the medical assistance program; providing for the purchase of liability insurance by municipalities; amending Minnesota Statutes 1984, sections 8.31, subdivision 1; 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; 256B.064, subdivision 1a; 256B.12; 256B.27, subdivisions 3, 4, and 5; 256B.30; 259.27, by adding a subdivision; 363.01, by adding subdivisions; 363.091; and 363.14, subdivision 1; Minnesota Statutes 1985 Supplement, sections 13.03, subdivision 3; 13.04, subdivision 2; 13.39, subdivision 3; 13.46, subdivisions 2 and 7; 13.76; 13.82, subdivision 5; 144.335, subdivision 2; 214.10, subdivision 8; 363.01, subdivisions 35 and 36; and 363.061, subdivision 3; proposing coding for new law in Minnesota Statutes, chapters 241 and 363; repealing Minnesota Statutes 1985 Supplement, section 13.89.

The bill was read for the first time.

Dempsey moved that S. F. No. 1961 and H. F. No. 1996, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1912, A bill for an act relating to intoxicating liquor; authorizing various municipalities to issue on-sale licenses; amending Laws 1973, chapter 663, section 1, as amended by Laws 1974, chapter 335, section 1; repealing Laws 1978, chapter 677.

The bill was read for the first time.

Frederick moved that S. F. No. 1912 and H. F. No. 2229, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2114, A bill for an act relating to employment; regulating the administration of the unemployment compensation law; providing for the amount of benefits; regulating benefit eligibility; providing for employer contributions; transferring certain hearing functions and personnel to the office of administrative hearings; amending Minnesota Statutes 1984,

sections 14.03, subdivision 2; 14.53; 16A.671, subdivision 1; 43A.18, subdivision 4; 179A.10, subdivision 1; 268.03; 268.04, subdivisions 24, 25, 29, and 30, and by adding a subdivision; 268.06, subdivisions 5, 8, 18, 19, and 20; 268.07, subdivisions 2 and 2a; 268.071, subdivision 1; 268.08, subdivision 3; 268.09, subdivisions 1 and 2, and by adding a subdivision; 268.10, subdivisions 1, 2, 3, 4, 5, 6, and 9; 268.12, subdivisions 8, 9, 10, and 13; and 268.18, subdivisions 1 and 2; Minnesota Statutes 1985 Supplement, sections 14.48; 14.51; and 268.08, subdivision 1; proposing coding for new law in Minnesota Statutes, chapter 268.

The bill was read for the first time.

Kvam moved that S. F. No. 2114 and H. F. No. 2037, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2178, A bill for an act relating to environment; prohibiting certain disposal of hazardous waste; regulating release of radionuclides into groundwater; prohibiting locating a hazardous waste facility in a place that can reasonably be expected to cause pollution of potable waters; amending Minnesota Statutes 1984, sections 115.01, by adding subdivisions; 115A.25, by adding a subdivision; proposing coding for new law in Minnesota Statutes, chapters 115; and 116C.

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

S. F. No. 1974, A bill for an act relating to courts; providing for the standard of care of trustees; authorizing certain investments of trust property; providing for powers of trustees; providing for the exclusion of the homestead from the augmented estate; providing for the inclusion of certain items in the augmented estate; amending Minnesota Statutes 1984, sections 501.125, subdivision 1, and by adding a subdivision; and 501.66, subdivision 28, and by adding a subdivision; Minnesota Statutes 1985 Supplement, sections 501.125, subdivision 6; 524.2-109; 524.2-202; 524.2-205; and 525.145.

The bill was read for the first time.

Bishop moved that S. F. No. 1974 and H. F. No. 2181, now on Technical General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1711, A bill for an act relating to animals; prohibiting theft of dogs or cats for research purposes; regulating dog and cat dealers; prescribing a penalty; amending Minnesota



Statutes 1984, sections 347.31; 347.32; 347.33; 347.34; 347.35; 347.37; 347.38; 347.39; and 347.40; proposing coding for new law in Minnesota Statutes, chapter 346.

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

S. F. No. 1928, A bill for an act relating to the city of Brooklyn Park; permitting the city to establish a port authority commission.

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

S. F. No. 1928, A bill for an act relating to Minnesota Statutes; correcting erroneous, ambiguous, omitted, and obsolete references and text; eliminating certain redundant, conflicting, and superseded provisions; providing instructions to the revisor; amending Minnesota Statutes 1984, sections 8.32, subdivision 2; 10A.01, subdivision 11; 10A.04, subdivision 4a; 16A.631; 47.58, subdivision 5; 62D.22, subdivision 8; 116J.70, subdivision 2a; 116M.08, subdivision 17; 121.15, subdivision 2; 124.155, subdivision 1; 124A.02, subdivision 14; 136D.74, subdivision 2; 144.224; 176A.01, subdivision 1; 179A.10, subdivision 3; 253B.02, subdivision 4a; 260.015, subdivision 24; 260.245; 327C.07, subdivision 3a; 349.214, subdivision 2; 383A.23, subdivision 5; 385.24; 403.12, subdivision 1; 414.061, subdivisions 4 and 4a; 462A.21, subdivision 8a; 494.03; 518B.01, subdivision 2; 571.495, subdivision 2; 590.01, subdivision 1; 609.346, subdivision 3; 609.347, subdivision 3; 609.348; 609.35; 611A.03, subdivision 3; 628.26; Minnesota Statutes 1985 Supplement, sections 47.20, subdivision 6c; 64B.05, subdivision 1; 64B.37, subdivision 2; 69.011, subdivision 1; 97.50, subdivision 1; 116M.03, subdivision 28; 124.32, subdivision 1d; 145.917, subdivision 4; 147.01, subdivision 4; 147.073, subdivision 1; 168.27, subdivision 11; 248.07, subdivision 7; 256B.091, subdivision 4; 256D.37, subdivision 1; 256F.05, subdivision 4; 256F.06, subdivision 1; 273.124, subdivision 5; 297C.03, subdivision 1; 298.02, subdivision 1; 340A.702; 356.216; 358.44; 414.061, subdivision 5; 458.16, subdivision 6; 473.831, subdivision 1; 527.41; 527.42; 527.43; 528.15; 609.344, subdivision 1; 609.345, subdivision 1; 609.346, subdivision 2; 609.347; 626.556, subdivision 2; 631.045; proposing coding for new law in Minnesota Statutes, chapter 206; repealing Minnesota Statutes 1984, section 35.067; 383A.23, subdivisions 2, 3, and 4; 403.12, subdivisions 2 and 3; Laws 1984, chapter 560, section 24; Laws 1985, chapters 248, sections 28 and 29; 252, section 24; Laws 1985, First Special Session, chapters 9, article 2, section 89; 14, article 3, section 13; 14, article 4, sections 37 and 91.

The bill was read for the first time.

Bishop moved that S. F. No. 1993 and H. F. No. 1841, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2279, A bill for an act relating to nonprofit corporations; adoption services corporations; providing that pledges to make contributions shall be voidable at the option of the person making the pledge; amending Minnesota Statutes 1984, section 317.65, subdivision 7.

The bill was read for the first time.

Krueger moved that S. F. No. 2279 and H. F. No. 2177, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 912, A bill for an act relating to human services; providing regional treatment center revolving fund for chemical dependency; creating a consolidated fund for payment of chemical dependency treatment; appropriating money to counties for treatment; providing for client eligibility, vendor eligibility, and state collections; providing for American Indian special funding; removing chemical dependency treatment from medical assistance, general assistance medical care, and general assistance funding; amending Minnesota Statutes 1984, sections 246.04; 246.18; 246.50, by adding a subdivision; 246.51, subdivision 1; 256B.70; and 256E.08, subdivision 7; amending Minnesota Statutes 1985 Supplement, sections 246.23; 246.54; 256B.02, subdivision 8; and 256D.03, subdivision 4; proposing coding for new law in Minnesota Statutes, chapter 246; and proposing coding for new law as Minnesota Statutes, chapter 254B.

The bill was read for the first time.

Forsythe moved that S. F. No. 912 and H. F. No. 943, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1849, A bill for an act relating to appropriations; designating Anoka county as an operating agency in the administration and expenditure of an appropriation for the Mississippi Regional Park.

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

S. F. No. 2206, A bill for an act relating to taxation; authorizing certain refunds of sales tax paid on agricultural electricity;

amending Minnesota Statutes 1984, section 297A.35, by adding a subdivision.

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

S. F. No. 1832, 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.

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

S. F. No. 1931, A bill for an act relating to human services; regulating work activities of handicapped persons in state facilities; amending Minnesota Statutes 1985 Supplement, section 246.56, subdivision 2.

The bill was read for the first time.

Stanis moved that S. F. No. 1931 and H. F. No. 2487, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1945, A bill for an act relating to health; providing that mosquito research and management activities are not ecologically disruptive; amending Minnesota Statutes 1985 Supplement, section 144.95, subdivisions 1, 2, 3, 7, 9, and 10.

The bill was read for the first time.

Nelson, D., moved that S. F. No. 1945 and H. F. No. 1918, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2105, A bill for an act relating to local government; permitting the establishment of special service districts in the cities of Cambridge and Lindstrom; providing taxing and other powers to the cities of Cambridge and Lindstrom.

The bill was read for the first time.

Becklin moved that S. F. No. 2105 and H. F. No. 2188, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 2196, A bill for an act relating to establishing a new qualification for designation as a redevelopment district for tax increment financing purposes; amending Minnesota Statutes 1984, section 273.73, subdivision 10.

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

S. F. No. 1671, 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.

The bill was read for the first time.

Greenfield moved that S. F. No. 1671 and H. F. No. 1755, now on General Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1869, A bill for an act relating to utilities; changing the powers and responsibilities of the chair of the public utilities commission; requiring the governor to appoint the chair of the commission; changing qualification for commissioners; requiring commissioners to file certain financial information before taking office; prohibiting commissioners and certain employees from engaging in certain activity after leaving the commission; requiring the commission to adopt a code of conduct; providing penalties; amending Minnesota Statutes 1984, sections 216A.03, subdivision 3; and 216A.035; proposing coding for new law in Minnesota Statutes, chapter 216A.

The bill was read for the first time.

Redalen moved that S. F. No. 1869 and H. F. No. 2221, now on Special Orders, be referred to the Chief Clerk for comparison. The motion prevailed.

S. F. No. 1842, A bill for an act relating to public safety; motor vehicles; requiring revocation of motor vehicle registration for failure to maintain insurance; requiring drivers to maintain proof of insurance; eliminating redundant and surplus language; correcting inconsistent provisions in statutes; requiring certain information on petition for judicial review of license revocation determination; changing fee for motorized bicycle permit renewal for persons 18 years of age; permitting donor designation on minor donor's driver's license or identifi-

cation card; abolishing automatic reinstatement of revoked or suspended driving privilege of nonresident in certain circumstances; extending effective period for provisional drivers' licenses by one year; tax exempt vehicle fees; motor coaches operated by school districts; evidence of insurance coverage; three-wheel off-road vehicles; amending Minnesota Statutes 1984, sections 65B.67, subdivisions 3 and 4a; 168.28; 169.123, subdivision 5c; 169.44, by adding a subdivision; 171.02, subdivision 3; and 171.07, subdivision 5; and Minnesota Statutes 1985 Supplement, sections 168.011, subdivision 4; 168.012, subdivision 1c; 168.013, subdivisions 1c and 1e; 171.27; and 221.033, subdivision 3; proposing coding for new law in Minnesota Statutes, chapter 65B; repealing Minnesota Statutes 1984, section 171.15, subdivision 2.

The bill was read for the first time and referred to the Committee on Rules and Legislative Administration.

### CONSENT CALENDAR

S. F. No. 1580 was reported to the House.

Zaffke moved to amend S. F. No. 1580, as follows:

Page 1, line 15, after "*amendments*" insert "*to the standards*"

The motion prevailed and the amendment was adopted.

S. F. No. 1580, A bill for an act relating to human services; requiring adoption of the 1985 life safety code standards for intermediate care facilities for persons with mental retardation.

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.

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

There were 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Bennett	Carlson, D.	Dyke	Gruenes
Anderson, R.	Bishop	Carlson, L.	Elioff	Gutknecht
Backlund	Blatz	Clark	Erickson	Halberg
Battaglia	Boo	Clausnitzer	Fjoslien	Hartinger
Beard	Brandl	Cohen	Frederick	Hartle
Becklin	Brown	Dempsey	Frerichs	Haukoos
Begich	Burger	Dimler	Greenfield	Himle

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

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

S. F. No. 2094, A bill for an act relating to nonprofit corporations; providing for succession of fiduciary capacity in mergers and consolidations; clarifying authority for separate entities to hold church employee benefit plans; amending Minnesota Statutes 1984, sections 317.38; and 317.66, subdivision 1, and by adding a subdivision.

The bill was read for the third time and placed upon its final passage.

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

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

There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Clausnitzer	Himle	McEachern	Onnen
Anderson, R.	Cohen	Jacobs	McKasy	Osthoff
Backlund	Dempsey	Jaros	McLaughlin	Otis
Battaglia	Dimler	Jennings, L.	McPherson	Ozment
Beard	Dyke	Johnson	Metzen	Pappas
Becklin	Elioff	Kahn	Miller	Pauly
Begich	Erickson	Kalis	Minne	Peterson
Bennett	Fjoslien	Kelly	Munger	Piepho
Bishop	Frederick	Kiffmeyer	Murphy	Piper
Blatz	Frerichs	Knuth	Nelson, D.	Poppenhagen
Boo	Greenfield	Kostohryz	Nelson, K.	Price
Brandl	Gruenes	Krueger	Neuenschwander	Quinn
Brown	Gutknecht	Kvam	Norton	Redalen
Burger	Halberg	Levi	O'Connor	Rees
Carlson, D.	Hartinger	Lieder	Ogren	Rest
Carlson, L.	Hartle	Long	Olson, E.	Rice
Clark	Haukoos	Marsh	Omann	Richter

Riveness	Seaberg	Stanis	Tunheim	Welle
Rodosovich	Segal	Staten	Uphus	Wenzel
Rose	Shaver	Svigum	Valan	Wynia
Sarna	Sherman	Thiede	Valento	Zaffke
Schafer	Simoneau	Thorson	Vanasek	Spk. Jennings, D.
Scheid	Skoglund	Tjornhom	Vellenga	
Schoenfeld	Solberg	Tomlinson	Voss	
Schreiber	Sparby	Tompkins	Waltman	

The bill was passed and its title agreed to.

S. F. No. 1939, A bill for an act relating to judgments; clarifying the general judgment lien law; amending Minnesota Statutes 1984, section 548.09, subdivision 1.

The bill was read for the third time and placed upon its final passage.

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

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

There were 122 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

The Speaker called Halberg to the Chair.

## CONSIDERATION UNDER RULE 1.10

Pursuant to rule 1.10, Schreiber requested immediate consideration of H. F. No. 2287.

H. F. No. 2287 was reported to the House.

Valento moved to amend H. F. No. 2287, the first engrossment, as follows:

Page 84, after line 18, insert:

“Article 4

Section 1. Minnesota Statutes 1984, section 115.07, subdivision 1, is amended to read:

Subdivision 1. [OBTAIN PERMIT.] It shall be unlawful for any person to construct, install or operate a disposal system, or any part thereof, until plans therefor shall have been submitted to the agency unless the agency shall have waived the submission thereof to it and a written permit therefor shall have been granted by the agency.

*For disposal systems operated on streams with extreme seasonal flows, the agency must allow seasonal permit limits based on a fixed or variable effluent limit when the municipality operating the disposal system requests them and is in compliance with agency water quality standards.*

Sec. 2. [115.54] [TECHNICAL ADVISORY COMMITTEE.]

*The agency shall adopt and revise rules governing waste water treatment control under chapters 115 or 116 only with the advice of a technical advisory committee of nine members. One member of the committee shall be selected by each of the following: the state consulting engineers council, the University of Minnesota division of environmental engineering, the state association of general contractors, the state wastewater treatment plant operators association, the metropolitan waste control commission created by section 473.503, the association of metropolitan municipalities, the state association of small cities, and two members from the league of Minnesota cities. The technical advisory committee may review and advise the agency on any rule or technical requirements governing the wastewater treatment grant or loan program and may review the work of other professional persons working on a wastewater treatment project and make recommendations to those persons, the agency, and the concerned municipality, in order for the agency to ensure that water quality treatment standards will be met. The committee shall meet at least once a year, or at the call of the chair, and shall elect its chairperson. The agency*



*must provide staff support for the committee, prepare committee minutes and provide information to the committee it may request. A quorum is a simple majority and official action must be by a majority vote of the quorum.*

Sec. 3. Minnesota Statutes 1984, section 115A.14, subdivision 4, is amended to read:

Subd. 4. [POWERS AND DUTIES.] The commission shall review the biennial report of the board, *the agency municipal project list and municipal needs list reports, and the budget for the agency division of water quality.* The commission shall oversee the activities of the board under sections 115A.01 to 115A.72 and the activities of the agency under sections 115A.42 to 115A.46 (AND), 115A.49 to 115A.54, *and 116.16 to 116.18* and direct such changes or additions in the work plan of the board and agency as it deems fit. The commission may conduct public hearings and otherwise secure data and expressions of opinion. The commission shall make such recommendations as it deems proper to assist the legislature in formulating legislation. Any data or information compiled by the commission shall be made available to any standing or interim committee of the legislature upon request of the chairperson of the respective committee.

Sec. 4. [116.163] [AGENCY FUNDING APPLICATION REVIEW.]

*Subdivision 1. [CONSTRUCTION GRANT AND LOAN APPLICATIONS.] The agency shall, pursuant to agency rules and within 90 days of receipt of a completed application for a wastewater treatment facility construction grant or loan, grant or deny the application and notify the municipality of the agency's decision. The time for consideration of the application by the agency may be extended up to 180 days if the municipality and the agency agree it is necessary.*

Subd. 2. [LIMITATION ON MUNICIPAL PLANNING TIME.] *A municipality shall complete all planning work required by the agency for award of a grant or loan, and be ready to advertise for bids for construction, within 2 years of receipt of grant or loan funds under subdivision 1. The planning time may be extended automatically by the amount of time the agency exceeds its 90-day review under subdivision 1.*

Subd. 3. [BID REVIEW.] *After a municipality has accepted bids for construction of a wastewater treatment project, the agency must review the bids within 30 days of receipt.*

Sec. 5. [116.165] [INSPECTION RESPONSIBILITY.]

*When a wastewater treatment plant is constructed with federal funds and a federal agency conducts inspections of the plant,*

*the owner of the plant or the owner's designee must conduct inspections and forward all inspection documents required by the agency to the agency for its review.*

**Sec. 6. [116.166] [MUNICIPAL APPLICATION.]**

*Section 177.41 does not apply to municipal wastewater treatment projects in cities of the third and fourth class that receive assistance through the state independent grants program or a state loan program not involving federal funds.*

**Sec. 7. [116.167] [REVOLVING LOAN ACCOUNT.]**

*Subdivision 1. [APPLICATION.] This section is effective only if the federal government requires revolving loan accounts to be established under the authority of the federal Water Pollution Control Act.*

*Subd. 2. [STATE WATER POLLUTION CONTROL REVOLVING LOAN ACCOUNT.] The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account which shall be designated as the state water pollution control revolving loan account to receive any federal money authorized for loans under the federal Water Pollution Control Act, and other money appropriated by law, for the purpose of providing financial assistance to municipalities for wastewater treatment.*

*Subd. 3. [LOANS.] A loan made to a municipality under this section shall be made only after resolutions have been adopted by the agency and the governing body of the municipality obligating the municipality to repay the loan to the state treasurer in annual installments, including both principal and interest. Each installment shall be in an amount sufficient to pay the principal amount within 20 years or a shorter time interval if the amount of the annual payment will not justify the administrative expenses of processing the payment, and shall be paid from user charges, taxes, special assessments, or other funds available to the municipality. Interest on loans made to municipalities shall be established at a rate the commissioner of revenue reasonably determines sufficient to pay interest rates on state bonds issued under section 116.17, subdivision 2. Loan repayments must be deposited in the revolving loan account created by this section. Each participating municipality shall provide the agency with a financial health report compiled by the state auditor and the agency shall review the report before approving a loan. Municipalities receiving a loan under this section may still be eligible for a wastewater treatment grant from the agency.*

*Subd. 4. [RULES APPLICATION.] The disbursement of loans under this section must comply with rules adopted by the agency for loans for wastewater treatment facilities under chapter 116.*

**Sec. 8. [EFFECTIVE DATE.]**

*Article 4 is effective July 1, 1986.*

**Article 5****Section 1. [297A.258] [PRIVATE SUPPLIERS OF PUBLIC SERVICES.]**

*A private vendor that has entered into a service contract with a municipality under sections 3 and 4 is a political subdivision for purposes of determining the tax imposed under this chapter. This section applies only to the extent that the vendor is acting for the purposes of constructing, maintaining, or operating related facilities pursuant to the service contract.*

*The commissioner may provide for the issuance of a limited exemption certificate to a private vendor for purposes of administering this section. The commissioner may further require a vendor to obtain a certificate in order to qualify as a political subdivision under this section.*

*For purposes of this section, "private vendor," "service contract," and "related facilities" have the meanings given in sections 3 and 4.*

**Sec. 2. [471A.01] [PUBLIC PURPOSE FINDINGS.]**

*The legislature finds that the privatization of facilities for the prevention, control, and abatement of water pollution, and the furnishing of potable water provides municipalities an opportunity under appropriate circumstances to provide those capital intensive public services in a manner that will speed construction and is less costly and more efficient than the furnishing of those services through facilities exclusively owned and operated by municipalities. The legislature further finds that existing law creates unnecessary and costly obstacles to the privatization of those capital intensive public services and that a comprehensive act is required to permit municipalities to enter into appropriate contractual arrangements with private parties to facilitate the privatization of those capital intensive public services.*

**Sec. 3. [471A.02] [DEFINITIONS.]**

*Subdivision 1. [APPLICABILITY.] The definitions in this section apply to sections 2 to 13.*

*Subd. 2. [ADMINISTRATOR.] "Administrator" means the pollution control agency or any other agency, instrumentality, or political subdivision of the state responsible for administering the loan or grant program described in section 8.*

**Subd. 3. [CAPITAL COST COMPONENT.]** *"Capital cost component" means that part of the service fee that the municipality determines is intended to reimburse the private vendor for the capital cost, including debt service expense, of the related facilities.*

**Subd. 4. [CAPITAL COST COMPONENT GRANT.]** *"Capital cost component grant" means any grant made to the municipality by the pollution control agency over a term of at least ten years to pay or reimburse the municipality for the payment of all or part of the capital cost component of the service fee.*

**Subd. 5. [CAPITAL COST COMPONENT LOAN.]** *"Capital cost component loan" means any loan made to the municipality by the pollution control agency over a term of at least ten years to pay or reimburse the municipality for the payment of all or part of the capital cost component of the service fee.*

**Subd. 6. [CAPITAL INTENSIVE PUBLIC SERVICES.]** *"Capital intensive public services" means the prevention, control, and abatement of water pollution through wastewater treatment facilities as defined by section 115.71, subdivision 8, and the furnishing of potable water. Capital intensive public services may be limited to the acquisition, construction, and ownership by the private vendor of related facilities, but does not include the furnishing of heating or cooling energy.*

**Subd. 7. [CONTROLLING INTEREST.]** *"Controlling interest" means either (1) the power, by ownership interest, contract, or otherwise, to direct the management of the private vendor or to designate or elect at least a majority of the private vendor's governing body or board, or (2) having more than a 50 percent ownership interest in the private vendor.*

**Subd. 8. [MUNICIPALITY.]** *"Municipality" means a home rule charter or statutory city, county, sanitary district, or other governmental subdivision or public corporation, including the metropolitan council and the metropolitan waste control commission.*

**Subd. 9. [PERMITTED OBLIGATION.]** *"Permitted obligation" means the obligation of the municipality under the service contract to pay a service fee or perform any other obligation under the service contract except an obligation to pay, in a future fiscal year of the municipality from a revenue source other than funds on hand, a stated amount of money for money borrowed or for related facilities purchased by the municipality under the service contract.*

**Subd. 10. [PRIVATE VENDOR.]** *"Private vendor" means one or more persons who are not a municipality and in which no governmental entity or group of governmental entities has a controlling interest.*

*Subd. 11. [RELATED FACILITIES.] "Related facilities" means all real and personal property used by the private vendor in furnishing capital intensive public services, excluding any product of the related facilities, such as drinking water, furnished under the service contract.*

*Subd. 12. [SERVICE CONTRACT.] "Service contract" means any agreement or agreements between a municipality and a private vendor under which:*

*(1) the private vendor agrees to furnish to the municipality or any other user capital intensive public services in accordance with performance standards set forth in the agreement or agreements and the municipality agrees to pay or cause to be paid to the private vendor a service fee for the services, and*

*(2) other covenants incident to clause (1) are made.*

*Subd. 13. [SERVICE FEE.] "Service fee" means the payments the municipality is required under the service contract to make, or cause to be made, to the private vendor, including payments made by third parties to the private vendor for products or services and credited against payments the municipality would otherwise have to make, or cause to be made, under the service contract.*

*Subd. 14. [USEFUL LIFE OF THE RELATED FACILITIES.] "Useful life of the related facilities" means the economic useful life of the related facilities as determined by the municipality.*

*Subd. 15. [UNRESTRICTED FUNDS.] "Unrestricted funds" means any funds other than funds granted to the state or administrator by the federal government or any agency of the federal government and unavailable under federal law for the purposes set forth in section 8.*

*Subd. 16. [USER.] "User" means the municipality and all other persons which use the capital intensive public services furnished by the private vendor.*

#### **Sec. 4. [471A.03] [BASIC AUTHORIZATION AND RELATED POWERS.]**

*Subdivision 1. [BASIC AUTHORIZATION.] A municipality may contract with a private vendor to furnish in accordance with a service contract any capital intensive public services the municipality is authorized by law to furnish, and for that purpose a municipality may exercise any and all of the powers provided in this section.*

*Subd. 2. [SERVICE CONTRACT.] Subject to the provisions of section 10, a municipality may enter into a service con-*

tract for a term of not more than 30 years. However, the service contract may permit the municipality to either extend or renew the term of the service contract so long as the municipality is not bound under the service contract for an extended or renewal period of more than 30 years. Under the service contract the municipality may, under terms and conditions agreed to by the municipality and the private vendor:

(1) obligate itself to pay or cause to be paid a service fee for the availability and use of the capital intensive public services to be furnished under the service contract;

(2) enter into other obligations the municipality considers appropriate that are not otherwise contrary to law; and

(3) either pledge its full faith and credit or obligate a specific source of payment for the payment of the service fee and the performance of other obligations under the service contract and the payment of damages for failure to perform the obligations.

The obligation of the municipality to pay the service fee and perform any other permitted obligations under the service contract are not considered a debt within the meaning of any statutory or charter provision, and no election is required as a precondition to the municipality entering into any permitted obligation or undertaking a project under a service contract.

**Subd. 3. [PROCUREMENT PROCEDURES.]** The municipality may agree under the service contract that the private vendor will acquire and construct any and all related facilities without compliance with any competitive bidding requirements, provided (1) the municipality, or municipalities if the related facilities furnish capital intensive public services to more than one municipality, has in the aggregate either no or no more than a 50 percent ownership interest in the related facilities, and (2) the municipality enters into the service contract only after requesting from two or more private vendors proposals for the furnishing of the capital intensive public services, under terms and conditions the municipality determines to be fair and reasonable. After making the request and receiving any proposals in response to the request, the municipality may negotiate the service contract with any private vendor.

**Subd. 4. [SOURCES OF PAYMENT.]** For the payment of a service fee or other monetary obligation under an existing service contract or in anticipation of need under a future service contract, the municipality may:

(1) levy property taxes, impose rates and charges, levy special assessments, and exercise any other revenue producing authority granted to it and apply public funds for the payment

*of the service fee and any other monetary obligations under the service contract in the same manner, and subject to the same conditions and limitations, except as provided in section 5, that would apply if the related facilities were acquired, constructed, owned, and operated exclusively by the municipality; and*

*(2) establish by ordinance, revise when considered advisable, and collect just and reasonable rates and charges for the capital intensive public services provided under the service contract. The ordinance may obligate the owners, lessees, or occupants of property, or any or all of them, to pay charges for the capital intensive public services available for their properties and may obligate the user of a related facility to pay a reasonable charge for the use of the related facility. Rates and charges may take into account the character, kind, and quality of the capital intensive public service and all other factors that enter into the cost of the capital intensive public service, including but not limited to the service fee payable with respect to it, depreciation, and payment of principal and interest on money borrowed for the acquisition or betterment of related facilities. The rates and charges may be billed and collected in a manner the municipality shall determine. On or before October 15 in each year, the municipality shall certify to the county auditor all unpaid outstanding charges for services provided under the service contract and a statement of the description of the lands against which the charges arose. It is the duty of the county auditor, upon order of the governing body of the municipality, to extend the rates and charges with interest as provided for by ordinance upon the tax rolls of the county for the taxes of the year in which the rate or charge is filed. For each year ending October 15 the rates and charges with interest shall be carried into the tax becoming due and payable in January of the following year, and shall be enforced and collected in the manner provided for the enforcement and collection of real property taxes in accordance with the provisions of the laws of the state. The rates and charges, if not paid, shall become delinquent and be subject to the same penalties and the same rate of interest as the taxes under the general laws of the state. All rates and charges shall be uniform in their application to use and service of the same character or quantity. A public hearing on the proposed ordinance shall be held prior to the meeting at which it is to be considered by the governing body of the municipality and after notice of the hearing has been published in the official newspaper of the municipality not less than ten days prior to the hearing. The notice shall state the subject matter and the general purpose of the proposed ordinance.*

**Subd. 5. [SALE OR LEASE OF EXISTING FACILITIES.]**  
*For purposes of carrying out the service contract, the municipality may, without compliance with any competitive bidding requirement, sell or lease to the private vendor or any other municipality on terms and conditions as the municipality considers appropriate any existing related facilities, including land,*

owned by the municipality. If the facilities are sold to a private vendor, the municipality may provide that title to the facilities reverts to the municipality if the private vendor defaults under any specified provisions in the service contract. The municipality may reacquire any existing facilities it leases or sells to the private vendor and terminate the service contract in accordance with its terms notwithstanding that the service contract may constitute an equitable mortgage. No lease of existing facilities by the municipality to the private vendor is subject to the provisions of section 504.02, unless expressly so provided in the service contract.

**Subd. 6. [INTEREST IN THE RELATED FACILITIES.]** *The municipality may retain or acquire, on terms and conditions it considers appropriate, a present or future interest in all or part of the related facilities and grant a mortgage or security interest in its interest in the related facilities.*

**Subd. 7. [INTEREST IN THE PRIVATE VENDOR.]** *The municipality may, on terms and conditions it considers appropriate, acquire an interest in the private vendor, whether as a joint venturer, stockholder, partner, or otherwise and grant a security interest in its interest in the private vendor. However, no municipality or group of municipalities may have a controlling interest in the private vendor.*

**Subd. 8. [USE OF BOND PROCEEDS.]** *The municipality may issue bonds and other obligations and apply their proceeds toward the payment of the costs of the related facilities in the same manner and subject to the same conditions and limitations that would apply if the related facilities were acquired, constructed, owned, and operated exclusively by the municipality and for these purposes, related facilities shall be considered to be a project within the meaning of section 474.02, subdivision 1a.*

**Subd. 9. [REQUIRED PUBLIC USE.]** *The municipality may agree, subject to any applicable state statutory requirements as to designated use of the related facilities, that the sole and exclusive right to provide the capital intensive public services within its jurisdiction be assumed by the private vendor under the service contract and may require that any and all members of the public within its jurisdiction use the services provided under the service contract in the same manner and subject to the same limitations and conditions that would apply if the related facilities were acquired, constructed, owned, and operated exclusively by the municipality.*

**Subd. 10. [CONDEMNATION POWERS.]** *The municipality may exercise the right of eminent domain in the manner provided by chapter 117, for the purpose of acquiring for itself or the private vendor any and all related facilities. If the related facilities are acquired for the private vendor, the service contract shall be for a term of at least five years.*



*Subd. 11. [CONTRACTOR'S BOND AND MECHANICS' LIENS.] The municipality may waive or require the furnishing of a contractor's payment and performance bond of the kind described in section 574.26 in connection with the installation and construction of any related facilities. If the bond is required, the provisions of chapter 514 relating to liens for labor and materials are not applicable with respect to work done or labor or materials supplied for the related facilities. If the bond is waived, the provisions of chapter 514 apply with respect to work done or labor or materials supplied for the related facilities.*

**Sec. 5. [471A.04] [LEVY LIMITS.]**

*For purposes of applying sections 275.50 to 275.56, any property taxes levied for the payment of the service fee shall be treated as a special levy under the provisions of section 275.50, to the same extent and subject to the same limitations that would apply if the capital cost component of the service fee represented principal and interest payments on bonded indebtedness of the municipality within the meaning of section 275.50, subdivision 5, clause (e), and if the balance of the service fee represented operation and maintenance expenses for related facilities owned and operated exclusively by the municipality. The provisions of section 275.11 and any levy limits imposed by home rule charter do not apply to taxes levied to pay the service fee.*

**Sec. 6. [471A.05] [EXEMPTION FROM PROPERTY TAXES.]**

*If the service contract provides that property taxes imposed with respect to the related facilities are to be included in the service fee as pass-through costs, the municipality may apply to the commissioner of revenue for an exemption from property taxation of the related facilities. The property is exempt from ad valorem taxation, if the commissioner of revenue determines that the related facilities serve the general public and that similar municipally-owned facilities are exempt from ad valorem property taxation. The commissioner of revenue must notify the assessor that the property is exempt from taxation. The exemption is only effective during the term of the service contract from and after the date of filing the certificate in the case of property taxes. The exemption is not effective with respect to any property taxes levied or imposed but not collected prior to the date of approval of the exemption by the commissioner of revenue.*

**Sec. 7. [471A.06] [JOINT POWERS AGREEMENT.]**

*Two or more municipalities may enter into joint powers agreements they consider appropriate under the provisions of section 471.59 for purposes of exercising the powers granted in sections 2 to 13.*

**Sec. 8. [471A.07] [STATE GRANTS AND LOANS.]**

*On or before January 1, 1987, the pollution control agency shall submit to the legislature proposed legislation and draft implementing regulations providing for (1) the use by the administrator of unrestricted funds to provide grants and loans for related facilities that constitute wastewater treatment facilities as defined by section 115.71, subdivision 8, and (2) the use of such funding as a means of speeding construction of wastewater treatment facilities and better targeting scarce unrestricted funds to help finance wastewater treatment facilities (including reimbursement of municipalities for a portion of the capital cost component in service contracts under capital cost component loans and capital cost component grants).*

**Sec. 9. [471A.08] [HEARING.]**

*Subdivision 1. [PUBLIC HEARING REQUIRED.] Except as provided in subdivision 2, a municipality shall, before entering into a service contract under sections 2 to 13, conduct a public hearing on the proposal to provide specified capital intensive public services under sections 2 to 13. The hearing may be conducted either before or after the date on which any request for proposals is made under section 4, subdivision 3, clause (2). A notice of the hearing shall be published in the local official newspaper of the municipality no less than 15 and no more than 45 days prior to the date set for hearing and shall describe the general nature of the proposal. Any written information developed for the proposal prior to the hearing shall be available to the public for inspection prior to the hearing. The hearing on the proposal shall be sufficient even though the site of the related facilities, the name of the private vendor, and the specific structure of the contractual arrangements with the private vendor are not known at the time of the hearing.*

*Subd. 2. [EXISTING CONTRACTS.] A municipality that entered into a service contract prior to the effective date of sections 2 to 13 may exercise any of the powers authorized by those sections without complying with subdivision 1.*

**Sec. 10. [471A.09] [INVESTMENT OF FUNDS.]**

*Any sums paid to the private vendor under the service contract are not considered public funds and may be invested in any securities in which the private vendor is authorized by law to invest.*

**Sec. 11. [471A.10] [PUBLIC EMPLOYEE LAWS.]**

*Unless expressly provided therein, no state law, charter provision, or ordinance of a municipality relating to public employees shall apply to a person solely by reason of that person's employment by a private vendor in connection with services rendered under a service contract.*

**Sec. 12. [471A.11] [REGULATION OF RATES AND CHARGES AND PUBLIC UTILITY LAWS.]**

*A municipality may regulate by ordinance, contract, or otherwise the rates and charges imposed by the private vendor with respect to any capital intensive public services provided to the public under the service contract. Whether or not the imposition of such rates and charges is so regulated, no capital intensive public services provided under the service contract are subject to regulation under the provisions of chapter 216B, unless the municipality elects to subject the services to regulation under that chapter. An election for regulation may be affected by resolution of the governing body of the municipality requesting regulation and filing the resolution with the state public utilities commission.*

**Sec. 13. [471A.12] [POWERS; ADDITIONAL AND SUPPLEMENTAL.]**

*The powers conferred by sections 2 to 13 shall be liberally construed in order to accomplish their purposes and shall be in addition and supplemental to the powers conferred by any other law or charter. If any other law or charter is inconsistent with sections 2 to 13, those sections are controlling as to service contracts entered into under those sections. However, nothing in sections 2 to 13 limits or qualifies (1) any other law that a municipality must comply with to obtain any permit in connection with related facilities or (2) any performance standard or effluent limitations applicable to related facilities.*

**Sec. 14. Minnesota Statutes 1984, section 474.02, is amended by adding a subdivision to read:**

*Subd. 1h. The term "project" shall also include related facilities as defined by section 3, subdivision 11.*

**Sec. 15. [EFFECTIVE DATE.]**

*Article 5 is effective the day following final enactment.*

**Article 6**

**Section 1. Minnesota Statutes 1984, section 116D.04, subdivision 1a, is amended to read:**

**Subd. 1a.** For the purposes of sections 116D.01 to 116D.07, the following terms have the meanings given to them in this subdivision.

(a) "Natural resources" has the meaning given it in section 116B.02, subdivision 4.

(b) "Pollution, impairment or destruction" has the meaning given it in section 116B.02, subdivision 5.

(c) "Environmental assessment worksheet" means a brief document which is designed to set out the basic facts necessary to determine whether an environmental impact statement is required for a proposed action.

(d) "Governmental action" means activities, including projects wholly or partially conducted, permitted, assisted, financed, regulated or approved by units of government including the federal government.

(e) "Governmental unit" means any state agency and any general or special purpose unit of government in the state including, but not limited to, watershed districts organized under chapter 112, counties, towns, cities, port authorities (AND), housing authorities, and *economic development authorities established under sections 14 to 34*, but not including courts, school districts and regional development commissions other than the metropolitan council.

Sec. 2. Minnesota Statutes 1984, section 117.521, subdivision 3, is amended to read:

Subd. 3. The provisions of subdivisions 1 and 2 shall not apply to the acquisition of properties situated wholly or in part within any district for development authorized under Laws 1971, Chapters 548 or 677; or Laws 1973, Chapters 196, 761, or 764; or Laws 1974, Chapter 485; or Minnesota Statutes, Chapters 462, (OR) 458; or *sections 14 to 34*.

Sec. 3. Minnesota Statutes 1984, section 272.01, subdivision 2, is amended to read:

Subd. 2. (a) When any real or personal property which for any reason is exempt from ad valorem taxes, and taxes in lieu thereof, is leased, loaned, or otherwise made available and used by a private individual, association or corporation in connection with a business conducted for profit, there shall be imposed a tax, for the privilege of so using or possessing such real or personal property, in the same amount and to the same extent as though the lessee or user was the owner of such property.

(b) The tax imposed by this subdivision shall not apply to (1) property leased or used by way of a concession in or relative to the use in whole or part of a public park, market, fair grounds, port authority, *economic development authority established under sections 14 to 34*, municipal auditorium, airport owned by a city, town, county or group thereof but not the metropolitan airports commission, municipal museum or municipal stadium or (2) property constituting or used as a public

pedestrian ramp, concourse, passenger check-in area or ticket sale counter, boarding area or luggage claim area in connection with a public airport; provided that real estate which is owned by a municipality in connection with the operation of a public airport and which is leased or used for agricultural purposes shall not be exempt.

(c) Taxes imposed by this subdivision shall be due and payable as in the case of personal property taxes and such taxes shall be assessed to such lessees or users of real or personal property in the same manner as taxes assessed to owners of real or personal property, except that such taxes shall not become a lien against the property. When due, the taxes shall constitute a debt due from the lessee or user to the state, township, city, county and school district for which the taxes were assessed and shall be collected in the same manner as personal property taxes. If property subject to the tax imposed by this subdivision is leased or used jointly by two or more persons, each lessee or user shall be jointly and severally liable for payment of the tax.

Sec. 4. Minnesota Statutes 1984, section 273.72, is amended to read:

273.72 [STATEMENT OF PURPOSE.]

The statutes governing the use of tax increment financing in Minnesota have evolved over a long period of time and exist in several different special and general laws. These laws are sometimes inconsistent and provide varying procedures which render them difficult to administer. It is the intent of the legislature, by enacting the Minnesota tax increment financing act, to ratify and confirm the findings, declarations and determinations made by the legislature in connection with chapters 362A, 458, *sections 14 to 34*, 462, 472A and 474 and to establish a uniform set of standards and procedures to be followed when using this method of financing.

Sec. 5. Minnesota Statutes 1984, section 273.73, subdivision 2, is amended to read:

Subd. 2. [AUTHORITY.] "Authority" means a rural development financing authority created pursuant to chapter 362A, a housing and redevelopment authority created pursuant to chapter 462; a port authority created pursuant to chapter 458; *an economic development authority created pursuant to sections 14 to 34*; a redevelopment agency as defined by chapter 474; a municipality which is administering a development district created pursuant to chapter 472A or any special law, a municipality which undertakes a project pursuant to chapter 474; or a municipality which exercises the powers of a port authority pursuant to any general or special law.

Sec. 6. Minnesota Statutes 1984, section 273.73, subdivision 8, is amended to read:

Subd. 8. [PROJECT.] "Project" means a project as defined in section 362A.01; an industrial development district as defined in section 458.191, subdivision 1; *an economic development district as defined in section 26, 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, subdivisions 1, 1a or 1b.

Sec. 7. 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 revenue 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 an economic development authority to finance or otherwise pay the cost of redevelopment pursuant to sections 14 to 34*, by a housing and redevelopment authority or *economic development authority* to finance or otherwise pay public redevelopment costs pursuant to chapter 462, by a municipality or *economic development authority* 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. 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 construction or renovation of a municipally owned building used primarily and regularly for conducting the business of the municipality; 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.

Sec. 8. Minnesota Statutes 1984, section 273.86, subdivision 1, is amended to read:

Subdivision 1. [APPLICATION.] A developer proposing to construct improvements on property located within an industrial development district as defined in section 458.191, subdivision 1; *an economic development district as defined in section 26, subdivision 1*; a development district as defined in section 472A.02, subdivision 3, or any special law; or a redevelopment project as defined in section 462.421, subdivision 14 may apply to the governing body of the city or municipality in which the property is located to obtain deferral of property tax on the improved property, stating the nature and location of the proposed improvement, its estimated cost, and the projected length of construction time. If the governing body finds that the proposed development is consistent with the requirements of the above referred sections, it may approve the application. If the application is approved by June 30, the tax exemption shall be in effect for taxes paid the following year; if it is approved later than June 30, the exemption shall be in effect for taxes paid in the second subsequent taxable year.

Sec. 9. Minnesota Statutes 1985 Supplement, section 353.01, subdivision 2a, is amended to read:

Subd. 2a. [INCLUDED EMPLOYEES.] The following persons are included in the meaning of "public employee":

(a) Elected or appointed officers and employees of elected officers.

(b) District court reporters.

(c) Officers and employees of the public employees retirement association.

(d) Employees of the League of Minnesota Cities.

(e) Officers and employees of public hospitals, owned or operated by or an integral part of, any governmental subdivision or governmental subdivisions.

(f) Employees of a school district who receive separate salaries for driving their own buses.

(g) Employees of the Association of Minnesota Counties.

(h) Employees of the Metropolitan Inter-County Association.

(i) Employees of the Minnesota Municipal Utilities Association.

(j) Employees of the metropolitan airports commission if employment initially commences on or after July 1, 1979.

(k) Employees of the Minneapolis employees retirement fund, if employment initially commences on or after July 1, 1979.

(l) Employees of the Range Association of Municipalities and Schools.

(m) Employees of the soil and water conservation districts.

(n) Employees of a county historical society.

(o) *Employees of an economic development authority created under sections 14 to 34.*

Sec. 10. Minnesota Statutes 1984, section 355.11, subdivision 5, is amended to read:

Subd. 5. "Employing unit" means any municipal housing and redevelopment authorities organized pursuant to sections 462.-415 to 462.705 and any soil and water conservation district organized pursuant to chapter 40 or any port authority organized pursuant to chapter 458, *or any economic development authority organized pursuant to sections 14 to 34*, or any hospital district organized or reorganized pursuant to sections 447.31 to 447.37.

Sec. 11. Minnesota Statutes 1985 Supplement, section 395.08, is amended to read:

395.08 [ECONOMIC AND AGRICULTURAL DEVELOPMENT.]

A county board may appropriate not more than (\$25,000) \$50,000 annually out of the general revenue fund of the county to be paid to any incorporated development society or organization of this state which, in the board's opinion, will use the money for the best interests of the county in promoting, advertising, improving, or developing the economic and agricultural resources of the county.



Sec. 12. [458.091] [COMPLIANCE EXAMINATIONS;  
FINANCIAL AUDITS.]

*At the request of the city or upon the auditor's initiative, the state auditor may make a legal compliance examination of the authority for that city. Each authority examined must pay the total cost of the examination, including the salaries paid to the examiners while actually engaged in making the examination. The state auditor may bill monthly or at the completion of the audit. All collections received must be deposited in the revolving fund of the state auditor. Each authority shall hire a certified public accountant to annually audit the authority's financial statements. For purposes of this section "authority" includes a port authority created under chapter 458 or any other law and an economic development authority established under sections 14 to 34.*

Sec. 13. [458.101] [NO STATE BAILOUT OF PORT  
AUTHORITIES.]

*State appropriations or credit of the state must not be used to pay or guarantee the payment of the debt of a port authority.*

Sec. 14. [458C.01] [DEFINITIONS.]

*Subdivision 1. [TERMS.] In sections 14 to 34, the terms defined in this section have the meaning given them.*

*Subd. 2. [AUTHORITY.] "Authority" means an economic development authority, unless specified otherwise.*

*Subd. 3. [CITY.] "City" means a home rule charter or statutory city.*

*Subd. 4. [DEVELOPMENT.] "Development" includes redevelopment, and developing includes redeveloping.*

*Subd. 5. [COST OF REDEVELOPMENT.] "Cost of redevelopment" means, with respect to an economic development district project, the cost of*

*(a) acquiring property, whether by purchase, lease, condemnation, or otherwise;*

*(b) demolishing or removing structures or other improvements on acquired properties;*

*(c) correcting soil deficiencies necessary to develop or use the property for an appropriate use as determined by the authority;*

(d) constructing or installing public improvements, including streets, roads, and utilities;

(e) providing relocation benefits to the occupants of acquired properties;

(f) planning, engineering, legal and other services necessary to carry out the functions listed in clauses (a) to (e); and

(g) the allocated administrative expenses of the authority for the project.

**Sec. 15. [458C.03] [ECONOMIC DEVELOPMENT AUTHORITY; ESTABLISHMENT.]**

*A city may, by adopting an enabling resolution in compliance with the procedural requirements of section 17, establish an economic development authority that, subject to section 16, has the powers contained in sections 14 to 34 and a housing and redevelopment authority under chapter 462 or other law, and a city under chapter 472A or other law. If the economic development authority exercises the powers of a housing and redevelopment authority contained in chapter 462 or other law, the city shall exercise the powers relating to a housing and redevelopment authority granted to a city by chapter 462 or other law.*

**Sec. 16. [458C.04] [LIMIT OF POWERS.]**

*Subdivision 1. [RESOLUTION.] The enabling resolution may impose the following limits upon the actions of the authority:*

*(1) that the authority must not exercise any specified powers contained in sections 14 to 34, chapters 462 and 472A or that the authority must not exercise any powers without the prior approval of the city council;*

*(2) that, except when previously pledged by the authority, the city council may, by resolution, require the authority to transfer any portion of the reserves generated by activities of the authority that the city council determines is not necessary for the successful operation of the authority, to the city general fund, to be used for any general purpose of the city;*

*(3) that the sale of all bonds or obligations issued by the authority be approved by the city council before issuance;*

*(4) that the authority follow the budget process for city departments as provided by the city and as implemented by the city council and mayor;*

(5) that all official actions of the authority must be consistent with the adopted comprehensive plan of the city, and any official controls implementing the comprehensive plan;

(6) that the authority submit all planned activities for influencing the action of any other governmental agency, subdivision, or body to the city council for approval;

(7) that the authority submit its administrative structure and management practices to the city council for approval; and

(8) any other limitation or control established by the city council by the enabling resolution.

Subd. 2. [MODIFICATION OF RESOLUTION.] The enabling resolution may be modified at any time, subject to subdivision 5, and provided that any modification is made in accordance with section 16.

Subd. 3. [REPORT ON RESOLUTION.] Without limiting the right of the authority to petition the city council at any time, each year, within 60 days of the anniversary date of the first adoption of the enabling resolution, the authority shall submit to the city council a report stating whether and how the enabling resolution should be modified. Within 30 days of receipt of the recommendation, the city council shall review the enabling resolution, consider the recommendations of the authority, and make any modification it considers appropriate. Modifications must be made in accordance with the procedural requirements of section 16.

Subd. 4. [COMPLIANCE.] The city council's determination that the authority has complied with the limitations imposed under this section is conclusive.

Subd. 5. [LIMITS; SECURITY.] Limits imposed under this section must not be applied in a manner that impairs the security of any bonds issued or contracts executed before the limit is imposed. The city council must not modify any limit in effect at the time any bonds or obligations are issued or contracts executed to the detriment of the holder of the bonds or obligations or any contracting party.

#### Sec. 17. [458C.05] [PROCEDURAL REQUIREMENT.]

Subdivision 1. [ENABLING RESOLUTION.] The creation of an authority by a city must be by written resolution known as the enabling resolution. Before adopting the enabling resolution, the city council shall conduct a public hearing. Notice of the time and place of hearing, a statement of the purpose of the hearing, and a summary of the resolution must be published in a

*newspaper of general circulation within the city once a week for two consecutive weeks. The first publication must appear not more than 30 days from the date of the public hearing.*

*Subd. 2. [MODIFICATIONS.] All modifications to the enabling resolution must be by written resolution and must be adopted after notice is given and a public hearing conducted as required for the original adoption of the enabling resolution.*

**Sec. 18. [458C.06] [TRANSFER OF AUTHORITY.]**

*Subdivision 1. [ECONOMIC DEVELOPMENT, HOUSING, REDEVELOPMENT POWERS.] The city may, by ordinance, divide any economic development, housing, and redevelopment powers granted under chapter 462 and this chapter between the economic development authority and any other authority or commission established under statute or city charter for economic development, housing, or redevelopment.*

*Subd. 2. [PROJECT CONTROL, AUTHORITY, OPERATION.] The city may, by resolution, transfer the control, authority, and operation of any project as defined in section 273.73, subdivision 8, or any other program or project authorized by chapter 462 or 472A located within the city, from the governmental agency or subdivision that established the project to the economic development authority. The city council may also require acceptance of control, authority, and operation of the project by the economic development authority. The economic development authority may exercise all of the powers that the governmental unit establishing the project could exercise with respect to the project.*

*When a project or program is transferred to the economic development authority, the authority shall covenant and pledge to perform the terms, conditions, and covenants of the bond indenture or other agreements executed for the security of any bonds issued by the governmental subdivision that initiated the project or program. The economic development authority may exercise all of the powers necessary to perform the terms, conditions, and covenants of any indenture or other agreements executed for the security of the bonds and shall become obligated on the bonds when the project or program is transferred as provided in this subdivision.*

*Subd. 3. [TRANSFER OF PERSONNEL.] Notwithstanding any other law or charter provision to the contrary, the city council may, by resolution, place any employees of the housing and redevelopment authority under the direction, supervision, or control of the economic development authority. The placement of any employees under the direction, supervision, or control of the economic development authority does not affect the rights of any employees of the housing and redevelopment authority, including any rights existing under a collective bar-*

*gaining agreement or fringe benefit plan. The employees shall become employees of the economic development authority.*

**Sec. 19. [458C.07] [ECONOMIC DEVELOPMENT AUTHORITY.]**

*An economic development authority is a public body corporate and politic and a political subdivision of the state with the right to sue and be sued in its own name. An authority carries out an essential governmental function when it exercises its power, but the authority is not immune from liability because of this.*

**Sec. 20. [458C.08] [COMMISSIONERS; APPOINTMENT, TERMS, VACANCIES, PAY, REMOVAL.]**

*Subdivision 1. [COMMISSIONERS.] Except as provided in subdivision 2, clause (d), an economic development authority shall consist of either three, five, or seven commissioners who shall be appointed after the enabling resolution provided for in section 17 becomes effective. The resolution must indicate the number of commissioners constituting the authority.*

*Subd. 2. [APPOINTMENT, TERMS; VACANCIES.] (a) Three-member authority: the commissioners constituting a three-member authority, one of whom must be a member of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, four, and six years, respectively. Thereafter all commissioners shall be appointed for six-year terms.*

*(b) Five-member authority: the commissioners constituting a five-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of two, three, four, and five years respectively and one member for six years. Thereafter all commissioners shall be appointed for six-year terms.*

*(c) Seven-member authority: the commissioners constituting a seven-member authority, two of whom must be members of the city council, shall be appointed by the mayor with the approval of the city council. Those initially appointed shall be appointed for terms of one, two, three, four, and five years respectively and two members for six years. Thereafter all commissioners shall be appointed for six-year terms.*

*(d) The enabling resolution may provide that the members of the city council shall serve as the commissioners.*

*(e) The enabling resolution may provide for the appointment of members of the city council in excess of the number required in clauses (a), (b) and (c).*

(f) A vacancy is created in the membership of an authority when a city council member of the authority ends council membership. A vacancy for this or another reason must be filled for the balance of the unexpired term, in the manner in which the original appointment was made. The city council may set the term of the commissioners who are members of the city council to coincide with their term of office as members of the city council.

**Subd. 3. [INCREASE IN COMMISSION MEMBERS.]** An authority may be increased from three to five or seven members, or from five to seven members by a resolution adopted by the city council following the procedure provided for modifying the enabling resolution in section 17.

**Subd. 4. [COMPENSATION AND REIMBURSEMENT.]** A commissioner, including the president, shall be paid for attending each regular or special meeting of the authority in an amount to be determined by the city council. In addition to receiving pay for meetings, the commissioners may be reimbursed for actual expenses incurred in doing official business of the authority. All money paid for compensation or reimbursement must be paid out of the authority's budget.

**Subd. 5. [REMOVAL FOR CAUSE.]** A commissioner may be removed by the city council for inefficiency, neglect of duty, or misconduct in office. A commissioner shall be removed only after a hearing. A copy of the charges must be given to the commissioner at least ten days before the hearing. The commissioner must be given an opportunity to be heard in person or by counsel at the hearing. When written charges have been submitted against a commissioner, the city council may temporarily suspend the commissioner. If the city council finds that those charges have not been substantiated, the commissioner shall be immediately reinstated. If a commissioner is removed, a record of the proceedings, together with the charges and findings, shall be filed in the office of the city clerk.

## **Sec. 21. [458C.09] [OFFICERS; DUTIES; ORGANIZATIONAL MATTERS.]**

**Subdivision 1. [BYLAWS, RULES, SEAL.]** An authority may adopt bylaws and rules of procedure and shall adopt an official seal.

**Subd. 2. [OFFICERS.]** An authority shall elect a president, a vice-president, a treasurer, a secretary, and an assistant treasurer. The authority shall elect the president, treasurer, and secretary annually. A commissioner must not serve as president and vice-president at the same time. The other offices may be held by the same commissioner. The offices of secretary and assistant treasurer need not be held by a commissioner.

*Subd. 3. [DUTIES AND POWERS.] The officers have the usual duties and powers of their offices. They may be given other duties and powers by the authority.*

*Subd. 4. [TREASURER'S DUTIES.] The treasurer:*

- (1) shall receive and is responsible for authority money;*
- (2) is responsible for the acts of the assistant treasurer;*
- (3) shall disburse authority money by check only;*
- (4) shall keep an account of the source of all receipts, and the nature, purpose, and authority of all disbursements; and*
- (5) shall file the authority's detailed financial statement with its secretary at least once a year at times set by the authority.*

*Subd. 5. [ASSISTANT TREASURER.] The assistant treasurer has the powers and duties of the treasurer if the treasurer is absent or disabled.*

*Subd. 6. [TREASURER'S BOND.] The treasurer shall give bond to the state conditioned for the faithful discharge of official duties. The bond must be approved as to form and surety by the authority and filed with the secretary. The bond must be for twice the amount of money probably on hand at any one time, as determined at least annually by the authority. However, the bond must not exceed \$300,000.*

*Subd. 7. [PUBLIC MONEY.] Authority money is public money.*

*Subd. 8. [CHECKS.] An authority check must be signed by the treasurer and one other officer named by the authority in a resolution. The check must state the name of the payee and the nature of the claim that the check is issued for.*

*Subd. 9. [FINANCIAL STATEMENT.] The authority's detailed financial statement must show all receipts and disbursements, their nature, the money on hand, the purposes to which the money on hand is to be applied, the authority's credits and assets, and its outstanding liabilities in a form required for the city's financial statements. The authority shall examine the statement together with the treasurer's vouchers. If the authority finds that the statement and vouchers are correct, it shall approve them by resolution and enter the resolution in its records.*

**Sec. 22. [458C.10] [EMPLOYEES; SERVICES; SUPPLIES.]**

*Subdivision 1. [EMPLOYEES.] An economic development authority may employ an executive director, a chief engineer, other technical experts and agents, and other employees as it may require, and determine their duties, qualifications, and compensation.*

*Subd. 2. [CONTRACT FOR SERVICES.] The authority may contract for the services of consultants, agents, public accountants, and other persons needed to perform its duties and exercise its powers.*

*Subd. 3. [LEGAL SERVICES.] The authority may use the services of the city attorney or hire a general counsel for its legal needs. The city attorney or general counsel, as determined by the authority, is its chief legal advisor.*

*Subd. 4. [SUPPLIES.] The authority may purchase the supplies and materials it needs to carry out sections 14 to 34.*

*Subd. 5. [CITY PURCHASING.] An authority may use the facilities of its city's purchasing department in connection with construction work and to purchase equipment, supplies, or materials.*

*Subd. 6. [CITY FACILITIES, SERVICES.] A city may furnish offices, structures and space, and stenographic, clerical, engineering, or other assistance to its authority.*

*Subd. 7. [DELEGATION POWER.] The authority may delegate to one or more of its agents or employees powers or duties as it may deem proper.*

## **Sec. 23. [458C.11] [CONFLICT OF INTEREST.]**

*Except as authorized in section 471.88 a commissioner, officer, or employee of an authority must not acquire any financial interest, direct or indirect, in any project or in any property included or planned to be included in any project, nor shall the person have any financial interest, direct or indirect, in any contract or proposed contract for materials or service to be furnished or used in connection with any project.*

## **Sec. 24. [458C.12] [DEPOSITORIES; DEFAULT; COLLATERAL.]**

*Subdivision 1. [NAMED; BOND.] Every two years an authority shall name national or state banks within the state as depositories. Before acting as a depository, a named bank shall give the authority a bond approved as to form and surety by the authority. The bond must be conditioned for the safekeeping and prompt repayment of deposits. The amount of bond must be at*



*least equal to the maximum sums expected to be deposited at any one time.*

*Subd. 2. [ONE BANK ACCOUNT.] An authority may deposit all its money from any source in one bank account.*

*Subd. 3. [DEFAULT; COLLATERAL.] When authority funds are deposited by the treasurer in a bonded depository, the treasurer and the surety on the treasurer's official bond are exempt from liability for the loss of the deposits because of the failure, bankruptcy, or other act or default of the depository. However, an authority may accept assignments of collateral from its depository to secure deposits just as assignments of collateral are permitted by law to secure deposits of the authority's city.*

**Sec. 25. [458C.13] [OBLIGATIONS.]**

*Subdivision 1. [TAXES AND ASSESSMENTS PROHIBITED.] An authority must not levy a tax or special assessment, except as otherwise provided in sections 14 to 34, pledge the credit of the state or the state's municipal corporations or other subdivisions, or incur an obligation enforceable on property not owned by the authority.*

*Subd. 2. [BUDGET TO CITY.] Annually, at a time fixed by charter, resolution, or ordinance of the city, an authority shall send its budget to its city's council. The budget must include a detailed written estimate of the amount of money that the authority expects to need from the city to do authority business during the next fiscal year. The needed amount is what is needed in excess of any expected receipts from other sources.*

*Subd. 3. [FISCAL YEAR.] The fiscal year of the authority must be the same as the fiscal year of its city.*

*Subd. 4. [REPORT TO CITY.] Annually, at a time and in a form fixed by the city council, the authority shall make a written report to the council giving a detailed account of its activities and of its receipts and expenditures during the preceding calendar year, together with additional matters and recommendations it deems advisable for the economic development of the city.*

*Subd. 5. [AUDITS.] The financial statements of the authority must be prepared, audited, filed, and published or posted in the manner required for the financial statements of the city that established the authority. The financial statements must permit comparison and reconciliation with the city's accounts and financial reports. The report must be filed with the state auditor by June 30 of each year. The auditor shall review the report and may accept it or, in the public interest, audit the books of the authority.*

Sec. 26. [458C.14] [ECONOMIC DEVELOPMENT DISTRICTS; SCHEDULE OF POWERS.]

*Subdivision 1. [ESTABLISHMENT.] An economic development authority may create and define the boundaries of economic development districts at any place or places within the city and may use the powers granted in sections 14 to 34 to carry out its purposes. First the authority must hold a public hearing on the matter. At least ten days before the hearing, the authority shall publish notice of the hearing in a daily newspaper of general circulation in the city. Also, the authority shall find that an economic development district is proper and desirable to establish and develop within the city.*

*Subd. 2. [ACQUIRE PROPERTY.] The economic development authority may acquire by lease, purchase, gift, devise, or condemnation proceedings the needed right, title, and interest in property to create economic development districts. It shall pay for the property out of money it receives under sections 14 to 34. It may hold and dispose of the property subject to the limits and conditions in sections 14 to 34. The title to property acquired by condemnation or purchase must be in fee simple, absolute. The authority may accept an interest in property acquired in another way subject to any condition of the grantor or donor. The condition must be consistent with the proper use of the property under sections 14 to 34. Property acquired, owned, leased, controlled, used, or occupied by the authority for any of the purposes of this section is for public governmental and municipal purposes and is exempt from taxation by the state or by its political subdivisions. The exemption applies only while the authority holds property for its own purpose. The exemption is subject to the provisions of section 272.02, subdivision 5. When property is sold it begins to be taxed again.*

*Subd. 2a. [OPTIONS.] The economic development authority may sign options to purchase, sell, or lease property.*

*Subd. 3. [EMINENT DOMAIN.] The economic development authority may use eminent domain under chapter 117, or under its city's charter to acquire property it is authorized to acquire by condemnation. The authority may acquire in this way property acquired by its owner by eminent domain or property already devoted to a public use only if its city's council approves. The authority may possess property to be condemned after it files a petition in condemnation proceedings describing the property. The authority may abandon the condemnation before taking possession.*

*Subd. 4. [CONTRACTS.] The economic development authority may make contracts for the purpose of economic development within the powers given it in sections 14 to 34. The authority may contract or arrange with the federal government, or any of its departments, with persons, public corporations, the state,*

*or any of its political subdivisions, commissions, or agencies, for separate or joint action, on any matter related to using the authority's powers or doing its duties. The authority may contract to purchase and sell real and personal property. However, an obligation or expense must not be incurred except when existing appropriations together with the reasonable expected revenue of the authority from other sources are sufficient to discharge the obligation or pay the expense when due. The state and its municipal subdivisions are not liable on the obligations.*

*Subd. 4a. [LIMITED PARTNER.] The economic development authority may be a limited partner in a partnership whose purpose is consistent with the authority's purpose.*

*Subd. 5. [RIGHTS; EASEMENTS.] The economic development authority may acquire rights or an easement for a term of years or perpetually for development of an economic development district.*

*Subd. 6. [SUPPLIES; MATERIALS.] The economic development authority may buy the supplies and materials it needs to carry out this section.*

*Subd. 7. [RECEIVE PUBLIC PROPERTY.] The economic development authority may accept land, money, or other assistance, whether by gift, loan or otherwise, in any form from the federal or state government, or an agency of either, or a local subdivision of state government to carry out sections 14 to 34 and to acquire and develop an economic development district and its facilities under this section.*

*Subd. 8. [DEVELOPMENT DISTRICT AUTHORITY.] The economic development authority may sell or lease land held by it for economic development in economic development districts. The authority may, if proper in the public interest, build suitable buildings or structures on land owned by it. The authority may furnish capital equipment permanently or used exclusively on the lands or in the buildings if necessary to the purposes of the buildings or structures. The authority must intend that the buildings, structures, and equipment be leased or sold to private persons to further develop the economic development district.*

*The authority may acquire, develop, sell, or lease single or multiple tracts of land regardless of size, to be developed as a part of the economic development of the district under sections 14 to 34.*

*Subd. 9. [FOREIGN TRADE ZONE.] The economic development authority may apply to the board defined in United States Code, title 19, section 81a, for the right to use the powers provided in United States Code, title 19, sections 81a to 81u. If the right is granted, the authority may use the powers. One authority may apply with another authority.*

*Subd. 10. [RELATION TO CHAPTER 474.] The economic development authority may exercise powers and duties of a redevelopment agency under chapter 474, for a purpose in sections 14 to 34 or 462.411 to 462.705. The authority may also use the powers and duties in sections 14 to 34 and 462.411 to 462.705 for a purpose in chapter 474.*

*Subd. 11. [PUBLIC FACILITIES.] The authority may operate and maintain a public parking facility or other public facility to promote development in an economic development district.*

**Sec. 27. [458C.15] [GENERAL OBLIGATION BONDS.]**

*Subdivision 1. [AUTHORITY; PROCEDURE.] An economic development authority may issue general obligation bonds in the principal amount authorized by two-thirds majority vote of its city's council. The bonds may be issued in anticipation of income from any source. The bonds may be issued: (1) to secure funds needed by the authority to pay for acquired property or (2) for other purposes in sections 14 to 34. The bonds must be in the amount and form and bear interest at the rate set by the city council. The authority shall sell the bonds to the highest bidder. The authority shall publish notice of the time and the place for receiving bids, once at least two weeks before the bid deadline. Sections 14 to 34 govern issuance of the bonds. When those sections are silent, chapter 475 governs. The authority when issuing the bonds is a municipal corporation under chapter 475. No election shall be required to authorize the issuance of the bonds except as provided in subdivision 2.*

*Subd. 2. [REFERENDUM ON PETITION.] Before the issuance of the bonds, the city council shall publish in the official newspaper of the city an initial resolution authorizing the issuance of the bonds, and if within 21 days after the publication there is filed with the city clerk a petition requesting an election on the proposition of issuing the bonds signed by a number of qualified voters greater than ten percent of the number who voted in the city at the last general election, the bonds must not be issued until the proposition has been approved by a majority of the votes cast on it at a regular or special election.*

*Subd. 3. [OUTSIDE DEBT LIMIT.] Bonds issued by the authority must not be included in the net debt of its city. Money received under this section must not be included in a per person limit on taxing or spending in the city's charter. The authority is also exempt from the limit.*

*Subd. 4. [DETAIL; MATURITY.] The authority with the consent of its city's council shall set the date, denominations, place of payment, form, and details of the bonds. The bonds must mature serially. The first installment is due in not more than three years and the last in not more than 30 years from the date of issuance.*

*Subd. 5. [SIGNATURES; COUPONS; LIABILITY.] The bonds must be signed by the president of the authority, be attested by its secretary, and be countersigned by its treasurer; the signatures may be facsimile signatures. The interest coupons if any, must be attached to the bonds. The coupons must be executed and authenticated by the printed, engrossed, or lithographed facsimile signature of the authority's president and secretary. The bonds do not impose any personal liability on a member of the authority.*

*Subd. 6. [PLEDGE.] The bonds must be secured by the pledge of the full faith, credit, and resources of the issuing authority's city. The authority may pledge the full faith, credit, and resources of the city only if the city specifically authorizes the authority to do so. The city council must first decide whether the issuance of the bonds by the authority is proper in each case and if so, what amount of bonds to issue. The city council shall give specific consent in an ordinance to the pledge of the city's full faith, credit, and resources. The authority shall pay the principal amount of the bonds and the interest on it from taxes levied under this section to make the payment or from authority income from any source.*

*Subd. 7. [TAX LEVY.] An authority that issues bonds under this section, shall, before issuing them, levy a tax for each year on the taxable property in the authority's city. The tax must be for at least five percent more than the amount required to pay the principal and interest on the bonds as the principal and interest mature. The tax must be levied annually until the principal and interest are paid in full. After the bonds have been delivered to the purchasers, the tax must not be repealed until the debt is paid. After the bonds are issued, the authority need not take any more action to authorize extending, assessing, and collecting the tax. The authority's secretary shall immediately send a certified copy of the levy to the county auditor. The secretary shall send with the copy full information on the bonds for which the tax is levied. The county auditor shall extend and assess the levied tax annually until the principal and interest are paid in full. The authority shall transfer the surplus from the excess levy in this section to a sinking fund after the principal and interest for which the tax was levied and collected is paid. The authority may direct its secretary to send a certificate to the county auditor before October 15 in a year. The certificate must state how much available income including the amount in the sinking fund the authority will use to pay principal or interest or both on each specified issue of the authority's bonds. The auditor shall then reduce the bond levy for that year by that amount. The authority shall then set aside the certified amount and may not use it for any purpose except to pay the principal and interest on the bonds. The taxes in this section shall be collected and sent to the authority by the county treasurer under the law on collection of other taxes. The taxes must be used only to pay the bonds when due.*

*Subd. 8. [AUTHORIZED SECURITIES.] Bonds legally issued under this chapter are authorized securities under section 50.14. A savings bank, trust company, or insurance company may invest in them. A public or municipal corporation may invest its sinking funds in them. The bonds may be pledged by a bank or trust company as security for the deposit of public money in place of a surety bond.*

*The authority's bonds are instrumentalities of a public governmental agency.*

**Sec. 28. [458C.16] [REVENUE BONDS; PLEDGE; COVENANTS.]**

*Subdivision 1. [AUTHORITY.] An economic development authority may decide by resolution to issue its revenue bonds either at one time or in series from time to time. The revenue bonds may be issued to provide money to pay to acquire land needed to operate the authority, to purchase or construct facilities, to purchase, construct, install, or furnish capital equipment to operate a facility for economic development of any kind within the city, or to pay to extend, enlarge, or improve a project under its control. The issued bonds may include the amount the authority considers necessary to establish an initial reserve to pay principal and interest on the bonds. The authority shall state in a resolution how the bonds and their attached interest coupons are to be executed.*

*Subd. 2. [FORM.] The bonds of each series issued by the authority under this section shall bear interest at a rate or rates, shall mature at the time or times within 30 years from the date of issuance and shall be in the form, whether payable to bearer, registrable as to principal, or fully registrable, as may be determined by the authority. Section 27, subdivision 8, applies to all bonds issued under this section, and the bonds and their coupons, if any, when payable to bearer, shall be negotiable instruments.*

*Subd. 3. [SALE.] The sale of revenue bonds issued by the authority shall be at public or private sale. The bonds may be sold in the manner and for the price that the authority determines to be for the best interest of the authority. The bonds may be made callable, and if so issued, may be refunded.*

*Subd. 4. [AGREEMENTS.] The authority may by resolution make an agreement or covenant with the bondholders or their trustee. The authority must first decide that the agreement or covenant is needed or desirable to do what the authority may do under this section and to assure that the revenue bonds are marketable and promptly paid.*

*Subd. 5. [REVENUE PLEDGE.] In issuing general obligation or revenue bonds, the authority may secure the payment of*

*the principal and the interest on the bonds by a pledge of and lien on authority revenue. The revenue must come from the facility to be acquired, constructed, or improved with the bond proceeds or from other facilities named in the bond-authorizing resolutions. The authority also may secure the payment with its promise to impose, maintain, and collect enough rentals, rates and charges, for the use and occupancy of the facilities and for services furnished in connection with the use and occupancy, to pay its current expenses to operate and maintain the named facilities, and to produce and put enough net revenue in a special fund to meet the interest and principal requirements of the bonds, and to collect and keep any more money required by the resolutions. The authority shall decide what is current expense under this subdivision based on what is normal and reasonable under accepted accounting principles. Revenues pledged by the authority must not be used or pledged for any other authority purpose or to pay any other bonds issued under this section or under section 27, unless the other use or pledge is specifically authorized in the bond-authorizing resolutions.*

**Subd. 6. [NOT CITY DEBT.]** *Revenue bonds issued under this section are not a debt of the authority's city nor a pledge of that city's full faith and credit. The bonds are payable only from project revenue as described in this section. A revenue bond must contain on its face a statement to the effect that the economic development authority and its named city do not have to pay the bond or the interest on it except from revenue and that the faith, credit, and taxing power of the city are not pledged to pay the principal of or the interest on the bond.*

**Subd. 7. [NOT APPLICABLE.]** *Sections 474.01, subdivisions 7a, 7b, and 8 and 474.02, subdivision 1d, do not apply to revenue bonds issued under this section and chapter 474 if the interest on the revenue bonds is subject to both state and federal income tax or if the revenue bond proceeds are not loaned by the authority to a private person.*

**Subd. 8. [TAX INCREMENT BONDS.]** *Obligations secured or payable from tax increment revenues and issued pursuant to this section or section 27 are subject to the provisions of section 273.77.*

**Sec. 29. [458C.17] [SECTIONS THAT APPLY IF FEDERAL LIMIT APPLIES.]**

*Sections 474.16 to 474.23 apply to obligations issued under sections 14 to 34 that are limited by a federal limitation act defined in section 474.16, subdivision 5.*

**Sec. 30. [458C.18] [ADDITIONAL POWERS.]**

**Subdivision 1. [AS AGENT.]** *An economic development authority may cooperate with or act as agent for the federal or*

*the state government, or a state public body, or an agency or instrumentality of a government or a public body to carry out sections 14 to 34 or any other related federal, state or local law in the area of economic development district improvement.*

*Subd. 2. [STUDIES, ANALYSIS, RESEARCH.] An authority may study and analyze economic development needs in the city, and ways to meet the needs. An authority may study the desirable patterns for land use for economic development and community growth and other factors affecting local economic development in the city and make the result of the studies available to the public and to industry in general. An authority may engage in research and give out information on economic development within the city.*

*Subd. 3. [PUBLIC RELATIONS.] To further an authorized purpose an authority may (1) join an official, industrial, commercial, or trade association, or another organization concerned with the purpose, (2) have a reception of officials who may contribute to advancing the city and its economic development, and (3) carry out other public relations activities to promote the city and its economic development. Activities under this subdivision have a public purpose.*

*Subd. 4. [ACCEPT PUBLIC LAND.] An authority may accept conveyances of land from all other public agencies, commissions or other units of government, if the land can be properly used by the authority in an economic development district, to carry out the purposes of sections 14 to 34.*

*Subd. 5. [ECONOMIC DEVELOPMENT.] An authority may carry out the law on economic development districts to develop and improve the lands in an economic development district to make it suitable and available for economic development uses and purposes. An authority may fill, grade, and protect the property and do anything necessary and expedient, after acquiring the property, to make it suitable and attractive as a tract for economic development. An authority may lease some or all of its lands or property and may set up local improvement districts in all or part of an economic development district.*

*In general, with respect to an economic development district, an authority may use all the powers given an economic development authority by law.*

*Subd. 6. [AS BORROWER.] An authority after authorizing bonds under section 27 or 28 may borrow to provide money immediately required for the bond purpose. The loans must not exceed the amount of the bonds. The authority shall by resolution decide the terms of the loans. The loans must be evidenced by negotiable notes due in not more than 12 months from the date of the loan payable to the order of the lender or*



*to bearer, to be repaid with interest from the proceeds of the bonds when the bonds are issued and delivered to the bond purchasers. The loan must not be obtained from any commissioner of the authority or from any corporation, association, or other institution of which an authority commissioner is a stockholder or officer.*

*Subd. 7. [AS LENDER.] The proceeds of obligations issued by an authority under section 28 and temporary loans obtained under this section may be used to make or purchase loans for economic development facilities that the authority believes will require financing. To make or purchase the loans, the authority may enter into loan and related agreements, both before and after issuing the obligations, with persons, firms, public or private corporations, federal or state agencies, and governmental units under terms and conditions the authority considers appropriate. A governmental unit in the state may apply, contract for, and receive the loans. Chapter 475 does not apply to the loans.*

*Subd. 8. [MINED SPACE DEVELOPMENT.] Upon delegation by a municipality as provided in section 472B.08, an authority may exercise any of the delegated powers in connection with mined underground space development under sections 472B.03 to 472B.07.*

*Subd. 9. [CITY FACILITIES, SERVICES.] An authority city may furnish offices, structures, and space, stenographic, clerical, engineering, or other assistance to its authority.*

#### **Sec. 31. [458C.19] [SALE OF PROPERTY.]**

*Subdivision 1. [POWER.] An economic development authority may sell and convey property owned by it within the city or an economic development district. First, the authority must decide that the sale and conveyance are in the best interests of the city or district and its people, and that the transaction furthers its general plan of economic development. This section is not limited by other law on powers of economic development authorities.*

*Subd. 2. [NOTICE; HEARING.] An authority shall hold a hearing on the sale. At the hearing a taxpayer may testify for or against the sale. At least ten, but not more than 20, days before the hearing the authority shall publish notice of the hearing on the proposed sale in a newspaper. The newspaper must be published and have general circulation in the authority's county and city. The notice must describe the property to be sold and state the time and place of the hearing. The notice must also state that the public may see the terms and conditions of the sale at the authority's office and that at the hearing the authority will meet to decide if the sale is advisable.*

*Subd. 3. [DECISION; APPEAL.] The authority shall make its findings and decision on whether the sale is advisable and enter its decision on its records within 30 days of the hearing. A taxpayer may appeal the decision. The appeal is made by filing a notice of appeal with the district court in the city or economic development district's county and serving the notice on the secretary of the authority, within 20 days after the decision is entered. The only ground for appeal is that the action of the authority was arbitrary, capricious, or contrary to law.*

*Subd. 4. [TERMS.] The terms and conditions of sale of the property must include the use that the bidder will be allowed to make of it. The authority may require the purchaser to file security to assure that the property will be given that use. In deciding the sale terms and conditions the authority may consider the nature of the proposed use and the relation of the use to the improvement of the authority's city and the business and the facilities of the authority in general. The sale must be made on the authority's terms and conditions. The authority may publish an advertisement for bids on the property at the same time and in the same manner as the notice of hearing required in this section. The authority may award the sale to the bid considered by it to be most favorable considering the price and the specified intended use. The authority may also sell the property at private sale at a negotiated price if after its hearing the authority considers that sale to be in the public interest and to further the aims and purposes of sections 14 to 34.*

*Subd. 5 [ONE-YEAR DEADLINE.] The purchaser shall, within one year from the date of purchase, devote the property to its intended use, or shall begin work on the improvements to the property to devote it to that use. If the purchaser fails to do so, the authority may cancel the sale and title to the property shall return to it. The authority may extend the time to comply with a condition if the purchaser has good cause. The terms of sale may contain other provisions that the authority considers necessary and proper to protect the public interest. A purchaser must not transfer title to the property within one year of purchase without the consent of the authority.*

*Subd. 6. [COVENANT RUNNING WITH THE LAND.] A sale made under this section must incorporate in the deed as a covenant running with the land the conditions of sections 14 to 34 relating to the use of the land. If the covenant is violated the authority may declare a breach of the covenant and seek a judicial decree from the district court declaring a forfeiture and a cancellation of the deed.*

*Subd. 7. [PLANS; SPECIFICATIONS.] A conveyance must not be made until the purchaser gives the authority plans and specifications to develop the property sold. The authority must approve the plans and specifications in writing. The preparation*

*of final plans and specifications before the hearing on the sale is not required by this subdivision but the authority may make that requirement.*

**Sec. 32. [458C.20] [ADVANCES BY AUTHORITY.]**

*An authority may advance its general fund money or its credit, or both, without interest, for the objects and purposes of sections 14 to 34. The advances must be repaid from the sale or lease, or both, of developed or redeveloped lands. If the money advanced for the development or redevelopment was obtained from the sale of the authority's general obligation bonds, then the advances must have not less than the average annual interest rate that is on the authority's general obligation bonds that are outstanding at the time the advances are made. The authority may advance repaid money for more objects and purposes of sections 14 to 34 subject to repayment in the same manner. The authority must still use rentals of lands acquired with advanced money to collect and maintain reserves to secure the payment of principal and interest on revenue bonds issued to finance economic development facilities, if the rentals have been pledged for that purpose under section 28. Advances made to acquire lands and to construct facilities for recreation purposes if authorized by law need not be reimbursed under this section. Sections 14 to 34 do not exempt lands leased from the authority to a private person, or entity from assessments or taxes against the leased property while the lessee is liable for the assessments or taxes under the lease.*

**Sec. 33. [458C.22] [CITY MAY LEVY TAXES FOR ECONOMIC DEVELOPMENT AUTHORITY.]**

*Subdivision 1. [CITY TAX LEVY.] A city shall, at the request of the authority, levy a tax in any year for the benefit of the authority. The tax must be for not more than .75 mill times the assessed valuation of taxable property in the city. The tax may be levied beyond levy limits in law. The amount levied must be paid by the city treasurer to the treasurer of the authority, to be spent by the authority.*

*Subd. 2. [ADDITIONAL CITY TAX LEVY.] A city may levy an additional tax to be spent by and for its economic development authority. If levied, the tax must enable the authority to carry out efficiently and in the public interest sections 14 to 34 to create and develop economic development districts. The authority must request the tax levy. In any year the levy must not be for more than 7/60 of one mill on each dollar of assessed valuation of taxable property in the city. The county treasurer shall pay the money levied to the authority treasurer. The money may be spent by the authority to do its duties to create and develop economic development districts. In spending the money the authority must judge what best serves the public interest. The levy in this section is in addition to the levy in subdivision 1. The city may disregard any levy limit in law to make the levy in this section.*

*Subd. 3. [REVERSE REFERENDUM.] A city may increase its levy for economic development authority purposes under subdivision 1 in the following way. Its city council must first pass a resolution stating the proposed amount of levy increase. The city must then publish the resolution together with a notice of public hearing on the resolution for two successive weeks in its official newspaper or if none exists in a newspaper of general circulation in the city. The hearing must be held two to four weeks after the first publication. After the hearing, the city council may decide to take no action or may adopt a resolution authorizing the proposed increase or a lesser increase. A resolution authorizing an increase must be published in the city's official newspaper or if none exists in a newspaper of general circulation in the city. The resolution is not effective if a petition requesting a referendum on the resolution is filed with the city clerk within 30 days of publication of the resolution. The petition must be signed by voters equaling five percent of the votes cast in the city in the last general election. Then the resolution is only effective if approved by a majority of those voting on the question. The commissioner of revenue shall prepare a suggested form of referendum question. The referendum must be held at a special or general election before October 1 of the year for which the levy increase is proposed.*

**Sec. 34. [458C.23] [SPECIAL LAW; OPTIONAL USE.]**

*A city that has established a port authority by special law or that has been granted the power to establish a port authority by special law, or a city whose city council has been authorized to exercise the powers of a port authority by special law may elect to use the powers granted in sections 14 to 34. If the election is made, the powers and duties set forth in sections 14 to 34 supersede the special law and the special law must not be used anymore. The use of powers under sections 14 to 34 by a city described in this section does not impair the security of any obligations issued or contracts or agreements executed under the special law. Control, authority, and operation of any project may be transferred to the authority in the manner provided in section 18.*

**Sec. 35. [LEGISLATIVE FINDINGS.]**

*The statement of policy and the findings of the legislature in enacting Laws 1957, chapter 812, are confirmed and apply equally to the exercise of powers by economic development authorities and statutory or home rule charter cities pursuant to sections 14 to 34.*

**Sec. 36. Minnesota Statutes 1984, section 462C.02, subdivision 6, is amended to read:**

**Subd. 6. "City"** means any statutory or home rule charter city, or any public body which (a) is the housing and redevelop-

ment authority in and for a city, (OR) the port authority of a city, *or an economic development authority of a city established under sections 14 to 34*, and (b) is authorized by ordinance to exercise, on behalf of a city, the powers conferred by sections 462C.01 to 462C.08.

Sec. 37. Minnesota Statutes 1984, section 462C.02, subdivision 9, is amended to read:

Subd. 9. "Targeted area" means

(a) a development district established pursuant to section 472A.03,

(b) a development district established pursuant to Laws 1971, Chapter 677 as amended,

(c) a redevelopment project established pursuant to section 462.521,

(d) an industrial development district established pursuant to section 458.191,

(e) a census tract in which 70 percent or more of the families have income which is 80 percent or less of the statewide median family income as estimated by the United States department of housing and urban development, (OR)

(f) an area of chronic economic distress designated by the Minnesota housing finance agency, *or*

(g) *an economic development district established pursuant to section 26.*

Sec. 38. Minnesota Statutes 1985 Supplement, section 462C.-12, subdivision 2, is amended to read:

Subd. 2. [POWERS.] The board is granted the following powers:

(a) The board may issue obligations and other forms of indebtedness under this section, subject to the terms and conditions set forth in the joint powers agreement, as may be from time to time amended.

(b) The board is authorized to exercise the powers conferred upon the cities of Minneapolis and St. Paul and their designated housing and redevelopment authorities, or the powers of an agency exercising the powers of a housing and redevelopment authority by this chapter and chapter 462 and any other general or special law of the state of Minnesota relating

to housing or housing finance. The powers which may be exercised by the board include, without limitation, the power to undertake and implement projects, developments, or programs, the power to issue and sell obligations and other forms of indebtedness payable exclusively from the revenues of the programs, projects, or developments undertaken by the board, or any of the powers the Minnesota housing finance agency may exercise under chapter 462A, provided that the obligations and other forms of indebtedness may be sold upon terms and conditions as the board may from time to time determine. The board may exercise the powers conferred by this section only with respect to projects, programs, or developments within the corporate limits of the cities of Minneapolis and St. Paul, except as may be otherwise provided in a joint powers agreement entered into under section 471.59 between the board and any other city, housing and redevelopment authority, (OR) port authority or economic development authority established under sections 14 to 34 in the state of Minnesota.

(c) For the purposes of section 462C.09, the board may be authorized by the cities of Minneapolis and St. Paul, or by any other city with which the board enters into a joint powers agreement, to issue revenue bonds or obligations in an amount not to exceed the amount of bonds allocated by general or special law to such cities, or the board may issue mortgage credit certificates in lieu thereof.

Sec. 39. Minnesota Statutes 1984, section 471.88, subdivision 1, is amended to read:

Subdivision 1. The governing body of any port authority, seaway port authority, *economic development authority*, town, school district, hospital district, county, or city, by unanimous vote, may contract for goods or services with an interested officer of the governmental unit in any of the following cases.

Sec. 40. Minnesota Statutes 1984, section 471.88, subdivision 9, is amended to read:

Subd. 9. When a port authority commissioner or *economic development authority commissioner* is engaged in or employed by a firm engaged in the business of importing or exporting or general trade, it shall be lawful for the authority to do business with the commissioner or his employer provided that in the fixing of any rates affecting shippers or users of the terminal facility, said commissioner shall not vote thereon.

Sec. 41. Minnesota Statutes 1984, section 471.88, subdivision 11, is amended to read:

Subd. 11. When a commissioner of any public housing (OR), port authority, or *economic development authority* is employed

by a bank engaged in making loans or performing trust services involving real or personal property affected by any plan or such housing or port authority, no restriction shall apply to any such loans made or trust services performed by said bank if the commissioner shall disclose the nature of such loans or trust services of which he has personal knowledge, which disclosure shall be entered upon the minutes of such authority.

Sec. 42. Minnesota Statutes 1985 Supplement, section 472B.-04, is amended to read:

**472B.04 [POWERS OF MUNICIPALITY.]**

A municipality may, to accomplish the purposes of this chapter:

(1) exercise any or all powers enumerated in chapter 458, but only if the municipality has been granted authority to exercise the powers enumerated in *sections 14 to 34*, chapters 458, 462, 472, 472A, and 474, in conjunction with the powers granted by this chapter;

(2) provide public facilities pursuant to chapters 429, 430, and any charter provision or any special law;

(3) acquire, by lease, purchase, gift, condemnation, or otherwise, land or interests in land, and convey land or interests in land. A municipality is empowered to acquire by condemnation any property, property right or interest in property, corporate or incorporeal, within its boundaries which may be needed by it for a project, for access, including surface and subsurface access, for ventilation, or for any other purpose which it finds by resolution to be needed by it in connection with mined underground space development; and the fact that the property or interest in property so needed has been acquired by the owner under the power of eminent domain, or is already devoted to a public use, or is owned by the University of Minnesota, any city, county, school district, town, other municipality, or other governmental subdivision, railroad, or public or private utility, shall not prevent its acquisition by the municipality by the exercise of the right of eminent domain hereby conferred, provided the existing use thereof is not impaired; the necessity of the taking of any property or interest in property by the municipality shall be determined by resolution duly adopted by the governing body of the municipality, which shall describe the property or interest as nearly as it may be described and state the use and purpose to which it is to be devoted; except as otherwise provided in this chapter, the right of eminent domain shall be exercised in accordance with chapter 117, provided that any exercise of the right of eminent domain hereby conferred shall not be for the purpose of preventing the development, mining, and use of mineral resources;

(4) acting alone or with others, acquire, purchase, construct, lease, mortgage, maintain, operate, and convey projects;

(5) borrow money to carry out the purposes of this chapter;

(6) enter into contracts, sue and be sued and do or accomplish all other acts and things necessary or convenient to carry out the purposes and policies of this chapter; and

(7) exercise bonding authority as provided in section 472B.05.

Sec. 43. Minnesota Statutes 1984, section 474.02, subdivision 3, is amended to read:

Subd. 3. "Redevelopment agency" means any port authority referred to in chapter 458, or any city authorized by general or special law to exercise the powers of a port authority; *any economic development authority referred to in sections 14 to 34*; any housing and redevelopment authority referred to in chapter 462 or any body authorized to exercise the powers of a housing and redevelopment authority; and any area or municipal redevelopment agency referred to in chapter 472.

Sec. 44. Minnesota Statutes 1984, section 474.16, subdivision 2, is amended to read:

Subd. 2. "Local issuer" means any home rule charter or statutory city, any town, 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, *any economic development authority referred to in sections 14 to 34*, 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 other than the iron range resources and rehabilitation board, acting as an issuer of obligations pursuant to law.

Sec. 45. [EFFECTIVE DATE.]

*Article 6 is effective the day following final enactment."*

Further, amend the title accordingly

A roll call was requested and properly seconded.

Valento moved to amend the Valento amendment to H. F. No. 2287, the first engrossment, as follows:

Page 5, line 24, delete "*existing law creates*" and insert "*other law may create*"



Page 8, line 28, delete "*obligations*" and insert "*agreements relating to the service to be provided and which*"

Page 9, line 2, delete "*provision*" and insert "*limitation*"

Page 9, line 19, before the period insert "*that meets the requirements specified in the request for proposals*"

Page 9, line 20, after "PAYMENT" insert ";; COLLECTION PROCEDURE" and before "*For*" insert "(a)"

Page 10, line 11, after the period insert:

"(b)"

Page 10, line 12, before the period insert "*consistent with this paragraph and other applicable law*"

Page 10, line 31, after the period insert:

"(c) An ordinance establishing rates and charges shall also establish a procedure by which a person obligated to pay the rates and charges may, each year at a public hearing held before August 1 of each year, protest the payment of the rates and charges on the grounds that services to be provided under the service contract are not available to the person. The services shall be deemed available for the property of the person if the vendor agrees, and the related facilities have the capacity, to provide the services to the person as soon as the municipality or any other entity provides the property of the person with access to the services. Notice of the hearing shall be published at least 30 days prior to the hearing in an official newspaper in general circulation in the municipality. A person protesting the assessment of rates and charges under this paragraph shall file the objection in writing with the municipality at least five days prior to the hearing. Within ten days after the hearing, the municipality shall determine whether the rates and charges were properly assessed. A person protesting the assessment of rates and charges may appeal the assessment, and a private vendor may appeal a reduction in rates and charges for any person, to the district court in the same manner as appeal of other civil cases. Rates and charges erroneously collected shall be refunded with the same rate of interest as taxes refunded with interest under the general laws of this state.

(d)"

Page 11, line 4, delete "*without*" and insert "*in*"

Page 11, lines 4 and 5, delete "*any competitive bidding requirement*" and insert "*subdivision 3*"

Page 11, line 8, delete everything after the period

Page 11, line 9, delete "*a private vendor,*" and insert:

"*Subd. 6. [REMEDIES.]*"

Page 11, line 10, delete "*reverts*" and insert "*shall vest in or revert*"

Page 11, line 12, after "*may*" insert "*acquire or*" and delete "*existing*" and "*it leases*"

Page 11, line 13, delete "*or sells to the private vendor*"

Page 11, line 16, delete "*existing*"

Page 15, line 1, after "LAWS" insert "; SALE OR LEASE OF EXISTING FACILITY"

Page 15, line 2, before "*Unless*" insert "(a)" and after "*therein,*" insert "*and except as provided in this section,*"

Page 15, after line 6, insert:

"(b) A private vendor purchasing or leasing existing related facilities from a municipality shall recognize all exclusive bargaining representatives and existing labor agreements and those agreements shall remain in force until they expire by their terms. Persons who are not employed by a municipality in a related facility at the time of a lease or purchase of the facility by the private vendor are not "public employees" within the meaning of the public employees retirement act, chapter 353. Persons employed by a municipality in a related facility at the time of a lease or purchase of the facility by a private vendor shall continue to be considered to be "public employees" within the meaning of the public employees retirement act, chapter 353, but may elect to terminate their participation in the public employees retirement association as provided in this section. Each such employee may exercise the election annually on the anniversary of the person's initial employment by the municipality. An employee electing to terminate participation in the association is entitled to benefits that the employee would be entitled to if terminating public employment and may participate in a retirement program established by the private vendor."

Page 15, line 26, delete "*those*" and insert "*these*"

Page 15, line 27, delete "*those*" and after "*sections*" insert "*2 to 13*"

Page 15, line 30, delete "*or*" and insert a new comma

Page 15, line 32, before the period insert "*, or (3) the provisions of any law relating to conflict of interest*"

Renumber the subdivisions in sequence.

The motion prevailed and the amendment to the amendment was adopted.

#### POINT OF ORDER

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

Wynia requested a division of the Valento amendment, as amended.

The first portion of the Valento amendment, as amended, is Article 4 of the Valento amendment.

#### POINT OF ORDER

Wynia raised a point of order pursuant to rule 3.10 that Article 4 of the Valento amendment, as amended, was not in order. The Speaker pro tempore Halberg ruled the point of order well taken and Article 4 of the Valento amendment out of order.

Voss requested a division of the remaining articles of the Valento amendment, as amended.

The first portion of the Valento amendment, as amended, is Article 5 of the Valento amendment.

#### POINT OF ORDER

Voss raised a point of order pursuant to rule 3.9 that Article 5 of the Valento amendment, as amended, was not in order. The Speaker pro tempore Halberg ruled the point of order not well taken and Article 5 of the Valento amendment in order.

Olsen, S., offered an amendment to the Valento amendment, as amended, to H. F. No. 2287, the first engrossment.

#### POINT OF ORDER

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

Olsen, S., moved to amend the Valento amendment, as amended, to H. F. No. 2287, the first engrossment, as follows:

Page 1, after line 2, of the Valento amendment insert:

“Article 4

Section 1. Minnesota Statutes 1984, section 116.07, is amended by adding a subdivision to read:

*Subd. 4j. [PERMITS; WASTE FACILITIES.] The agency may not issue a permit for a new solid waste transfer station in Hennepin county within one-fourth mile of a nonretail food warehousing or nonretail food manufacturing facility in excess of 100,000 square feet, unless the facility owner consents.”*

Renumber the articles accordingly

POINT OF ORDER

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

The question recurred on the Olsen, S., amendment to the Valento amendment, as amended, to H. F. No. 2287, the first engrossment. The motion prevailed and the amendment to the amendment was adopted.

Wynia moved to amend the Valento amendment, as amended, to H. F. No. 2287, the first engrossment, as follows:

Page 1, after line 2, insert:

“Article 4

Section 1. Minnesota Statutes 1984, section 115.07, subdivision 1, is amended to read:

Subdivision 1. [OBTAIN PERMIT.] It shall be unlawful for any person to construct, install or operate a disposal system, or any part thereof, until plans therefor shall have been submitted to the agency unless the agency shall have waived the submission thereof to it and a written permit therefor shall have been granted by the agency.

*For disposal systems operated on streams with extreme seasonal flows, the agency must allow seasonal permit limits based on a fixed or variable effluent limit when the municipality operating the disposal system requests them and is in compliance with agency water quality standards.*

**Sec. 2. [115.54] [TECHNICAL ADVISORY COMMITTEE.]**

*The agency shall adopt and revise rules governing waste water treatment control under chapters 115 or 116 only with the advice of a technical advisory committee of nine members. One member of the committee shall be selected by each of the following: the state consulting engineers council, the University of Minnesota division of environmental engineering, the state association of general contractors, the state wastewater treatment plant operators association, the metropolitan waste control commission created by section 473.503, the association of metropolitan municipalities, the state association of small cities, and two members from the league of Minnesota cities. The technical advisory committee may review and advise the agency on any rule or technical requirements governing the wastewater treatment grant or loan program and may review the work of other professional persons working on a wastewater treatment project and make recommendations to those persons, the agency, and the concerned municipality, in order for the agency to ensure that water quality treatment standards will be met. The committee shall meet at least once a year, or at the call of the chair, and shall elect its chairperson. The agency must provide staff support for the committee, prepare committee minutes and provide information to the committee it may request. A quorum is a simple majority and official action must be by a majority vote of the quorum.*

**Sec. 3. Minnesota Statutes 1984, section 115A.14, subdivision 4, is amended to read:**

**Subd. 4. [POWERS AND DUTIES.]** *The commission shall review the biennial report of the board, the agency municipal project list and municipal needs list reports, and the budget for the agency division of water quality. The commission shall oversee the activities of the board under sections 115A.01 to 115A.72 and the activities of the agency under sections 115A.42 to 115A.46 (AND), 115A.49 to 115A.54, and 116.16 to 116.18 and direct such changes or additions in the work plan of the board and agency as it deems fit. The commission may conduct public hearings and otherwise secure data and expressions of opinion. The commission shall make such recommendations as it deems proper to assist the legislature in formulating legislation. Any data or information compiled by the commission shall be made available to any standing or interim committee of the legislature upon request of the chairperson of the respective committee.*

**Sec. 4. [116.163] [AGENCY FUNDING APPLICATION REVIEW.]**

**Subdivision 1. [CONSTRUCTION GRANT AND LOAN APPLICATIONS.]** *The agency shall, pursuant to agency rules and within 90 days of receipt of a completed application for a wastewater treatment facility construction grant or loan, grant*

*or deny the application and notify the municipality of the agency's decision. The time for consideration of the application by the agency may be extended up to 180 days if the municipality and the agency agree it is necessary.*

**Subd. 2. [LIMITATION ON MUNICIPAL PLANNING TIME.]** *A municipality shall complete all planning work required by the agency for award of a grant or loan, and be ready to advertise for bids for construction, within 2 years of receipt of grant or loan funds under subdivision 1. The planning time may be extended automatically by the amount of time the agency exceeds its 90-day review under subdivision 1.*

**Subd. 3. [BID REVIEW.]** *After a municipality has accepted bids for construction of a wastewater treatment project, the agency must review the bids within 30 days of receipt.*

**Sec. 5. [116.165] [INSPECTION RESPONSIBILITY.]**

*When a wastewater treatment plant is constructed with federal funds and a federal agency conducts inspections of the plant, the owner of the plant or the owner's designee must conduct inspections and forward all inspection documents required by the agency to the agency for its review.*

**Sec. 6. [116.167] [REVOLVING LOAN ACCOUNT.]**

**Subdivision 1. [APPLICATION.]** *This section is effective only if the federal government requires revolving loan accounts to be established under the authority of the federal Water Pollution Control Act.*

**Subd. 2. [STATE WATER POLLUTION CONTROL REVOLVING LOAN ACCOUNT.]** *The commissioner of finance shall maintain in the state bond fund a separate bookkeeping account which shall be designated as the state water pollution control revolving loan account to receive any federal money authorized for loans under the federal Water Pollution Control Act, and other money appropriated by law, for the purpose of providing financial assistance to municipalities for wastewater treatment.*

**Subd. 3. [LOANS.]** *A loan made to a municipality under this section shall be made only after resolutions have been adopted by the agency and the governing body of the municipality obligating the municipality to repay the loan to the state treasurer in annual installments, including both principal and interest. Each installment shall be in an amount sufficient to pay the principal amount within 20 years or a shorter time interval if the amount of the annual payment will not justify the administrative expenses of processing the payment, and shall be paid from user charges, taxes, special assessments, or other*

*funds available to the municipality. Interest on loans made to municipalities shall be established at a rate the commissioner of revenue reasonably determines sufficient to pay interest rates on state bonds issued under section 116.17, subdivision 2. Loan repayments must be deposited in the revolving loan account created by this section. Each participating municipality shall provide the agency with a financial health report compiled by the state auditor and the agency shall review the report before approving a loan. Municipalities receiving a loan under this section may still be eligible for a wastewater treatment grant from the agency.*

*Subd. 4. [RULES APPLICATION.] The disbursement of loans under this section must comply with rules adopted by the agency for loans for wastewater treatment facilities under chapter 116.*

#### Sec. 7. [EFFECTIVE DATE.]

*Article 4 is effective July 1, 1986."*

Renumber the articles accordingly.

The motion prevailed and the amendment to the amendment was adopted.

The question was taken on Article 5 of the Valento amendment, as amended, and the roll was called. There were 79 yeas and 32 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Fjoslien	Krueger	Poppenhagen	Svigum
Backlund	Forsythe	Levi	Price	Thiede
Battaglia	Frederick	Lieder	Quist	Thorson
Becklin	Frerichs	Marsh	Rees	Tjornhom
Begich	Gutknecht	McEachern	Richter	Tomlinson
Bennett	Halberg	McKasy	Rose	Tompkins
Blatz	Hartinger	McPherson	Sarna	Tunheim
Brown	Hartle	Miller	Schafer	Uphus
Burger	Haukoos	Nuenschwander	Schoenfeld	Valento
Carlson, D.	Heap	Ogren	Schreiber	Vanasek
Clausnitzer	Jennings, L.	Olsen, S.	Seaberg	Vellenga
Dempsey	Johnson	Omann	Segal	Waltman
DenOuden	Kelly	Onnen	Shaver	Wenzel
Dimler	Kiffmeyer	Ozment	Sherman	Zaffke
Elioff	Knickerbocker	Pauly	Sparby	Spk. Jennings, D.
Erickson	Knuth	Piepho	Stanis	

Those who voted in the negative were:

Beard	Cohen	Kahn	Metzen	Norton
Brandl	Ellingson	Kostohryz	Minne	O'Connor
Carlson, L.	Greenfield	Long	Murphy	Osthoff
Clark	Jacobs	McLaughlin	Nelson, D.	Otis

Pappas  
Peterson  
Piper

Quinn  
Rice  
Rodosovich

Scheid  
Skoglund

Solberg  
Voss

Welle  
Wynia

The motion prevailed and Article 5 of the Valento amendment, as amended, was adopted.

The question was taken on Article 6 of the Valento amendment and the roll was called.

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

There were 113 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The motion prevailed and Article 6 of the Valento amendment was adopted.

Voss moved to amend H. F. No. 2287, the first engrossment, as amended, as follows:

Page 2, delete lines 2 through 16

Renumber the remaining sections accordingly and amend the title accordingly

A roll call was requested and properly seconded.

The Speaker resumed the Chair.



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

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

There were 60 yeas and 61 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Backlund	Frederick	Kvam	Quist	Thorson
Becklin	Frerichs	Levi	Redalen	Tjornhom
Bennett	Gruenes	Marsh	Richter	Tomlinson
Blatz	Gutknecht	McKasy	Rose	Uphus
Brandl	Halberg	McPherson	Schafer	Valento
Burger	Hartinger	Miller	Schreiber	Waltman
Clausnitzer	Hartle	Neuenschwander	Seaberg	Wynia
Dempsey	Haukoos	Olsen, S.	Segal	Zaffke
DenOuden	Himle	Omann	Shaver	Spk. Jennings, D.
Dyke	Johnson	Onnen	Sherman	
Erickson	Kelly	Ozment	Stanis	
Fjoslien	Kiffmeyer	Piepho	Sviggun	
Forsythe	Knickerbocker	Poppenhagen	Thiede	

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

Knuth was excused between 2:00 p.m. and 2:30 p.m.

Schreiber moved to amend H. F. No. 2287, the first engrossment, as amended, as follows:

Page 70, after line 16, insert:

"Sec. 9. [471.572] [INFRASTRUCTURE REPLACEMENT RESERVE FUND.]

*Subdivision 1. [DEFINITIONS.] For purposes of this section, the following terms have the meanings given:*

*"Reserve fund" means the infrastructure replacement reserve fund.*

*"City" means a statutory or home rule charter city.*

*Subd. 2. [TAX LEVY.] The governing body of a city may establish, by a two-thirds vote of all its members, by ordinance or resolution a reserve fund and may annually levy a property tax for the support of the fund. The proceeds of taxes levied for its support must be paid into the reserve fund. Any other revenue from a source not required by law to be paid into another fund for purposes other than those provided for the use of the reserve fund may be paid into the fund. A tax levied by the city in accordance with this section is a special levy within the meaning of section 275.50, subdivision 5. Before a tax is levied under this section, the city must publish in the official newspaper of the city an initial resolution authorizing the tax levy. If within ten days after the publication a petition is filed with the city clerk requesting an election on the tax levy signed by a number of qualified voters greater than ten percent of the number who voted in the city at the last general election, the tax may not be levied until the levy has been approved by a majority of the votes cast on it at a regular or special election.*

*Subd. 3. [PURPOSES.] The reserve fund may be used only for the replacement of streets, bridges, curbs, gutters and storm sewers.*

*Subd. 4. [USE OF FUND FOR A SPECIFIC PURPOSE.] If the city has established a reserve fund, it may submit to the voters at a regular or special election the question of whether use of the fund should be restricted to a specific improvement or type of capital improvement. If a majority of the votes cast on the question are in favor of the limitation on the use of the reserve fund, it may be used only for the purpose approved by the voters.*

*Subd. 5. [HEARING; NOTICE.] A reserve fund may not be established until after a public hearing is held on the question. Notice of the time, place, and purpose of the hearing must be published for two successive weeks in the official newspaper of the city. The second publication must be not later than seven days before the date of the hearing.*

*Subd. 6. [TERMINATION OF FUND.] The city may terminate a reserve fund at any time in the same manner as the fund was established. Upon termination of the fund any balance is irrevocably appropriated to the debt service fund of the city to be used solely to reduce tax levies for or bonded indebtedness of the city or, if the city has no bonded indebtedness, for capital improvements authorized by this section."*

Renumber the sections

Amend the title as follows:

Page 1, line 11, after the semicolon insert "authorizing establishment of a capital improvement reserve fund;"

Page 1, line 30, delete "chapter" and insert "chapters 471;"

The motion prevailed and the amendment was adopted.

H. F. No. 2287, 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; authorizing establishment of a capital improvement reserve fund; modifying the procedures for issuing certain municipal bonds; modifying the investment powers of municipalities; amending Minnesota Statutes 1984, sections 115.07, subdivision 1; 115A.14, subdivision 4; 116.07, by adding a subdivision; 116D.04, subdivision 1a; 117.521, subdivision 3; 124.2131, by adding a subdivision; 124.214, by adding a subdivision; 272.01, subdivision 2; 273.72; 273.73, subdivisions 2, 8, and 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; 273.86, subdivision 1; 355.11, subdivision 5; 412.301; 462C.02, subdivisions 6 and 9; 462C.06; 462C.07, subdivision 1; 466.06; 471.59, subdivision 11; 471.88, subdivisions 1, 9, and 11; 471.981, by adding subdivisions; 474.02, subdivision 3, and by adding a subdivision; 474.16, subdivision 2; 475.51, subdivision 5; 475.55, subdivisions 1, 2, and 3; 475.61, subdivision 5; and 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; 353.01, subdivision 2a; 395.08; 462C.12, subdivision 2; 472B.04; 473F.02, subdivision 3; 475.52, subdivision 6; 475.56; 475.58, subdivision 1; 475.60, subdivision 2; 475.66, subdivision 1; and 475.76, subdivision 1; proposing coding for new law in Minnesota Statutes, chapters 115; 116; 297A; 458; 471; and 475; proposing coding for new law as Minnesota Statutes, chapters 116N; 458C; 471A; and 474A; repealing Minnesota Statutes, sections 462C.09, subdivisions 1 and 4; 474.16, subdivisions 1, 2, and 5; 474.21; 474.25; and 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.

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 75 yeas and 47 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dimler	Kelly	Onnen	Segal
Anderson, R.	Dyke	Kiffmeyer	Ozment	Shaver
Backlund	Erickson	Knickerbocker	Pauly	Sherman
Battaglia	Fjoslien	Kostohryz	Picpho	Stanis
Becklin	Forsythe	Kvam	Poppenhagen	Sviggum
Begich	Frederick	Levi	Quist	Thiede
Bennett	Frerichs	Lieder	Redalen	Thorson
Bishop	Gruenes	Marsh	Rest	Tjornhom
Boo	Gutknecht	McKasy	Richter	Tomlinson
Brandl	Halberg	McPherson	Riveness	Uphus
Burger	Hartle	Miller	Rose	Valan
Carlson, D.	Haukoos	Neuenschwander	Schafer	Valento
Clausnitzer	Himle	Olsen, S.	Schoenfeld	Waltman
Dempsey	Johnson	Olson, E.	Schreiber	Wenzel
DenOuden	Kalis	Omann	Seaberg	Spk. Jennings, D.

Those who voted in the negative were:

Beard	Kahn	Norton	Rees	Tunheim
Boerboom	Krueger	O'Connor	Rice	Vanasek
Carlson, L.	Long	Ogren	Rodosovich	Vellenga
Clark	McEachern	Osthoff	Sarna	Voss
Cohen	McLaughlin	Otis	Scheid	Welle
Elioff	Metzen	Pappas	Simoneau	Wynia
Ellingson	Minne	Peterson	Skoglund	Zaffke
Greenfield	Murphy	Piper	Solberg	
Hartinger	Nelson, D.	Price	Sparby	
Jennings, L.	Nelson, K.	Quinn	Staten	

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

### SPECIAL ORDERS

S. F. No. 1701, A bill for an act relating to town powers; authorizing the establishment of a perpetual care program for certain cemeteries; amending Minnesota Statutes 1985 Supplement, section 365.10.

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.	Beard	Boerboom	Carlson, D.	Cohen
Anderson, R.	Becklin	Brandl	Carlson, L.	Dempsey
Backlund	Begich	Brown	Clark	DenOuden
Battaglia	Bennett	Burger	Clausnitzer	Dimler

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

The bill was passed and its title agreed to.

S. F. No. 2069, A bill for an act relating to elections; providing for postponement of precinct caucuses in case of inclement weather; amending Minnesota Statutes 1984, section 202A.14, subdivision 1.

The bill was read for the third time and placed upon its final passage.

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

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

There were 108 yeas and 6 nays as follows:

Those who voted in the affirmative were:

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

Those who voted in the negative were:

Greenfield	Kelly	Murphy	Osthoff	Tomlinson
Kahn				

The bill was passed and its title agreed to.

S. F. No. 2079, A bill for an act relating to human services; creating a service for the blind and visually handicapped in the department of jobs and training; providing for appeals; providing a penalty; amending Minnesota Statutes 1985 Supplement, sections 13.46, subdivision 2; 248.07, subdivisions 1, 2, 3, 4, 5, 7, 12, 14, 14a, and 15; proposing coding for new law in Minnesota Statutes, chapters 13 and 248; repealing Minnesota Statutes 1985 Supplement, section 248.08.

The bill was read for the third time and placed upon its final passage.

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

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

There were 121 yeas and 0 nays as follows:

Those who voted in the affirmative were:

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

The bill was passed and its title agreed to.

Halberg moved that the remaining bills on Special Orders for today be continued one day. The motion prevailed.

### GENERAL ORDERS

Halberg moved that the bills on General Orders for today be continued one day. The motion prevailed.

### MOTIONS AND RESOLUTIONS

Fjoslien moved that the names of Uphus and Frederick be added as authors on H. R. No. 47. The motion prevailed.

Johnson moved that the name of Stanius be added as an author on H. F. No. 1793. The motion prevailed.

Solberg moved that the name of Neuenschwander be stricken and the name of Hartinger be added as an author on H. F. No. 2071. The motion prevailed.

Kelly moved that the name of Stanius be shown as chief author and the name of Kelly be shown as fifth author on H. F. No. 2132. The motion prevailed.

Schreiber moved that the names of Valento, Brandl, Tomlinson and Pauly be added as authors on H. F. No. 2287. The motion prevailed.

Rose moved that the name of Stanius be added as an author on H. F. No. 2395. The motion prevailed.

Simoneau moved that his name be stricken as an author on H. F. No. 2037. The motion prevailed.

Vanasek introduced:

House Resolution No. 48, A house resolution congratulating the Trojans team from New Prague High School for winning the 1985 Class A State High School Football Championship.

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

Levi moved that when the House adjourns today it adjourn until 12:00 noon, Friday, March 14, 1986. The motion prevailed.

REPORT FROM THE COMMITTEE ON RULES AND  
LEGISLATIVE ADMINISTRATION

Levi from the Committee on Rules and Legislative Administration made the following report and moved its adoption:

REPORT OF THE RULES COMMITTEE REGARDING  
REPRESENTATIVE RANDOLPH W. STATEN

SUMMARY OF COMMITTEE MEETINGS

The Committee on Rules and Legislative Administration met at 10:00 A.M. on February 27, 1986 to consider the report of the Select Committee on the Staten Case. Representative Dempsey, chair of the Select Committee, presented the report to the committee and answered questions from the committee members.

Representative Staten was present with his counsel, Kenneth Tilsen. Mr. Tilsen addressed the committee and responded to questions from the committee. Representative Staten addressed the committee and responded to questions from committee members. Representative Staten provided written materials to the committee.

The Committee on Rules and Legislative Administration continued its hearing on the Report of the Select Committee at 5:00 P.M. on March 4, 1986.

Representative Staten and his counsel, Kenneth Tilsen, were present and responded to questions from committee members. Representative Staten provided written materials to the committee. Representatives Brandl and Vellenga, members of the Select Committee, were present and responded to questions from committee members.

ADOPTION OF REPORT OF SELECT COMMITTEE

The Findings and Report of the Select Committee on the Staten Case are adopted and are incorporated in this report.

RECOMMENDATION

1. The House of Representatives finds that Representative Staten's conduct with respect to the requirements of Chapter 10A, the Ethics in Government Act, from January 31, 1985 to January 31, 1986 and his plea of guilty to felony theft reflect a pattern of willful neglect and willful and deliberate conduct in disregard of state law, and fail to meet the standard of conduct for members of the House of Representatives.



2. Representative Staten shall be expelled pursuant to the Minnesota Constitution, Article IV, Section 7.

3. Upon Representative Staten's expulsion, the existence of a vacancy in the office of Representative from Legislative District 57B, Hennepin County, shall be certified to the Honorable Rudy Perpich, Governor of Minnesota.

#### REPORT OF THE SELECT COMMITTEE ON THE STATEN CASE

#### APPOINTMENT OF SELECT COMMITTEE

On January 24, 1986 the Speaker of the House appointed a Select Committee to investigate:

(1) findings by the Ethical Practices Board in the matter of repeated filings of incomplete reports of receipts and expenditures by the Staten Volunteer Committee, referred to the House Rules Committee on November 8, 1985 (Hereafter, "Board Findings"); and

(2) a plea of guilty to felony theft entered in district court by Representative Randolph W. Staten on January 17, 1986.

The committee was directed to make a recommendation to the House Rules Committee no later than February 26, 1986 as to what action, if any, the House of Representatives should take on these matters.

The committee's charge was to decide whether action should be taken pursuant to the House's power to judge the eligibility of its members (Minn. Const., Art. IV, Sec. 6; Art. VII, Secs. 1, 6) or its power to punish or expel members (Art. IV, Sec. 7). The committee determined its inquiry would be limited to the public record in the two matters under investigation and any additional evidence Representative Staten might supply. The committee's meetings were conducted in public with the same advance notice and other procedures as apply to all legislative committee hearings. Representative Staten and his attorney were invited to be present and were offered the opportunity to question witnesses and to call their own witnesses.

#### SUMMARY OF COMMITTEE MEETINGS

The committee held its first meeting Tuesday, February 11, 1986 at 4:00 p.m. Representative Dempsey, chairman of the committee, outlined the procedures the committee would follow and introduced Representative Staten to the committee. After

making a statement, answering questions, and submitting a copy (attached) of the check in question in Board Finding No. 4, Representative Staten left the meeting.

Copies of the Board Findings and supporting records were provided to the committee and are attached to this report. Mary Ann McCoy, Executive Director of the Ethical Practices Board, explained the Findings.

Martha J. Casserly, Special Assistant Attorney General for the Ethical Practices Board, explained her work on the Staten matter and answered questions from the committee.

The committee held its second meeting Friday, February 14, 1986, at 10:30 a.m. Representative Staten was not present. Ms. McCoy, Ms. Casserly, and Martin McGowan, Chairman of the Ethical Practices Board, answered further questions about the Board Findings. The complaint and transcripts of the plea and sentencing hearings in *State v. Staten* (D.C. 89406; C.A. 85-2600) were provided to the committee and are attached to this report. William Edwards, Chief of the Hennepin County Attorney's Office Criminal Division, and Stephen L. Redding, the Assistant Hennepin County Attorney responsible for prosecuting *State v. Staten*, explained the complaint, plea, and sentencing in the case and answered questions from the committee.

The committee held its third meeting, Tuesday, February 18, 1986, at 11:00 a.m. Representative Staten and his attorney, Kenneth Tilsen, were present.

Mr. Tilsen made a statement and answered questions from the committee.

Ms. McCoy, Ms. Casserly, and Harmon Ogdahl, Vice-Chair of the Ethical Practices Board, answered questions from the committee.

Representative Brandl made a statement. He then made a motion that the staff be directed to prepare a document in two parts:

- (1) a chronology of Representative Staten's reports and other communications to the Ethical Practices Board and the Board's findings, and the facts regarding Representative Staten's felony plea; and

- (2) a recommendation to the Rules Committee for the Select Committee's consideration at its next meeting, that Representative Staten be expelled from the House of Representatives.

The committee adopted Representative Brandl's motion.

Based upon the documents submitted to the committee and the testimony of witnesses appearing at its meetings, the undersigned members of the committee find as follows.

## FINDINGS OF FACT

### I. ETHICAL PRACTICES BOARD MATTER

The Select Committee incorporates in its findings as background to the Board's 1985 Findings a chronology of the incidents relating to Representative Staten's filing of incomplete and untimely reports with the Ethical Practices Board from 1981 through January 31, 1986, identified as APPENDIX—REPORT OF THE SELECT COMMITTEE. Board Findings Nos. 4 and 8 are incorporated only to the extent specified in Part B of this section.

The Select Committee adopts seven of the nine 1985 Ethical Practices Board Findings in their entirety, and portions of the remaining two. (The committee has noted in parentheses criminal penalties were applicable for the Chapter 10A provisions cited in the Board Findings.)

#### A. Board Findings Adopted in Their Entirety

Finding No. 1. As treasurer of his principal campaign committee, Representative Staten failed to timely file two of the three reports covering the 1984 election year. In two instances, certified letters and other official communications were sent. Reports as filed and subsequent amendments were incomplete and inconsistent with subpoenaed committee and bank records. Minn. Stat. Sec. 10A.20, subds. 2, 3, and 12 (misdemeanor).

Finding No. 2. Representative Staten stated on several filed reports or amendments that the contents were incomplete as filed and would need subsequent amendments. Amendments were not filed within the ten days required by law. Minn. Stat. Sec. 10A.23 (gross misdemeanor).

Finding No. 3. Although a public financing warrant for \$3,115.36 was presented to the committee depository for payment, \$2,040 in cash was paid at the same time and only \$1,874.36 of public financing was deposited in the committee depository. Minn. Stat. Sec. 10A.15, subd. 3 (misdemeanor).

Finding No. 5. Representative Staten has failed to maintain committee records as required by law, due to the event of a fire at his home in January, 1985. However, he has failed to demonstrate good faith efforts to reconstruct his records. Minn. Stat. Sec. 10A.22, subd. 6 (misdemeanor).

Finding No. 6. The pattern observed by the Board in its 1983 investigation of a second "all zeros" filing by Representative Staten on behalf of his committee has continued into 1984 and 1985, despite Representative Staten's declaration in 1983 that any problem encountered in the past would not occur in the future. Board Findings, July 5, 1983.

Finding No. 7. Representative Staten has repeatedly failed to comply with the requirements imposed by Minn. Stat. Ch. 10A for timely, accurate disclosure of campaign contributions, campaign expenditures; record keeping and deposits of campaign contributions and public financing warrants; and timely, accurate reporting and amending of filed reports. Minn. Stat. Secs. 10A.13, subd. 1 (misdemeanor); 10A.15, subd. 3 (misdemeanor); 10A.20, subd. 12 (misdemeanor); 10A.22, subd. 6 (misdemeanor); and 10A.23 (gross misdemeanor).

Finding No. 9. The ultimate responsibility for maintenance of ethical practices in the election process lies with the body in which a legislator serves. While the Board administers the campaign finance disclosure process, it is the legislative body which must judge the standards of its membership.

#### B. Board Findings Adopted in Part

Finding No. 4. Representative Staten failed to deposit in the committee depository a \$700 check, which included a contribution of \$350 and a loan of \$350. Although the contribution was received just before the 1984 general election, no timely notice of the receipt was received by the Board, as required by law. Minn. Stat. Sec. 10A.15, subd. 5.

Representative Staten supplied evidence to the committee contradicting the first sentence of Finding No. 4, which is not adopted by the committee. The committee adopts the second sentence of Finding No. 4.

Finding No. 8. Board members, its staff, and counsel have exhausted the remedies available to them to secure compliance by Representative Staten with the requirements of Minn. Stat. Ch. 10A. The Board has collected each late filing fee owed, with the exception of \$250 for which payment was promised by Representative Staten in writing. The Board has deposited the fees in the general fund of the state. Minn. Stat. Secs. 10A.20, subd. 12; 10A.34, subd. 1a.

The committee adopts Finding No. 8, except for the reference to the unpaid \$250 filing fee. When the Findings were referred to the House Rules Committee, the fee had not been paid. As of January 31, 1986 it was paid in full.

## II. CRIMINAL CHARGES

With respect to the case of *State v. Staten* (D.C. 89406; C.A. 85-2600), the Select Committee makes the following findings of fact:

1. On November 8, 1985, a criminal complaint was filed in Hennepin County District Court by the Hennepin County Attorney's office alleging that Representative Staten had violated Minnesota Statutes, section 609.52, subdivisions 2(3) (a) and 3 by committing theft in an amount over \$2,500. This offense is a felony and carries a maximum penalty of ten years imprisonment and/or a \$20,000 fine.

2. On January 17, 1986, pursuant to a plea agreement with the Hennepin County Attorney's office, Representative Staten entered a plea of guilty to a reduced charge of theft in an amount over \$250. Representative Staten's guilty plea was accepted by the Court. This offense is a felony and carries a maximum penalty of five years imprisonment and/or a \$10,000 fine.

3. On February 10, 1986, Representative Staten appeared before District Judge Walter Mann for sentencing. Judge Mann ordered that Representative Staten be sentenced to 90 days in the Hennepin County Workhouse, that execution of the sentence be stayed, and that Representative Staten be placed on one year's probation under certain conditions.

4. Under Minnesota Statutes, section 609.13, because the sentence imposed on Representative Staten was within the limits placed by law on misdemeanor offenses, Representative Staten's conviction for a felony pursuant to his guilty plea is deemed to be a conviction for a misdemeanor.

5. Because of the nature of the sentence imposed, Representative Staten did not suffer a loss of his civil rights as a result of his conviction, and therefore remains a qualified voter of this state as required by Article VII, Section 1 of the Minnesota Constitution and eligible to serve in the Minnesota House of Representatives pursuant to Article IV, Section 6.

6. The fact that Representative Staten was sentenced within the misdemeanor limits and, therefore, deemed to have been convicted of a misdemeanor rather than felony, does not change the nature of the conduct engaged in and admitted to by Representative Staten; that is, the intentional theft of property or services in an amount over \$250 by writing checks which Representative Staten knew would not be paid by the bank on which they were drawn.

## RECOMMENDATIONS

We, the undersigned, upon the foregoing findings of fact, recommend that:

1. The House of Representatives find that Representative Staten's conduct with respect to the requirements of Chapter 10A, the Ethics in Government Act, from January 31, 1985 to January 31, 1986 and his plea of guilty to felony theft reflect a pattern of willful neglect and willful and deliberate conduct in disregard of state law, and fail to meet the standard of conduct for members of the House of Representatives.

2. The House of Representatives expel Representative Staten pursuant to the Minnesota Constitution, Art. IV, Sec. 7.

3. Upon Representative Staten's expulsion, the existence of a vacancy in the office of Representative from Legislative District 57B, Hennepin County, be certified to the Honorable Rudy Perpich, Governor of Minnesota.

TERRY M. DEMPSEY, CHAIR

JOHN E. BRANDL

SIDNEY PAULY

KATHLEEN VELLENGA

## APPENDIX—DRAFT REPORT OF THE SELECT COMMITTEE

## ETHICAL PRACTICES BOARD CHRONOLOGY

The Select Committee finds that the following sequence occurred in Representative Staten's filing of incomplete and untimely reports with the Ethical Practices Board from 1981 through January 31, 1986.

## 1981

February 2, 1981: A 1980 year end report of receipts and expenditures was due but not filed.

February 6, 24, and March 11, 1981: Rep. Staten's treasurer was sent notices that the report was late and a late fee would be imposed.

March 3, 1981: Rep. Staten filed the report which was due February 2, 1981. It contained "all zeros" for expenditures from October 21 to December 31, 1980.

March 12, 1981: Rep. Staten requested a waiver of the \$45 late fee because the delay was due to his campaign manager's being out of town and another staff person's losing necessary materials.

April 17, 1981: By letter, staff informed Rep. Staten that on April 10 the Board reviewed and denied the waiver. Staff requested payment by May 14, 1981.

May 14, 1981: A staff memo was sent to Rep. Staten requesting a response to the Board regarding his failure to submit the late filing fee.

May 15, 1981: The Board received a check for the late fee from Rep. Staten.

## 1982

February 1, 1982: The 1981 year end report was due but not filed.

February 18, 1982: The 1981 year end report was filed and a \$10 late fee was paid.

September 7, 1982: The pre-primary report was due but not received.

September 16, 1982: The pre-primary report was received, subject to a \$50 per business day late fee (\$150 total).

September 17, October 1, and October 8, 1982: Notices of the late filing fee were sent.

October 12, 1982: The late filing fee of \$150 was paid.

October 25, 1982: The pre-election report was due but not filed.

November 4, 1982: The pre-election report was received subject to a \$50 per business day late fee (\$200 total).

November 4, November 15, and November 24, 1982: Notices of the late fee were sent to Rep. Staten.

December 12, 1982: Rep. Staten paid the \$200 late fee.

## 1983

February 4, 1983: Notice by certified mail was sent to the Staten Volunteer Committee treasurer that a report of receipts and expenditures for October 19 — December 31, 1982 was not filed by January 31, 1983, as required.

February 22, 1983: The notice was returned unclaimed, then deposited in first class mail and deemed received five days later on March 1, 1983. A late filing fee began to accrue March 9 and reached its \$100 maximum April 15, 1983.

March 3, 1983: Rep. Staten filed a report of committee receipts and expenditures containing only zeros for the period October 19 — December 31, 1982. The report (1) did not carry forward required information from the 1982 pre-primary and pre-general election periods and (2) did not disclose receipt of two public financing warrants cashed on December 16, 1982. Rep. Staten noted on the report that he would amend his last three reports March 7, 1983.

March 18, 1983: A Board executive session determined that no required amendments to the three prior reports had been made. The Board noted that in March, 1981 an "all zeros" report was filed and the Board had imposed a \$45 late filing fee and notified Rep. Staten that there was a penalty for omitting information on a report certified to be true.

March 25, 1983: By letter this date the Board requested Rep. Staten to appear in executive session May 6, 1983 and provide information about the March 3 filing and the failure to amend 1982 election committee reports.

April 21, 1983: Since no response was received to the March 23 letter, a copy of it and a reminder were hand delivered to Rep. Staten. By letter received later that day, Rep. Staten informed the Board that he would meet with staff on April 26, 1983 to file the amendments. Rep. Staten cancelled this appointment. Several other appointments with staff were made and cancelled by Rep. Staten, but no amendments were filed before the May 6 Board meeting.

May 6, 1983: Rep. Staten appeared before the Board in executive session, apologized for past negligence, stated that he had acted on advice that it was more important to file on time than to file accurately, and promised to file amendments by May 9, 1983.

May 9, 1983: Rep. Staten met with staff, filed the January 31, 1983 report and properly amended two prior reports covering January 1 — October 18, 1982. The Board discussed the matter in executive session.

June 23, 1983: The Board again discussed the Staten matter in executive session.

July 5, 1983: The Board issued findings as follows. Material in brackets is supplied by this committee.



Finding No. 1. There is no probable cause to believe a violation of Minn. Stat. Sec. 10A.23 (1982) occurred. [i.e., no willful failure to report a material change or correction in a report]

Finding No. 2. The Board did not accept the statement Representative Staten filed on March 3, 1983, as a report, because it did not contain the information required by Minn. Stat. Sec. 10A.20 [i.e. specifics about assets, contributions, etc.]

Finding No. 3. The Board accepted the report covering the period October 19 through December 31, 1982, which was filed by Representative Staten on May 9, 1983, together with amendments to two 1982 reports which were filed on May 9, 1983. The Board's action in accepting the referenced report and amendments did not alter the fact that the committee failed to provide timely disclosure and amendments to filed reports in accordance with the Ethics in Government Act.

Finding No. 4. The Board concluded that the March 3, 1983, statement resulted from Representative Staten's reliance upon faulty advice and that the statement was not a willful attempt to deny to the public the disclosure of campaign finance information.

Finding No. 5. Representative Staten paid the \$100 late filing fee on June 30, 1983.

The matter is concluded and entered into the public record under Minn. Stat. Sec. 10A.02, subd. 11.

#### 1984

September 4, 1984: The pre-primary report Rep. Staten filed was incomplete. It omitted occupations and/or addresses for 20 contributors.

September 17, October 1, October 16, 1984: Rep. Staten was sent Board staff notices requesting an amended report.

October 10, 1984: Rep. Staten presented a public finance warrant for \$3,115.36 and other checks to his committee depository but deposited only \$1,874.36 of the total in the committee account.

October 18, 1984: Rep. Staten filed an amended report. One contributor was changed from Pilot City Special Fund to Jim Mosley between the September 4 report and the October 18 report.

October 29, 1984: A report was due, but not filed.

November 5, 1984: A late report was filed with blank receipt and expenditure summary pages. Rep. Staten wrote on it: "I

will need to submit an amended report to summarize enclosed information and submit additional details of expenditures and receipts."

December 26, 1984: After three notices, Rep. Staten paid the \$50 fee for late filing of the October 29 report.

## 1985

January 31, 1985: The year-end 1984 report was not filed when due.

March 14, 1985: After three notices, Rep. Staten filed the report due January 31, 1985 with blank receipt and expenditure summary pages and blank schedules for notes, loans and unpaid bills. He also filed an incomplete amendment to the October 29, 1984 report just before the Board meeting. The Board voted to subpoena committee records and invite Rep. Staten to appear at its next executive session to discuss apparent problems with filing proper reports.

April 2, 1985: Subpoena issued to Rep. Staten for the delivery of committee records by April 12, 1985; date extended to April 16, 1985.

April 16, 1985: Records were delivered with a letter stating that additional records would be furnished in about two weeks (April 30, 1985). Rep. Staten paid \$60 late filing fee for January 31, 1985 report after three staff notices dated March 15, March 29 and April 12, 1985.

April 18, 1985: Rep. Staten was sent a letter setting the time for his appearance at the May 16, 1985 Board meeting.

May 3, 1985: Rep. Staten was sent a letter changing the time for his appearance at the May 16 meeting, with a reminder that additional records had not been received.

May 6, 1985: A staff memo to the Board summarized problems noted with committee records supplied April 16, 1985.

May 7, 1985: Rep. Staten called the office and stated that due to end-of-legislative-session matters he would be unable to appear at the May 16th meeting. The Board chairman authorized extending the matter until the next Board meeting; staff notified Rep. Staten by telephone.

May 16, 1985: In executive session the Board reviewed subpoenaed committee records and found them inconsistent with filed reports.

May 23, 1985: Letter dated May 21, 1985 from Rep. Staten was received by the Board, regarding a delay by the bank in supplying records.

May 24, 1985: Staff responded to Rep. Staten's letter by sending him a copy of the May 6, 1985 memo they had provided the Board.

June 12, 1985: Rep. Staten called the Board about the date of the next Board meeting.

June 24, 1985: The Board sent Rep. Staten a letter setting the date and time of his Board appearance with a reminder that additional records had not been received.

July 15, 1985: Letter sent Rep. Staten confirming time of appointment on August 9th and place of meeting.

August 6, 1985: Due to his father's death, Rep. Staten cancelled the August 9 Board appointment.

August 9, 1985: In executive session the Board decided to subpoena committee bank records to review potential problems with the deposit of public finance warrants.

August 16, 1985: A letter was sent to Rep. Staten from the Board's attorney demanding complete and accurate 1984 reports and an explanation of his apparent failure to deposit public finance warrants by August 26, 1985.

August 26, 1985: The Board received Rep. Staten's letter stating he would file the reports by 4:30 p.m., August 27, 1985, and was attempting to provide records and answers from other sources.

August 27, 1985: No reports were filed, but Rep. Staten made an appointment with Board staff for August 28, 1985 and promised he would file the reports August 28, 1985.

August 28, 1985: Rep. Staten met with Board staff and promised he would file reports August 29, 1985.

August 29, 1985: No report was filed; Board staff left telephone messages at Rep. Staten's office.

August 30, 1985: No report was filed; Board staff left a telephone message, which Rep. Staten returned after staff left.

September 3, 1985: Rep. Staten made an appointment with Board staff for September 4, 1985 stating his report was 95% completed.

September 4, 1985: Rep. Staten cancelled his appointment and promised reports would be filed September 5, 1985.

September 5, 1985: Partially completed reports for the pre-1984 general election period and the 1984 year-end period were filed with a promise that the remainder of the reports would be submitted on September 6, 1985.

September 6, 1985: No response from Rep. Staten.

September 9, 1985: No response from Rep. Staten.

September 23, 1985: Notice was sent to Rep. Staten that a late filing fee was due for failure to timely report a large contribution received just before the 1984 election.

September 30, 1985: Rep. Staten was asked by letter to appear before the Board on October 24 to conclude the Board's inquiry into his repeated failure to file timely reports. A second notice of the 1984 report late filing fee was also sent.

October 8, 1985: Rep. Staten was sent a third notice of the 1984 report late filing fee.

October 23, 1985: Rep. Staten came to the Board office with additional amendments to 1984 reports and a letter stating he would pay the late filing fee by November 1. He stated he would not appear at the October 24 Board meeting.

October 24, 1985: In executive session the Board discussed the matter and made findings.

November 8, 1985: Rep. Staten was sent a letter noting errors in the report amendments filed October 23. Findings were sent from the Ethical Practices Board to the House Rules Committee as follows:

#### FINDINGS

Finding No. 1. As treasurer of his principal campaign committee, Representative Staten failed to timely file two of the three reports covering the 1984 election year. In two instances, certified letters and other official communications were sent. Reports as filed and subsequent amendments were incomplete and inconsistent with subpoenaed committee and bank records. Minn. Stat. Sec. 10A.20, subds. 2, 3, and 12.

Finding No. 2. Representative Staten stated on several filed reports or amendments that the contents were incomplete as filed and would need subsequent amendments. Amendments were not

filed within the ten days required by law. Minn. Stat. Sec. 10A.23.

Finding No. 3. Although a public financing warrant for \$3,115.36 was presented to the committee depository for payment, \$2,040 in cash was paid at the same time and only \$1,874.36 of public financing was deposited in the committee depository. Minn. Stat. Sec. 10A.15, subd. 3.

Finding No. 4. Representative Staten failed to deposit in the committee depository a \$700 check, which included a contribution of \$350 and a loan of \$350. Although the contribution was received just before the 1984 general election, no timely notice of the receipt was received by the Board, as required by law. Minn. Stat. Secs. 10A.15, subd. 3; 10A.20, subd. 5.

Finding No. 5. Representative Staten has failed to maintain committee records as required by law, due to the event of a fire at his home in January, 1985. However, he has failed to demonstrate good faith efforts to reconstruct his records. Minn. Stat. Sec. 10A.22, subd. 6.

Finding No. 6. The pattern observed by the Board in its 1983 investigation of a second "all zeros" filing by Representative Staten on behalf of his committee has continued into 1984 and 1985, despite Representative Staten's declaration in 1983 that any problem encountered in the past would not occur in the future. Board Findings, July 5, 1983.

Finding No. 7. Representative Staten has repeatedly failed to comply with the requirements imposed by Minn. Stat. Ch. 10A for timely, accurate disclosure of campaign contributions, campaign expenditures; recordkeeping and deposits of campaign contributions and public financing warrants; and timely, accurate reporting and amending of filed reports. Minn. Stat. Secs. 10A.13, 10A.15, 10A.20, 10A.22, 10A.23.

Finding No. 8. Board members, its staff, and counsel have exhausted the remedies available to them to secure compliance by Representative Staten with the requirements of Minn. Stat. Ch. 10A. The Board has collected each late filing fee owed, with the exception of \$250 for which payment was promised by Representative Staten in writing. The board has deposited the fees in the general fund of the state. Minn. Stat. Secs. 10A.20, subd. 12; 10A.34, subd. 1a.

Finding No. 9. The ultimate responsibility for maintenance of ethical practices in the election process lies with the body in which a legislator serves. While the Board administers the campaign finance disclosure process, it is the legislative body which must judge the standards of its membership.

The findings in the matter of Representative Staten's failure to comply with certain provisions of Minn. Stat. Ch. 10A together with findings in the 1983 matter, shall be forwarded to the Chairman of the Rules Committee, Minnesota House of Representatives, and to the Speaker of the House of Representatives. The Board respectfully requests that the Rules Committee advise the Board what action is taken in regard to these findings.

The matter is concluded and entered into the public record under Minn. Stat. Sec. 10A.02, subd. 11.

December 3, 1985: \$150 of the \$250 late fee Rep. Staten promised to pay November 1, 1985 was paid and the balance was promised on January 2, 1986.

### 1986

January 2, 1986: The balance of the filing fee was not received, so the Board went to conciliation court.

January 31, 1986: The remaining \$100 of the late filing fee Rep. Staten promised to pay November 1, 1985 was paid. Rep. Staten also filed a committee report for the period January 1 to December 31, 1985 showing a negative committee depository balance and no change since the last report.

A roll call was requested and properly seconded.

### MINORITY REPORT OF THE HOUSE COMMITTEE ON RULES AND LEGISLATIVE ADMINISTRATION

We, the undersigned, being a minority of the Committee on Rules and Legislative Administration; and having reviewed the report of the Select Committee on the Staten Case, make the following recommendations and conclusions: delete the report of the Committee on Rules and Legislative Administration and insert the following:

The Minnesota House of Representatives censure Representative Randolph W. Staten for a pattern of conduct that:

- (1) brings into question his individual judgment;
- (2) is inappropriate to the office of state representative;
- (3) creates uncertainty and a lack of public confidence in the process of representative government; and

(4) is unacceptable in the eyes of his colleagues in the Minnesota House of Representatives.

CHARLES C. HALBERG

TOM OSTHOFF

FRED C. NORTON

Halberg, Osthoff and Norton moved that the Minority Report regarding Representative Randolph W. Staten be substituted for the Majority Report and that the Minority Report be now adopted.

A roll call was requested and properly seconded.

Tomlinson, Scheid, Seaberg and Omann moved to amend the Minority Report of the House Committee on Rules and Legislative Administration as follows:

Page 1, item (4) after the period insert:

"The Minnesota House of Representatives requires Representative Staten to:

a. direct the House Office of Legislative Management to withhold 18 percent of his salary for the months of April through December of 1986. The salary withheld will be contributed to a non-profit chemical dependency program of Representative Staten's choice;

b. donate one-hundred hours during the remainder of 1986 working in a community service program that enhances the understanding of chemical dependency problems. Furthermore, the director of the community service program shall report periodically to the Speaker of the House, the Chair of the Committee on Rules and Legislative Administration and the Minority Leader on Representative Staten's participation;

c. continue in a program of chemical dependency treatment; and

d. return all 1986 public financing if the Ethical Practices Board makes a finding of probable cause that a violation of Minnesota Statutes, sections 10A.01 to 10A.34 has occurred on either the campaign finance report due on September 2, 1986 or the report due on October 27, 1986."

Halberg, Osthoff and Norton agreed to incorporate the Tomlinson et al., amendment to the Minority Report of the House Committee on Rules and Legislative Administration.

Simoneau moved to amend the Minority Report of the House Committee on Rules and Legislative Administration, as amended, as follows:

Delete clause d.

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

The question recurred on the adoption of the Minority Report of the House Committee on Rules and Legislative Administration, as amended, relating to the Staten case and the roll was called.

There were 63 yeas and 69 nays as follows:

Those who voted in the affirmative were:

Anderson, C.	Ellingson	McLaughlin	Pappas	Solberg
Anderson, R.	Fjoslien	Metzen	Peterson	Sparby
Battaglia	Greenfield	Minne	Piper	Tomlinson
Beard	Halberg	Munger	Price	Tompkins
Becklin	Jacobs	Murphy	Quinn	Tunheim
Begich	Jaros	Nelson, D.	Rice	Valan
Boo	Jennings, L.	Nelson, K.	Rivness	Vanasek
Brown	Kahn	Neuenschwander	Sarna	Voss
Carlson, D.	Kalis	Norton	Scheid	Welle
Carlson, L.	Kelly	Ogren	Schoenfeld	Wenzel
Clark	Kostohryz	Olson, E.	Scaberg	Wynia
Cohen	Krueger	Omann	Segal	
Elioff	Lieder	Osthoff	Simoneau	

Those who voted in the negative were:

Backlund	Forsythe	Knuth	Ozment	Sherman
Bennett	Frederick	Kvam	Pauly	Skoglund
Bishop	Frederickson	Levi	Piepho	Stanis
Blatz	Frerichs	Long	Poppenhagen	Svigum
Boerboom	Grucnes	Marsh	Quist	Thiede
Brandl	Gutknecht	McDonald	Redalen	Thorson
Burger	Hartinger	McEachern	Rees	Tjornhom
Carlson, J.	Hartle	McKasy	Rest	Uphus
Clausnitzer	Haukoos	McPherson	Richter	Valento
Dempsey	Heap	Miller	Rodosovich	Vellenga
Denouden	Himle	O'Connor	Rose	Waltman
Dimler	Johnson	Olsen, S.	Schafer	Zaffke
Dyke	Kiffmeyer	Onnen	Schreiber	Spk. Jennings, D.
Erickson	Knickerbocker	Otis	Shaver	

The motion did not prevail.

The question recurred on the adoption of the Majority Report from the Committee on Rules and Legislative Administration relating to the Staten case.

Bishop moved to amend the Majority Report from the Committee on Rules and Legislative Administration relating to the Staten case, as follows:



Page 2, line 16, after "7" add "*effective with adjournment sine die of the 1986 regular session.*"

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

The question recurred on the adoption of the Majority Report from the Committee on Rules and Legislative Administration relating to the Staten case and the roll was called. There were 80 yeas and 52 nays as follows:

**Those who voted in the affirmative were:**

Beard	Fjoslien	Knuth	Otis	Sherman
Bennett	Forsythe	Krueger	Ozment	Skoglund
Bishop	Frederick	Kvam	Pauly	Stanius
Blatz	Frederickson	Levi	Piepho	Swiggum
Boerboom	Frerichs	Long	Poppenhagen	Thiede
Boo	Gruenes	Marsh	Quist	Thorson
Brandl	Gutknecht	McDonald	Redalen	Tjornhom
Burger	Hartinger	McEachern	Rees	Uphus
Carlson, J.	Hartle	McKasy	Rest	Valan
Carlson, L.	Haukoos	McPherson	Richter	Valento
Clausnitzer	Heap	Miller	Rodosovich	Vellenga
Dempsey	Himle	Nelson, K.	Rose	Voss
DenOuden	Johnson	Neuenschwander	Schafer	Waltman
Dimler	Kelly	O'Connor	Schoenfeld	Welle
Dyke	Kiffmeyer	Olsen, S.	Schreiber	Zaffke
Erickson	Knickerbocker	Onnen	Shaver	Spk. Jennings, D.

**Those who voted in the negative were:**

Anderson, G.	Ellingson	Metzen	Peterson	Solberg
Anderson, R.	Greenfield	Minne	Piper	Sparby
Backlund	Halberg	Munger	Price	Tomlinson
Battaglia	Jacobs	Murphy	Quinn	Tompkins
Becklin	Jaros	Nelson, D.	Rice	Tunheim
Begich	Jennings, L.	Norton	Riveness	Vanasek
Brown	Kahn	Ogren	Sarna	Wenzel
Carlson, D.	Kalis	Olson, E.	Scheid	Wynia
Clark	Kostohryz	Omann	Seaberg	
Cohen	Lieder	Osthoff	Segal	
Elioff	McLaughlin	Pappas	Simoneau	

The motion did not prevail.

**MOTION FOR RECONSIDERATION**

Brandl moved that the vote whereby the Minority Report to the Majority Report from the Committee on Rules and Legislative Administration relating to the Staten case was not adopted be now reconsidered.

A roll call was requested and properly seconded.

Kiffmeyer moved to re-refer the Minority Report to the Majority Report from the Committee on Rules and Legislative Admin-

istration relating to the Staten case to the Committee on Rules and Legislative Administration.

### POINT OF ORDER

Bishop raised a point of order pursuant to rule 3.4 relating to the motion for reconsideration. The Speaker ruled the point of order well taken and the Kiffmeyer motion out of order.

The question recurred on the Brandl motion and the roll was called. There were 95 yeas and 36 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Cohen	Kostohryz	Omann	Schoenfeld
Anderson, R.	Dyke	Krueger	Onnen	Seaberg
Backlund	Elioff	Levi	Osthoff	Segal
Battaglia	Ellingson	Lieder	Otis	Simoneau
Beard	Erickson	Long	Ozment	Skoglund
Becklin	Forsythe	Marsh	Pauly	Solberg
Begich	Greenfield	McDonald	Peterson	Sparby
Bennett	Halberg	McEachern	Piper	Thorson
Bishop	Hartle	McLaughlin	Price	Tomlinson
Blatz	Heap	Metzen	Quinn	Tompkins
Boerboom	Himle	Minne	Quist	Tunheim
Boo	Jacobs	Munger	Rees	Vanasek
Brandl	Jaros	Murphy	Rest	Vellenga
Brown	Jennings, L.	Nelson, D.	Rice	Voss
Burger	Kahn	Nelson, K.	Riveness	Waltman
Carlson, D.	Kalis	Neuenschwander	Rodosovich	Welle
Carlson, L.	Kelly	Norton	Rose	Wenzel
Clark	Kiffmeyer	Ogren	Sarna	Wynia
Clausnitzer	Knuth	Olson, E.	Scheid	Zaffke

Those who voted in the negative were:

Carlson, J.	Gruenes	McKasy	Redalen	Sviggum
Dempsey	Gutknecht	McPherson	Richter	Thiede
DenOuden	Hartinger	Miller	Schafer	Tjornhom
Dimler	Haukoos	Olsen, S.	Schreiber	Uphus
Fjoslien	Johnson	Pappas	Shaver	Valan
Frederick	Knickerbocker	Piepho	Sherman	Valento
Frederickson	Kvam	Poppenhagen	Stanius	Spk. Jennings, D.
Frerichs				

The motion prevailed.

The Minority Report to the Majority Report from the Committee on Rules and Legislative Administration relating to the Staten case was reported to the House.

A roll call was requested and properly seconded.

The question was taken on the Minority Report and the roll was called.

Pursuant to rule 2.5, Thiede requested that he be excused from voting. The request was granted and Thiede was excused from voting.

There were 99 yeas and 31 nays as follows:

Those who voted in the affirmative were:

Anderson, G.	Dyke	Levi	Onnen	Segal
Anderson, R.	Elioff	Lieder	Osthoff	Shaver
Backlund	Ellingson	Long	Otis	Simoneau
Battaglia	Erickson	Marsh	Ozment	Skoglund
Beard	Fjoslien	McDonald	Pauly	Solberg
Becklin	Forsythe	McEachern	Peterson	Sparby
Begich	Gruenes	McKasy	Piper	Stanis
Bennett	Halberg	McLaughlin	Price	Thorson
Bishop	Hartle	McPherson	Quinn	Tomlinson
Blatz	Heap	Metzen	Quist	Tompkins
Boerboom	Himle	Minne	Rest	Tunheim
Boo	Jacobs	Munger	Rice	Valan
Brandl	Jennings, L.	Murphy	Riveness	Vanasek
Brown	Kahn	Nelson, D.	Rodosovich	Vellenga
Burger	Kalis	Nelson, K.	Rose	Voss
Carlson, D.	Kelly	Neuenschwander	Sarna	Welle
Carlson, L.	Kiffmeyer	Norton	Scheid	Wenzel
Clark	Knuth	Ogren	Schoenfeld	Wynia
Clausnitzer	Kostohryz	Olson, E.	Schreiber	Zaffke
Cohen	Krueger	Omann	Seaberg	

Those who voted in the negative were:

Carlson, J.	Greenfield	Knickerbocker	Poppenhagen	Svigum
Dempsey	Gutknecht	Kvam	Redalen	Tjornhom
DenOuden	Hartinger	Miller	Rees	Uphus
Dimler	Haukoos	Olsen, S.	Richter	Valento
Frederick	Jaros	Pappas	Schafer	Waltman
Frederickson	Johnson	Piepho	Sherman	Spk. Jennings, D.
Frerichs				

The motion prevailed and the Minority Report to the Majority Report from the Committee on Rules and Legislative Administration relating to the Staten case was adopted.

#### ADJOURNMENT

Levi moved that the House adjourn. The motion prevailed, and the Speaker declared the House stands adjourned until 12:00 noon, Friday, March 14, 1986.

EDWARD A. BURDICK, Chief Clerk, House of Representatives

